

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

[For private circulation only]

VentureX Fund I

By VentureX Trust

‘**VentureX Trust**’ is registered with SEBI as a Category I – Venture Capital Alternative Investment Fund with effect from July 23, 2024

Registration No. IN/AIF1/24-25/1565

Trustee: **MITCON CREDENTIALIA TRUSTEESHIP SERVICES LIMITED**

Sponsor: **PLANIFY WEALTHX PRIVATE LIMITED**

Investment Manager: **PLANIFY VENTURE LLP**

This private placement memorandum is being furnished to you on a confidential basis for you to consider investing in the Units of **VentureX Fund I**, a scheme of **VentureX Trust**, established as a trust under the Indian Trusts Act, 1882. This Memorandum shall not be reproduced or provided to others without the prior written permission of the Investment Manager.

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

Name of Investor: _____

Copy No. _____

IMPORTANT NOTICE

An investment in ‘**VentureX Fund I**’ is suitable only for sophisticated and/or private investors including fund of funds, government institutions, corporates, public sector undertakings, and private banks, insurance companies, global development financial institutions, multilateral organisations and high net worth individuals, and requires the financial ability and willingness to remain invested for the total tenure of the Fund, to accept the high risks and lack of liquidity inherent in an investment in a Fund of this nature.

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

VentureX Fund I is close ended with a tenure of 10 (Ten) years from the First Closing which is further extendable by 2 (two) years with the prior consent of Two-Third Majority of Contributors and in the normal course, no exit option shall be available to the Investors until the end of the Term.

.....

(Signature of the Investor)

Name of the Investor: _____

Name of the Distributor (if applicable): _____

Date: _____

Place: _____

DISCLAIMER

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

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

The information in this Memorandum for the Fund is not exhaustive and may be changed. This Memorandum is not an offer to subscribe to the Units and does not solicit an offer to subscribe to Units in any jurisdiction where the offer or sale is not permitted. An offer or solicitation in respect of the Units in the Fund will be made only through the final form of this Memorandum.

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

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

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

for the consequences of reliance upon any statement or information contained in, or any omissions from, this Memorandum.

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

The information on taxation contained in this Memorandum is a summary of certain tax considerations but is not intended to be a complete discussion of all tax considerations. The contents of this Memorandum are not to be construed as investment, legal, or tax advice. Investors should consult their own counsel, accountant or investment advisor as to legal, tax, and related matters concerning their investment. This Memorandum contains a fair summary of the material terms of the aforesaid documents. However, prospective Investors should not assume that such summaries are complete. Such summaries are qualified in their entirety by reference to the texts of the aforesaid documents which will be made available by the Fund to prospective Investors upon request.

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

No Person has been authorised in connection with this offering to give any information or make any representations other than as contained in this Memorandum. If given or made, such additional information or representations must not be relied upon as having been authorized. The Units of the Fund are not being offered for sale or subscription to the public but are being privately placed with a limited number of eligible investors as per the Regulations. Information provided herein has not been approved by SEBI or any other legal or regulatory authority in India, nor has any such regulatory authority passed upon or endorsed the accuracy or adequacy of this Memorandum.

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

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

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

Name of the Investment Manager: PLANIFY VENTURE LLP

Name of contact person: Rajesh Singla

Registered address: 1001, Block G1B, Pocket-1, Phase-2, Sector 18B, Samridhi Apartments, Dwarka, New Delhi - 110078

Telephone No.: +91- 8882410001

E-mail: rajesh@planify.in

DIRECTORY

Sponsor	PLANIFY WEALTHX PRIVATE LIMITED Registered Address/Communication Address: 1001, Block G1B, Pocket-1, Phase 2, Samriddhi Apt., N.S.I.T. Dwarka Delhi-110078 Telephone No.: +91- 8882410001 E-mail: demat@planify.in
Investment Manager	PLANIFY VENTURE LLP Registered Address/Communication Address: 1001, Block G1B, Pocket-1, Phase 2, Samriddhi Apt., N.S.I.T. Dwarka Delhi-110078 Telephone No.: +91- 8882410001 E-mail: demat@planify.in
Trustee Company	MITCON Credentia Trusteeship Services Limited Address: Kubera Chambers, 1st Floor, Shivajinagar, Pune – 411005 and Corporate office: 1402 & 1403, 14th Floor, B-Wing, Dalamal Tower, Free Press Journal Marg, 211, Nariman Point, Mumbai, Maharashtra 400 021 Email: aifcompliance@mitconcredentia.in
Legal and Tax Advisor	Legacy Growth Partners LLP 03rd Floor, Unit No.03 Global Foyer Mall, Sector 43 Gurgaon. Haryana 122002 Telephone Number: +91-9910041987
Merchant Banker	Expert Global Consultants Private Limited Address: 1511. RG Trade Tower, Netaji Subhash Palace, Pitampura, Delhi 110034. Telephone Number: 011-45098234 Email: info@expertglobal.in

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SECTION I: EXECUTIVE SUMMARY

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

AIF	<p>“VentureX Trust” (“Trust”) is organised as a contributory determinate trust, settled in India by the Settlor under the provisions of the Indian Trusts Act, 1882, pursuant to an Indenture entered into between the Settlor and the Trustee and registered under the provisions of Registration Act, 1908.</p> <p>The Trust is registered with SEBI as a Category I – Venture Capital AIF under the Regulations with registration number IN/AIF1/24-25/1565.</p>
SCHEME	VentureX Fund I
SPONSOR AND INVESTMENT MANAGER	<p>PLANIFY WEALTHX PRIVATE LIMITED, a limited liability partnership incorporated under the provisions of the Limited Liability Partnership Act, 2008 and having its registered office at 1001, Block G1B, Pocket-1, Phase 2, Samriddhi Apt., N.S.I.T. Dwarka Delhi-110078, will act as the Sponsor to the Fund and all its Schemes, including the Fund.</p> <p>PLANIFY VENTURE LLP, a limited liability partnership incorporated under the provisions of the Limited Liability Partnership Act, 2008 and having its registered office at 1001, Block G1B, Pocket-1, Phase 2, Samriddhi Apt., N.S.I.T. Dwarka Delhi-110078, will act as the Investment manager to the Fund and all its Schemes, including the Fund.</p>
AFFILIATE	Not Applicable
INVESTMENT OBJECTIVE AND STRATEGY	<p>The objective and purpose of the Fund is to generate superior returns by investing in equity securities/instruments, debt securities/instruments, any security/instrument convertible (fully or partially) into equity (including warrants), partnership interest in limited liability partnership and any other permissible instrument/security of the Portfolio Entities operating within the investment objectives in accordance with Applicable Laws.</p> <p>Details are given under “SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS”.</p>
INVESTMENT ALLOCATION	<p>The Fund will be a sector agnostic fund that will use various capital structures, including equity and equity linked instruments, or a combination thereof while acquiring assets.</p> <p>Details are given under “SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS”.</p>

TARGET CORPUS	The target Corpus of the Fund is up to Rs. 250,00,00,000 (Indian Rupees Two Hundred Fifty Crores) with a green shoe option of up to Rs. 250,00,00,000 (Indian Rupees Two Hundred Fifty Crores)	
CLASSES OF UNITS	The Fund shall issue the following Classes of Units:	
	Class	Description
	Class E1 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 1,00,00,000 (Indian Rupees One Crore) but less than INR 2,00,00,000 (Indian Rupees Two Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
	Class E2 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 2,00,00,000 (Indian Rupees Two Crore) but less than INR 3,00,00,000 (Indian Rupees Three Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
	Class E3 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 3,00,00,000 (Indian Rupees Three Crore) but less than INR 5,00,00,000 (Indian Rupees Five Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
	Class E5 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 5,00,00,000 (Indian Rupees Five Crore) but less than INR 10,00,00,000 (Indian Rupees Ten Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.

	Class E10 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 10,00,00,000 (Indian Rupees Ten Crore) but less than INR 25,00,00,000 (Indian Rupees Twenty-Five Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
	Class E25 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 25,00,00,000 (Indian Rupees Twenty Five Crore) but less than INR 50,00,00,000 (Indian Rupees Fifty Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
	Class E50 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 50,00,00,000 (Indian Rupees Fifty Crore), in accordance with terms of their respective Contribution Agreements and this Memorandum.
	Class R Units	To Direct Plan Investors (either individually or together with their affiliates) making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 1,00,00,000 (Indian Rupees One Crore), in accordance with terms of their respective Contribution Agreements and this Memorandum.
	Class S Units	To the Sponsor and/or to such Eligible Persons who are strategically important/valuable to the fund as the Investment Manager may designate.
	Class M Units	To the Investment Manager and/or to the eligible employees of the Investment Manager and/or employee welfare trust and/or to such Eligible Person who are strategically important/valuable to the fund as the Investment Manager may designate.

	<table border="1"> <tr> <td>Class P Units</td><td>To Contributors who are of strategic importance to the Fund, as may be designated by the Investment Manager, in accordance with the terms of their respective Contribution Agreements.</td></tr> </table>	Class P Units	To Contributors who are of strategic importance to the Fund, as may be designated by the Investment Manager, in accordance with the terms of their respective Contribution Agreements.														
Class P Units	To Contributors who are of strategic importance to the Fund, as may be designated by the Investment Manager, in accordance with the terms of their respective Contribution Agreements.																
TERM OF THE FUND	The term of the Fund shall be a period of 10 (Ten) years from the First Closing which may be extended by the Investment Manager by up to 2 (two) years with the prior consent of Two-Third Majority of Contributors obtained in accordance with the terms contained in the Contribution Agreements and Applicable Laws.																
MINIMUM CAPITAL COMMITMENT	<p>Subject to the Regulations, the minimum Capital Commitment from each Contributor shall be as under:</p> <table border="1"> <tr> <th>Class of Units</th><th>Minimum Capital Commitment</th></tr> <tr> <td></td><td></td></tr> <tr> <td>Class E1 units</td><td>Rs. 1,00,00,000 (Indian Rupees One Crore)</td></tr> <tr> <td>Class E2 units</td><td>Rs. 2,00,00,000 (Indian Rupees Two Crore)</td></tr> <tr> <td>Class E3 units</td><td>Rs. 3,00,00,000 (Indian Rupees Three Crore)</td></tr> <tr> <td>Class E5 units</td><td>Rs. 5,00,00,000 (Indian Rupees Five Crore)</td></tr> <tr> <td>Class E10 units</td><td>Rs. 10,00,00,000 (Indian Rupees Ten Crore)</td></tr> <tr> <td>Class E25 units</td><td>Rs. 25,00,00,000 (Indian Rupees Twenty Five Crore)</td></tr> </table>	Class of Units	Minimum Capital Commitment			Class E1 units	Rs. 1,00,00,000 (Indian Rupees One Crore)	Class E2 units	Rs. 2,00,00,000 (Indian Rupees Two Crore)	Class E3 units	Rs. 3,00,00,000 (Indian Rupees Three Crore)	Class E5 units	Rs. 5,00,00,000 (Indian Rupees Five Crore)	Class E10 units	Rs. 10,00,00,000 (Indian Rupees Ten Crore)	Class E25 units	Rs. 25,00,00,000 (Indian Rupees Twenty Five Crore)
Class of Units	Minimum Capital Commitment																
Class E1 units	Rs. 1,00,00,000 (Indian Rupees One Crore)																
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Class E3 units	Rs. 3,00,00,000 (Indian Rupees Three Crore)																
Class E5 units	Rs. 5,00,00,000 (Indian Rupees Five Crore)																
Class E10 units	Rs. 10,00,00,000 (Indian Rupees Ten Crore)																
Class E25 units	Rs. 25,00,00,000 (Indian Rupees Twenty Five Crore)																

	Class E50 units	Rs. 50,00,00,000 (Indian Rupees Fifty Crore)
	Class S Units	2.5% (two and a half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crores), whichever is lower or Rs. 1,00,00,000 (Indian Rupees One Crore) (as applicable)
	Class M Units	Rs. 25,00,000 (Indian Rupees Twenty-Five Lakhs) if such Units are subscribed by employees/partners of the Investment Manager or Rs. 1,00,00,000 (Indian Rupees One Crore) if such Units are subscribed by the Investment Manager or employee welfare trust or any Eligible Person/s, as the Investment Manager may designate or nil if such Units are subscribed by employees of the Investment Manager for sharing of profits (as applicable)
	Class R units	Rs. 1,00,00,000 (Indian Rupees One Crore)
	Class P units	Rs. 1,00,00,000 (Indian Rupees One Crore)
	Details are given under paragraph 3 titled ‘Classes of Units’ and under paragraph 5 titled ‘Minimum Capital Commitment’ under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ”.	
SPONSOR COMMITMENT	<p>The Sponsor will commit an aggregate amount equivalent to 2.5% (two and a half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crore), whichever is lower, to maintain a continuing interest in the Fund in accordance with the Regulations. The Sponsor of the Fund shall be issued Class S Units, towards its contribution to maintain a continuing interest in the Fund.</p> <p>In addition to the aforementioned continuing interest, the Sponsor may in its sole discretion directly or through its group entities/affiliates/strategic partners, make an additional Capital Commitment to the Fund.</p>	
COMMITMENT PERIOD	The Commitment Period for the Fund shall commence from the date of execution of Contribution Agreement and shall end on completion of 24 (Twenty-Four) Months from the Final Closing, during which the Capital Commitments can be drawn down upon issuance of Drawdown Notice/s to the Contributors in accordance with this Memorandum and the Contribution Agreements. The Commitment Period may be	

	<p>extended by the Investment Manager for a further period of up to 12 (twelve) months at its sole discretion.</p> <p>Details are given under paragraph 8 titled “Commitment Period” in “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p>								
DRAWDOWN	<p>The Investment Manager shall issue Drawdown Notice to the Contributors towards payment of Capital Contribution to be utilised to make Fund Investments, pay Fund Expenses, maintain reserves or for such other purpose as mentioned in the Drawdown Notice. Drawdown Notice shall be issued by the Investment Manager to the Contributors on an “as needed” basis.</p> <p>The Contributors shall be required to make their Capital Contributions against their Capital Commitment within 15 (Fifteen) Business Days from the date of the Drawdown Notice. The Drawdown Notice may be sent by the Investment Manager through facsimile, electronic mail, registered post/courier at the address as may be specified by the Contributor in the Contribution Agreement.</p>								
CLOSING	<p>First Closing: The First Closing shall be held within a period of 12 (twelve) months from the date of receipt of confirmation from SEBI for launch of the Fund, subject to the Fund receiving Capital Commitments of at least Rs. 20,00,00,000 (Indian Rupees Twenty Crores) or any other amount as decided by the Investment Manager in accordance with the Regulations. Provided that the period of First Closing may be extended by a period of up to 6 (six) months in accordance with paragraph 10 titled “Closings” in “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>Subsequent Closing: The Investment Manager has the discretion to hold one or more Subsequent Closing(s) and there are no specific timelines for the same. Further, details with respect to additional charges that may be levied or waived in respect of the Contributors coming in the Fund after First Closing are given under paragraph 11 titled “Unitholders participating in Subsequent Closings” in “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>Final Closing: The Final Closing shall be held within 60 (Sixty) months from the First Closing of the Fund or such other date as may be determined by the Investment Manager whichever is earlier. Provided that the period for holding Final Closing may be extended by a period of up to 12 (twelve) months, in accordance with paragraph 10 titled “Closings” in “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p>								
MANAGEMENT FEE	<p>The Management Fee shall be charged to the holders of , Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units and Class P Units at the below mentioned rates as provided under their respective Contribution Agreement and commence from the First Closing and shall be payable quarterly in advance.</p> <table border="1"> <thead> <tr> <th><i>Class</i></th><th><i>Management Fees</i></th></tr> </thead> <tbody> <tr> <td>Class E1 Units</td><td>Up to 2% (Two Percent) p.a.</td></tr> <tr> <td>Class E2 Units</td><td>Up to 2% (Two Percent) p.a.</td></tr> <tr> <td>Class E3 Units</td><td>Up to 2% (Two Percent) p.a.</td></tr> </tbody> </table>	<i>Class</i>	<i>Management Fees</i>	Class E1 Units	Up to 2% (Two Percent) p.a.	Class E2 Units	Up to 2% (Two Percent) p.a.	Class E3 Units	Up to 2% (Two Percent) p.a.
<i>Class</i>	<i>Management Fees</i>								
Class E1 Units	Up to 2% (Two Percent) p.a.								
Class E2 Units	Up to 2% (Two Percent) p.a.								
Class E3 Units	Up to 2% (Two Percent) p.a.								

	Class E5 Units	Up to 1.75% (One Point Seven Five Percent) p.a.
	Class E10 Units	Up to 1.50% (One Point Five Zero Percent) p.a.
	Class E25 Units	Up to 1.25% (One Point Two Five Percent) p.a.
	Class E50 Units	Up to 1.00% (One Point Percent) p.a.
	Class M Units	Nil
	Class S Units	Nil
	Class R Units	Up to 2% (Two Percent) p.a.
	Class P Units	Up to 2% (Two Percent) p.a.
<p>The Management Fee at aforementioned rates shall be payable in the following manner:</p> <p>(a) <u>During the Commitment Period:</u> On the aggregate Capital Contribution of respective Contributor</p> <p>(b) <u>Upon expiry of the commitment period:</u> On the aggregate Capital Contributions of the respective Contributor less the cost of Fund Investments that have been sold, disposed of, written off or otherwise realized. Provided that any such cost of Fund Investments (that have been sold, disposed of or otherwise realized) shall be considered as part of Capital Contributions to the extent the whole or part thereof is utilised towards making reinvestment by the Fund. Accordingly, any such reinvestment shall be considered as part of Fund Investments.</p> <p>The Management Fee payable to the Investment Manager shall be exclusive of all applicable Taxes (including GST) and levies, if any, leviable on such Management Fee and the same shall be borne by the Fund and allocated to the holders of Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units and Class P Units and such other Classes of Units as may be designated by the Investment Manager, as applicable.</p> <p>No Management Fees shall be charged and allocated to the holders of Class M Units and Class S Units.</p> <p>Further details with respect to basis for charging Management Fee, frequency for charging, timing, applicability of Taxes and waiver of the Management Fees are detailed under paragraph 17 titled "Management Fee" in "SECTION VII: PRINCIPAL TERMS OF THE FUND".</p>		
HURDLE RATE OF RETURN	<p>The Hurdle Rate of Return shall be calculated at the rate of up to 12% (twelve percent) (pre-tax) p.a. or such other rate as may be determined by the Investment Manager compounded annually in Indian Rupee terms to be calculated from date of First Closing or the respective dates of actual Drawdowns, whichever is later, till the date of distribution made in accordance with this Memorandum and the Contribution Agreements.</p>	

ADDITIONAL RETURN	<p>The Additional Return and Catch Up shall be payable to the holders of Class M Units and Class S Units or such other units as may be determined by the Investment Manager in the manner provided in paragraph 25 titled ‘Distributions’ in “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p>																																
EXPENSES OF THE FUND	<p>Set-up Expenses: The Set-up Expenses shall be borne by the Fund on actuals and attributed to the holders of Class E1 Units, Class E2 Units and Class P Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager subject to a cap of below mentioned rates of the aggregate Capital Commitment or such other higher percentage as may be determined by the Investment Manager.</p> <table border="1"> <thead> <tr> <th><i>Class</i></th><th><i>Set up fees cap</i></th></tr> </thead> <tbody> <tr> <td>Class E1 Units</td><td>Up to 0.50% (Point Five Zero Percent)</td></tr> <tr> <td>Class E2 Units</td><td>Up to 0.25% (Point Two Five Percent)</td></tr> <tr> <td>Class E3 Units</td><td>Nil</td></tr> <tr> <td>Class E5 Units</td><td>Nil</td></tr> <tr> <td>Class E10 Units</td><td>Nil</td></tr> <tr> <td>Class E25 Units</td><td>Nil</td></tr> <tr> <td>Class E50 Units</td><td>Nil</td></tr> <tr> <td>Class M Units</td><td>Nil</td></tr> <tr> <td>Class S Units</td><td>Nil</td></tr> <tr> <td>Class R Units</td><td>Nil</td></tr> <tr> <td>Class P Units</td><td>Up to 2% (Two Percent)</td></tr> </tbody> </table> <p>The Set-up Expenses payable to the Investment Manager shall be exclusive of all applicable Taxes (including GST) and levies, if any, leviable on such Set-up Expenses and the same shall be borne by the Fund and allocated to the holders of Class E1 Units, Class E2 Units and Class P Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, as applicable.</p> <p>No Set Up Fees shall be charged and allocated to the holders of Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units, Class M Units and Class S Units.Operating Expenses: The Operating Expenses of the Fund will be borne by the Fund on actuals and allocated to the unitholders subject to below mentioned limit. of the aggregate Capital Commitment of the Contributors or such other higher percentage as may be determined by the Investment Manager in respect of all Classes of Units (excluding Management Fee, any litigation expenses, discharge of any indemnification obligation and any other extraordinary, non-recurring expenses and any expenses directly attributable to acquisition, holding or disposal of the Fund Investments (such as banker’s expenses, broken-deal expenses, brokerage, etc.), which shall be charged to the Fund on actuals, over and above the limit on Operating Expenses).</p> <table border="1"> <thead> <tr> <th><i>Class</i></th><th><i>Operating Expenses cap</i></th></tr> </thead> <tbody> <tr> <td>Class E1 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr> <tr> <td>Class E2 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr> <tr> <td>Class E3 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr> </tbody> </table>	<i>Class</i>	<i>Set up fees cap</i>	Class E1 Units	Up to 0.50% (Point Five Zero Percent)	Class E2 Units	Up to 0.25% (Point Two Five Percent)	Class E3 Units	Nil	Class E5 Units	Nil	Class E10 Units	Nil	Class E25 Units	Nil	Class E50 Units	Nil	Class M Units	Nil	Class S Units	Nil	Class R Units	Nil	Class P Units	Up to 2% (Two Percent)	<i>Class</i>	<i>Operating Expenses cap</i>	Class E1 Units	Up to 0.10% (Point One Zero Percent)	Class E2 Units	Up to 0.10% (Point One Zero Percent)	Class E3 Units	Up to 0.10% (Point One Zero Percent)
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	Class E25 Units	Up to 0.10% (Point One Zero Percent)
	Class E50 Units	Up to 0.10% (Point One Zero Percent)
	Class M Units	Up to 0.10% (Point One Zero Percent)
	Class S Units	Nil
	Class R Units	Up to 0.10% (Point One Zero Percent)
	Class P Units	1% (One Percent)
<p>No Operating Expenses shall be charged and allocated to the holders of Class S Units.</p> <p>The Operating Expenses shall be exclusive of all applicable Taxes and levies, if any, leviable on such Operating Expenses and the same shall be borne by the Fund and allocated to the holders of all the Classes of Units, as applicable.</p> <p>Please refer to “SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES” of this Memorandum for further details.</p>		
DISTRIBUTION	<ul style="list-style-type: none"> • Distribution Proceeds will be concurrently allocated/apportioned to the holders of Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units, Class M Units, Class S Units and Class P Units and any further Classes/ Subclasses (if any) in proportion to their respective Invested Funds. The Distribution Proceeds allocated to the respective Classes/Subclasses will be further allocated within the Classes/Subclasses in proportion to their respective Invested Funds. <p>Distribution Proceeds will be distributed amongst the Contributors in the manner provided for under the headings Class E1 Units Distribution Waterfall, Class E2 Units Distribution Waterfall, Class E3 Units Distribution Waterfall, Class E5 Units Distribution Waterfall, Class E10 Units Distribution Waterfall, Class E25 Units Distribution Waterfall, Class E50 Units Distribution Waterfall, Class R Units Distribution Waterfall, Class M Units Distribution Waterfall, Class S Units Distribution Waterfall and Class P Units Distribution Waterfall Please refer to paragraph 25 titled “Distributions” under “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum for further details.</p>	

SECTION II: MARKET OPPORTUNITY / INDIAN ECONOMY / INDUSTRY OUTLOOK

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

The Indian economy presents a vast market opportunity for investors and businesses alike. With a population of over 1.3 billion people and a growing middle class, India offers a large consumer base hungry for goods and services. The country's economic growth, coupled with favorable government policies and reforms, has created a conducive environment for investment. Alternative Investment Funds (AIFs) have emerged as a popular avenue for investors looking to tap into the Indian market.

AIFs are investment vehicles that pool funds from investors and invest in a variety of asset classes such as private equity, venture capital, real estate, and infrastructure. These funds are regulated by the Securities and Exchange Board of India (SEBI) and provide a flexible and diverse investment platform. AIFs offer investors the opportunity to participate in sectors that are poised for growth and provide access to promising start-ups, emerging technologies, and infrastructure development.

One of the key advantages of investing through AIFs is the ability to diversify portfolios across different asset classes. This diversification helps mitigate risks and enhances the potential for returns. AIFs also provide professional management expertise, as they are managed by experienced fund managers who have a deep understanding of the Indian market and its investment opportunities.

In recent years, AIFs have played a significant role in channeling capital into sectors that are driving India's economic growth. For instance, technology-focused AIFs have been instrumental in supporting the growth of India's thriving start-up ecosystem. These funds have provided crucial early-stage and growth-stage capital to innovative companies, enabling them to scale their operations and disrupt traditional industries. The success of Indian start-ups in sectors such as e-commerce, fintech, and edtech has attracted significant investor interest, both domestically and internationally.

Furthermore, AIFs have been actively investing in sectors such as healthcare and pharmaceuticals, renewable energy, logistics, and infrastructure. These sectors are considered critical for India's long-term growth and development. AIFs have played a crucial role in funding the expansion of healthcare facilities, supporting the development of renewable energy projects, and financing infrastructure projects such as roads, ports, and airports. By investing in these sectors, AIFs contribute to job creation, technological advancement, and overall economic growth.

¹ Economic Survey, Ministry of Finance, Government of India, 2018-2019

Kantar IMRB, "ICUBE™: Digital adoption & usage trends", 21st Edition, 2019

UN Conference on Trade and Development (UNCTAD), "The Trade and Development Report", September, 2019

Based on Analysis done by the Author, Data source: VCC Edge, data as of September, 2019

Letsventure, "Angel Investment landscape of India", 2018

Raphael Amit, James Brander, and Christoph Zott, Why do Venture Capital Firms Exist? Theory and Canadian evidence, Journal of Business Venturing, Volume 13, Issue 6, November, 1998

Baker K., Filbeck G. (editors), Alternative investments: instruments, performance, benchmarks, and strategies, Chapter 11, J. Wiley & Sons, March, 2013.

Laura Entis, Entrepreneur, "Where Startup Funding Really Comes From", November, 2013

John C Austin, Brookings, "As the venture capital game gets bigger, the Midwest keeps missing out", June, 2019

Anna Gervasoni (Editor), Private Equity and Venture Capital, 1st Edition, Risk Books, April, 2014

David H. Hsu & Martin Kenney, Organizing Venture Capital: The Rise and Demise of American Research & Development Corporation, 1946–1973, University of Pennsylvania ScholarlyCommons, Management Papers, 2005

The regulatory framework governing AIFs in India has evolved over the years to provide a robust and investor-friendly environment. SEBI has introduced various reforms to enhance transparency, investor protection, and ease of doing business for AIFs. These reforms include streamlining the registration process, simplifying reporting requirements, and introducing guidelines for angel funds and social venture funds. The regulatory framework ensures that AIFs operate within a well-defined framework, providing investors with confidence and security.

As the Indian economy continues to expand and evolve, AIFs are expected to play a crucial role in unlocking the market's potential and generating attractive returns for investors. The government's focus on initiatives such as Make in India, Digital India, and Atmanirbhar Bharat (self-reliant India) presents significant opportunities across various sectors. AIFs are well-positioned to capitalize on these opportunities by identifying high-growth companies, supporting their expansion plans, and driving value creation.

India currently holds the distinction of being the third-largest unicorn base in the world, with over 83 unicorns collectively valued at US\$ 277.77 billion, as per the Economic Survey. The Nasscom-Zinnov report 'Indian Tech Start-up' predicts that India will have 100 unicorns by 2025, which will create approximately 1.1 million direct jobs. This remarkable growth in the start-up ecosystem is complemented by the significant role played by the Micro, Small, and Medium Enterprises (MSME) sector in driving the Indian economy. With over 63 million MSMEs, the number of registered MSMEs increased by 18.5 percent year-on-year, from 21.21 lakh units in 2019 to 25.13 lakh units in 2020. This sector contributes over 29 percent to the GDP through domestic and international trade.

India's emergence as a start-up hub can be attributed to several factors. Firstly, the country's status as an emerging market provides ample opportunities for innovative ventures to thrive. Additionally, increased government and political support, coupled with technological innovations, have created a conducive environment for entrepreneurship. Furthermore, there has been a notable shift in the perception towards entrepreneurship, with more individuals embracing the idea of starting their own businesses.

The improved economic scenario in India has attracted investments across various sectors. In November 2021, the private equity-venture capital (PE-VC) sector recorded investments worth US\$ 6.8 billion across 102 deals, marking a 42% increase compared to November 2020. The year 2021 proved to be pivotal for the Indian venture capital (VC) investment landscape, witnessing record growth as VC funding reached \$38.5 billion. Notably, investments in India grew 3.8 times compared to 2020, surpassing China's growth rate of 1.3 times. Moreover, VC funding accounted for more than 50% of overall private equity (PE) and VC investments in India in 2021. The year also saw the birth of 44 unicorns in India, surpassing China's count of 42 unicorns.

These developments highlight the immense potential and attractiveness of India's entrepreneurial ecosystem. With a favorable economic outlook and a supportive ecosystem, India is poised to witness further growth in the start-up and investment landscape, fostering value creation and technological advancements in the years to come.

SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS

PARTICULARS	DETAILS
Investment Objective	<p>The objective and purpose of the Fund is to carry on the activity of a Category I – Venture Capital Alternative Investment Fund and for this purpose to arrange, make, manage and dispose of investments with the view to providing returns to the Contributors in accordance with Applicable Laws and the Trust Documents</p> <p>The Fund seeks to generate superior returns by investing in securities/instruments, debt securities/instruments, any security/instrument convertible (fully or partially) into equity (including warrants), partnership interest in limited liability partnership and any other permissible instrument/security of the Portfolio Entities operating within the investment objectives in accordance with Applicable Laws.</p>
Category of Registration	VentureX Fund I is a scheme of VentureX Trust , which is registered with SEBI as a Category I – Venture Capital Alternative Investment Fund under the Regulations.

PARAMETERS (IF APPLICABLE)	CATEGORIES (IF ANY)	ALLOCATION AS PERCENTAGE OF INVESTABLE FUNDS (AT THE TIME OF INVESTMENT)
Investment in type of securities	Listed	0 - 25%
	Unlisted	0 - 100%
Maximum investment proposed per Portfolio Company	-	Up to 25% (Twenty-five percent) of the Investable Funds.
Allocation for investment in overseas Portfolio Companies (if any)	Nil	Up to 25% (Twenty-five percent) of the Investable Funds.
Sector Allocation (if any)	Sector agnostic	Nil
Geographic Allocation (if any)	Nil	Nil

<p>Any variation to any of the above stated parameters / strategy / allocation</p>	<p>In the event of any change in the aforesaid investment parameters / allocation, the Investment Manager shall provide prior intimation to the Contributors. In the event of any change in the aforesaid strategy, the Fund shall obtain the consent of Two-Third Majority of the Contributors.</p>
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Investment Strategy:

Investment Strategy: Rigorous Stock Selection and Long-Term Focus

The Investment Manager of the Alternative Investment Fund (AIF) adopts a strategy characterized by a stringent stock selection process and a disciplined bottom-up investing approach. With a long-term focus, the Investment Manager aims to identify securities that demonstrate strong growth potential and sustainable returns.

The investment approach employed by the Fund emphasizes attention to detail and thorough analysis of individual stocks. Through a bottom-up approach, the Investment Manager conducts in-depth research and analysis of companies, considering factors such as financial performance, competitive positioning, management quality, and industry dynamics. This meticulous evaluation process ensures that only high-quality securities with favorable growth prospects are included in the portfolio.

The Fund's investment strategy also involves tracking key sectors that exhibit consistent growth and long-term return potential. By closely monitoring these sectors, the Investment Manager seeks to capitalize on emerging trends and opportunities. This sector-focused approach allows the Fund to allocate capital to industries that are poised for sustained growth, thereby enhancing the potential for attractive returns.

Diversification is a key element of the Fund's investment strategy. The portfolio is constructed to include a collection of core holdings across various sectors of the equity market. This diversification strategy helps mitigate risks associated with individual stocks or sectors, ensuring a well-balanced portfolio. The Fund considers securities across a wide spectrum of market capitalizations, ranging from medium to large capitalization equities. This approach allows for exposure to companies of different sizes, providing opportunities for both stability and growth potential.

The Investment Manager maintains a long-term investment horizon, recognizing that successful investing requires patience and a focus on the underlying fundamentals of the companies in which the Fund invests. By taking a long-term perspective, the Fund aims to capture the full potential of its investments and benefit from compounding returns over time.

Investment Process

The Fund aims to invest in Potential Fund Portfolio entities by using the investment strategy outlined below.

The Key Investment Team plays a crucial role in the investment decision-making process. Before any investment is made, the team conducts a thorough evaluation and analysis of potential opportunities. This evaluation includes assessing the industry dynamics, market trends, competitive landscape, and growth potential of the investee company.

The team consists of experienced professionals with diverse backgrounds and expertise in various sectors. Their collective knowledge and insights enable them to make informed investment decisions. Each member of the team brings a unique perspective, which contributes to a comprehensive evaluation of the investment opportunity.

To ensure a robust decision-making process, the team follows a structured approach. They begin by conducting extensive due diligence on the investee company, examining its financials, business model, management team, and growth prospects. This due diligence process involves reviewing historical performance, analyzing future projections, and assessing the company's competitive advantage.

The team also considers the investment policy of the fund, which outlines the broad set of criteria for potential investments. This policy serves as a guiding framework and helps the team align their investment decisions with the fund's objectives and risk appetite. The policy may include factors such as expected returns, risk tolerance, investment horizon, and diversification requirements.

In addition to the investment policy, the team takes into account the Investment Manager's view on the industry and the investee company's management and scalability. The Investment Manager's expertise and insights provide valuable perspectives on the industry's growth potential, market dynamics, and the investee company's ability to scale and deliver sustainable returns.

Once the team has gathered all the necessary information and conducted a comprehensive analysis, they deliberate on the investment opportunity. A majority vote is required from the Key Investment Team to make an in-principle "go decision" on the investment. This ensures that the decision is made collectively, taking into account the diverse perspectives and expertise of the team members.

The team's decision-making process is driven by a commitment to thorough research, disciplined analysis, and a focus on long-term value creation. They aim to identify investment opportunities that have the potential to generate attractive risk-adjusted returns for the fund's investors.

It is important to note that the investment decision-making process is dynamic and iterative. The team continuously monitors the investee company's performance, market conditions, and other relevant factors. This allows them to make informed decisions regarding the ongoing management of the investment and to take appropriate actions to maximize returns and manage risks.

Overall, the Key Investment Team's role is critical in ensuring that the fund's investments are aligned with its objectives and have the potential to deliver sustainable long-term value. Their expertise, rigorous analysis, and collective decision-making process contribute to the fund's success in generating attractive returns for its investors.

Detailed Assessment & Due-Diligence

In case of an in-principle "go decision" by the Key Investment Team, a term sheet may be executed with the investee, in accordance with the investment policy. Pursuant to the term sheet, Investment Manager may initiate a detailed legal due diligence (through legal counsels) and financial due diligence (through financial advisors or internal team) of the proposed investment opportunity / investee company. Evaluation may include assessment of the collateral offered, to ensure that pre-agreed security cover is available. In cases of co-investment with any other person, the Investment Manager may, if it deems fit, rely on or take benefit of opinions and reports provided to such co-investor by independent legal counsels or generated through internal evaluation made by such person.

Execution & Investment

Pursuant to satisfactory conclusion of legal and financial due-diligence and other required checks, the final approval of the Investment Committee shall be sought for the investment. The investment shall be subject to final approval by the Investment Committee by majority vote. Pursuant to final approval by Investment Committee, appropriate legal documents will be executed with the investee / appropriate third parties in respect of the investment. All appropriate legal documents will be executed using the help of the legal counsel and applicable disbursements will follow.

Monitoring & Exit

The performance of the investment and the investee will be monitored by the Investment Manager through the term of the investment. The transaction documents for the investment will include necessary reporting covenants and information and audit rights as are required for such monitoring. The Investment Manager will review periodic financial and other information provided by the investee / other relevant third parties, including valuation reports for

collateral, to monitor performance of the investment. In addition, the Investment Manager may take up a potential board seat in the investee company in appropriate cases, subject to transaction documents.

The investment strategy and methodology detailed above will be measured solely at the time an investment is made and will not be breached by any subsequent developments. In accordance with the Regulations, any material alteration to the Fund strategy will be made with the approval of the Contributors by way of Super Majority.

The Investment Manager will undertake a disciplined approach at each of the above stages of the investment process, from identifying new investment opportunities, to carrying out due diligence, to negotiating investment terms, to actively tracking performance parameters of the investment made and to ultimately realizing investment liquidity.

The Fund may also invest in cash, cash equivalents, money market funds and money market instruments (including, but not limited to cash deposits, commercial paper and certificates of deposit), in the appropriate circumstances. Such circumstances include times when the Investment Manager determines that opportunities or market conditions for equity investing are unattractive or where market conditions may require a defensive investment strategy, the holding of cash on deposit pending reinvestment, the holding of cash in order to meet redemptions and payment of expenses or in order to support derivative exposure.

All investments and divestments by the Fund from time to time shall solely be decided by the Investment Manager in accordance with this Master Memorandum and the Regulations.

Supplementary Section

Exit Strategy

The Investment Manager is committed to maintaining a rigorous and disciplined approach throughout the entire investment process. This includes identifying new investment opportunities, conducting thorough due diligence, negotiating favorable investment terms, actively monitoring the performance of investments, and ultimately achieving investment liquidity.

To begin, the Investment Manager diligently identifies potential investment opportunities. This involves extensive market research, analysis of industry trends, and identification of companies with strong growth potential. The team carefully evaluates various factors such as market demand, competitive landscape, and the investee company's unique value proposition.

Once a potential investment opportunity is identified, the Investment Manager conducts comprehensive due diligence. This involves a detailed examination of the investee company's financials, including revenue streams, profitability, and cash flow. The team also assesses the company's business model, market positioning, and growth prospects. In addition, they thoroughly evaluate the management team's experience, track record, and ability to execute the company's strategic plans.

During the negotiation phase, the Investment Manager works closely with the investee company to establish favorable investment terms. This includes determining the appropriate valuation, structuring the investment instrument (such as equity or debt), and negotiating key provisions to protect the interests of the fund and its investors. The Investment Manager aims to strike a balance between maximizing potential returns and mitigating risks.

Once the investment is made, the Investment Manager maintains an active role in monitoring the performance of the investment. This involves regular review of financial reports, operational metrics, and other relevant information provided by the investee company. The team also leverages external resources, such as independent valuation reports and market research, to gain a comprehensive understanding of the investment's performance.

In some cases, the Investment Manager may take up a board seat in the investee company. This allows for closer oversight and active involvement in strategic decision-making. However, this decision is subject to the terms and

conditions outlined in the transaction documents and is only pursued when deemed appropriate and beneficial for the investment.

Throughout the investment lifecycle, the Investment Manager continuously assesses the performance of the investment and makes informed decisions to maximize returns and manage risks. They remain aligned with the investment strategy and methodology established at the time of the investment, ensuring that any material alterations are made in accordance with regulatory requirements.

Ultimately, the Investment Manager's objective is to achieve investment liquidity. This may involve various exit strategies, such as facilitating an initial public offering (IPO), arranging a merger or acquisition, or executing a secondary market sale. The Investment Manager carefully evaluates market conditions, investor demand, and the investee company's readiness for an exit to determine the optimal timing and method of realization.

Investment Restrictions:

The Fund shall make investments subject to the following restrictions, as well as others as required by SEBI:

- (i) The Fund shall invest at least seventy-five percent of the investable funds in unlisted equity shares or equity linked instruments of a venture capital undertaking or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange
- (ii) The Fund shall not invest more than 25% (twenty-five percent) or any such higher percentage in accordance with the Regulations, of its Investable Funds in one Portfolio Entity directly or through investment in the units of other AIFs.
- (iii) The Fund shall not borrow funds directly or indirectly or engage in leverage except for meeting temporary funding requirements for not more than 30 (thirty) days, not more than 4 (four) occasions in a year and not more than 10% (ten percent) of the Investable Funds, , subject to such other conditions as may be specified by SEBI from time to time..
- (iv) The Fund shall invest in Associates or associates of Investment Manager or Sponsor with the approval of Super-Majority of Contributors.
- (v) The Fund shall not, except with the prior consent of Super Majority of the Contributors, buy or sell Fund Investments from or to:
 - Associates; or
 - schemes of AIFs managed or sponsored by the Investment Manager and/or Sponsor and /or Associates of the Investment Manager and/or Sponsor; or
 - a Contributor who has committed to invest atleast 50% (Fifty Percent) of the Corpus of the Fund.Provided that while obtaining approval of the Contributors, the Contributor specified under clause (c) shall be excluded from the voting process.
- (vi) The Fund does not propose to engage in lending activity or extending guarantee to Portfolio Companies or pledge the Investments to facilitate borrowing by the Portfolio Companies, except that the Trust may create encumbrance on equity of Portfolio Company, which is in the business of development, operation or management of projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government, only for the purpose of borrowing by such Portfolio Company and subject to such conditions as may be specified by SEBI from time to time.

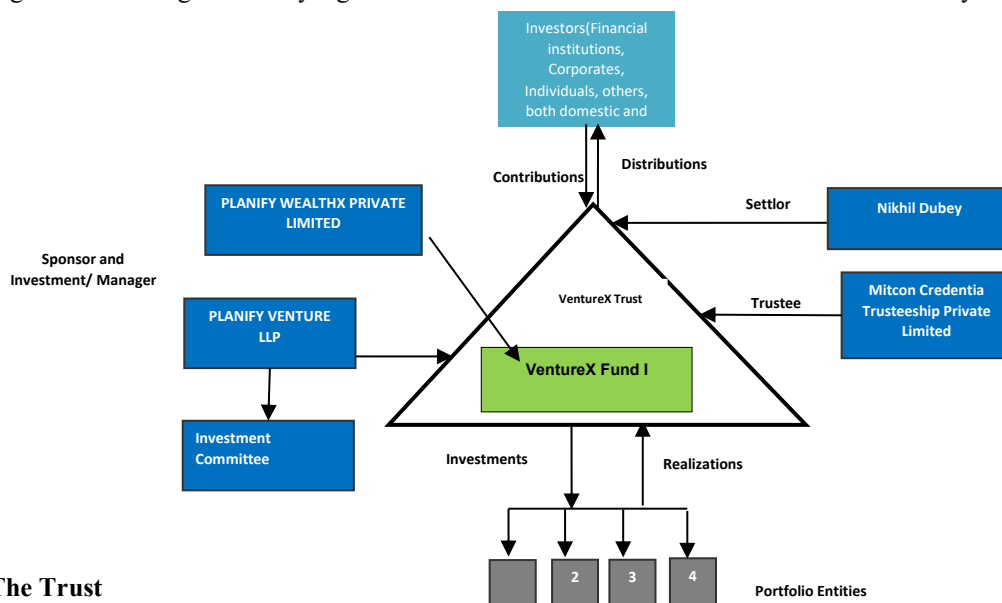
- (vii) The Fund will not invest in units of other AIF and shall not offer their units for subscription to other Alternative Investment Funds.
- (viii) The Fund does not propose to engage in lending activity, or extending guarantee for investee company

SECTION IV: FUND STRUCTURE

The investment structure may graphically be depicted as under:

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

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The Trust

‘**VentureX Trust**’ is formed in India as a contributory determinate trust set up by the Settlor under the Indian Trusts Act, 1882 and registered in India under the provisions of Registration Act, 1908. The Trust has been registered with SEBI as a Category I – Venture Capital AIF as per the Regulations. The Trust will be required to comply with the Applicable Laws.

The Fund

‘**VentureX Fund I**’ is the first scheme of the Trust. Subject to Applicable Laws, the Fund expects to primarily invest as per the investment strategy and philosophy of the Fund as indicated in this Memorandum.

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

The Trustee

“**MITCON Credentia Trusteeship Services Limited**” will act as the trustee of the Trust. The Trustee shall delegate its powers to the Investment Manager under the Investment Management Agreement.

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

Sponsor

PLANIFY WEALTHX PRIVATE LIMITED, shall acts as the sponsor to the Fund. The Sponsor will commit an aggregate amount equivalent to 2.5% (two and a half percent) of the Corpus or Rs. 50,00,000 (Indian Rupees Fifty Lakh Only), whichever is lower, to maintain a continuing interest in the Fund in accordance with the Regulations.

The Sponsor will be allotted Class S Units in the Fund, in accordance with this Memorandum.

Investment Manager

PLANIFY VENTURE LLP, will act as the investment manager to the Trust and all its Schemes, including the Fund.

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

The Investment Manager will be allotted Class M Units in the Fund, in accordance with this Memorandum.

Registrar to an Issue and Share Transfer Agent (“RTA”)

‘NSDL Database Management Limited’ or such other Person appointed by Investment Manager, shall act as the registrar to an issue and share transfer agent of the Fund. NSDL Database Management Limited is registered with SEBI under the Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 bearing the registration number INR000004181 for collection of stamp duty levied on issue, transfer and sale of Units of the Fund.

Targeted Investors

Units in the Fund are being placed with Institutional Investors, high net worth individuals, Corporates, financial institutions, banks, insurance companies, foreign investors, and other permissible investors (including Accredited Investors).

Registrars to an issue and share transfer agents (“RTA”) and Custodian

The Investment Manager shall appoint the RTA and Custodian before the First Closing of the Fund for collection of the applicable stamp duty and onward remittance to State Government.

Affiliations with other Intermediaries

Not Applicable.

SECTION V: GOVERNANCE STRUCTURE

A. Trustee

- a. Name: MITCON Credentia Trusteeship Services Limited.
- b. Role: The Trustee is appointed to manage the Trust Fund of the Trust in accordance with the Indenture. The Trustee has appointed the Investment Manager and delegated its functions of managing and administering the Trust Fund in accordance with the Investment Management Agreement. The Trustee shall be responsible for ensuring compliance with the Regulations and submitting reports to SEBI on the occurrence of any violation of the Regulations. The Trustee shall be responsible for such other duties as specified under the Indenture.

c. Names of the directors:

The directors of the Trustee are as follows:

- (i) Ms. Vaishali Urkude
- (ii) Mr. Venkatesh Prabhu
- (iii) Manjunath Jyothinagara
- (iv) Dr. T V Rao
- (v) Ms. Padma Betai

d. Brief profile of directors:

A brief profile of the directors is given below:

(i) **Ms. Vaishali Urkude – Director**

Vaishali has a combined experience of over 24 years in legal, operations and compliance in banks and trusteeship business. She was a pioneer in building up the trusteeship business at Milestone Trusteeship Services Pvt Ltd with her expertise in legal and operations throughout all the trusteeship offerings. Her past stints were with public sector banks viz. UCO Bank and Export-Import Bank of India and trustee companies, Vistra ITCL India Limited (formerly known as IL&FS Trust Company Limited), Milestone Trusteeship Company Pvt Ltd & Beacon Trusteeship Limited. She has been into the trusteeship services for more than a decade and has vast experience in managing trusteeship services across various products viz. debenture trustee, security trustee, ESOP/EWT, AIF/VCF, securitisation, family office, escrows etc. She has previously represented sub-committees of SEBI for ESOP and Municipal Bonds. She has done post-graduation in law (Commercial Laws), top ranker & gold medalist (LL.B.) from Nagpur University

(ii) **Mr. Venkatesh Prabhu –Director**

Venkatesh has more than 10 years of experience in trustee business and has held key positions in his earlier stints, all being trusteeship companies. He was heading securitization & mid-office for family office in Vistra ITCL (India) Limited (formerly known as IL & FS Trust Company Limited). He was in charge of entire business development of trusteeship business along with compliance & operations across all the trusteeship products during his stint at Milestone Trusteeship Company Pvt. Ltd. & Beacon Trusteeship Limited. He had on-boarded and serviced more than 150 AIF clients and lead the AIF operations. He was an overall in-charge of operations of alternative investment funds registered with SEBI along with compliance and business development. He was winner of “40under40” Alternative Investment Professionals in India – 2019 awarded by The Indian Association of Alternative Investment Funds (IAAIF) & Association of International Wealth Management of India (AIWMI). He is qualified Chartered Accountant from ICAI and Cost Accountant from ICWAI.

(iii) **Manjunath Jyothinagara – Independent Director**

He is B Tech (Chemical Engineering from National Institute of Technology [REC], Trichy), MDP (IIM Ahmedabad), with 32 Years Professional Experience, Serial Technopreneur. Currently promoter of KAS Group which is leading group of companies in India with credit of over 275+ projects in the area of Ultra High Purity Gas and Chemical Delivery Systems across India and outside (Singapore, Turkey, UAE, Kuwait, Saudi Arabia, Israel). Major presence in Solar Fabs and Semiconductor R&D Fabs. Only Indian company with capability to deliver full stack

Engineering Solutions comprising of Concept Design, Engineering, Procurement, Construction and O&M solutions to customers for Facilities Engineering. Working as Managing Director heading Indian and Overseas Business involving setting up of facilities (Design, Engineering & Delivery) for semiconductor and solar fabs.

(iv) Dr. T. V. Rao – Independent Director

Over 35 year's experience in Banking, Foreign Trade and Housing Finance Sectors with specialization in Management of Treasury, Investment and Corporate Finance Operations, Securitization and Structured Finance, product development (Reverse Mortgage etc.), Training, Research, Capacity Building and Regulation and Supervision of Housing Finance Institutions. Director on the Boards of corporates in NBFC, HFC and Manufacturing sectors.

(v) Ms. Padma Betai – Independent Director

Ms. Padma Betai, Chartered Accountant with over 35 years' experience in Banking and Finance holds a comprehensive educational background, including Diploma in Treasury Investments and Risk Management, a Certified Associate of the Indian Institute of Banking (CAIIB), and a Chartered Accountant qualification from ICAI. Ms. Betai's distinguished career includes a significant tenure at IDBI Bank Ltd, where she held various key roles, culminating in her position as MD and CEO of IDBI Trusteeship Ltd. Her extensive experience also includes leadership positions such as Chief General Manager at IDBI Bank, Deputy CEO at IDBI Mutual Fund AMC Ltd, and General Manager in the Treasury Front Office. Ms. Betai's expertise extends to diverse areas such as retail banking, corporate planning, strategy, and treasury management. Her directorships, representing IDBI, further illustrate her influential presence in the corporate landscape. Ms. Padma Betai's wealth of knowledge and leadership acumen make her a distinguished professional in the finance and banking sector.

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

- i. The Trustee shall at all times exercise due diligence in carrying out its duties of protecting the interests of the Contributors and act in the best interest of the Contributors and endeavour to promote the interests of the Trust.
- ii. The Trustee may review and check whether all transactions entered into by the Investment Manager, for and on behalf of the Trust, are properly entered into in accordance with the Trust Documents and Applicable Laws.
- iii. The Trustee shall hold the Trust Fund in the name of the Trust, for and on behalf of the Trust and also open and operate bank account/s, demat account/s or any other account on behalf of the Scheme/s.
- iv. The Trustee shall cause the Investment Manager to maintain the books of accounts of the Trust and each of its Schemes and they shall be maintained in accordance with the Indenture.
- v. The Trustee shall cause the Investment Manager to file such reports as may be demanded by all relevant statutory/regulatory authorities, including without limitation SEBI, from time to time with regard to the activities carried on by the Trust and its Schemes or as may be required under Applicable Laws.
- vi. The Trustee shall ensure that the Trust Fund is kept segregated from all other assets of the Trustee. Further, the assets and liabilities of each Scheme shall at all times be segregated from the assets and liabilities of other Schemes and the assets and liabilities of the Trust.

Role of Trustee in ensuring the regulatory compliance requirement:

- i. The Trustee shall ensure that the Investment Manager files reports with SEBI and other relevant statutory/regulatory authorities as per the timelines specified in the Applicable Laws.
 - ii. The Trustee shall ensure that the Investment Manager provides to the Contributors, all reports enumerated in the Trust Documents and as required under Applicable Laws.
 - iii. The Trustee will cause the Investment Manager to submit to them the quarterly reports, providing all information carried out by the Investment Manager for and on behalf of the Fund.
- f. List of responsibilities of the Trustee, delegated to Investment Manager as per the Indenture:

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

B. Sponsor

a. Name:

The Sponsor of the Fund/ Investment Schemes is PLANIFY WEALTHX PRIVATE LIMITED, having its registered office at 1001, Block G1B, Pocket-1, Phase-2, Sector 18B, Samridhi Apartments, Dwarka, New Delhi - 110078.

b. Role:

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

c. Name of directors of the Sponsor

The directors of the sponsor entity are as follows:

1. Rajesh Kumar Singla
2. Urmila Rani Singla

The profiles for Rajesh Kumar Singla and Davinder Kumar Singla are provided under paragraph D.(b) of this **SECTION V: GOVERNANCE STRUCTURE**.

C. Investment Manager

- a. Name: **PLANIFY VENTURE LLP**, a limited liability partnership incorporated under the provisions of the Limited Liability Act, 2008 and having its registered office at 1001, Block G1B, Pocket-1, Phase-2, Sector 18B, Samridhi Apartments, Dwarka, New Delhi - 110078., acts as the investment manager to the Trust and its Schemes including the Fund.
- b. Role: The Investment Manager has entered into an Investment Management Agreement with the Trustee in terms of which it will manage the affairs of the Trust and the Fund in accordance with the powers delegated by the Trustee and in accordance with the Applicable Laws. The Investment Manager will also be responsible for the investment program of the Fund. The Investment Manager and the Trustee shall ensure compliance by the Fund with the code of conduct as specified under the Regulations. The Investment Manager shall be responsible for every decision of the Fund, including ensuring that the decisions are in compliance with the provisions of the Regulations, terms of Trust Documents (including any internal policies and procedures laid down for the Fund) and Applicable Laws.
- c. Name of Designated Partners:
 1. Rajesh Kumar Singla
 2. Urmila Rani Singla
- d. Brief profile of Designated Partners:

The profile for Rajesh Kumar Singla and Urmila Rani Singla are provided under paragraph D.(b) of this **SECTION V: GOVERNANCE STRUCTURE**.
- e. List of responsibilities assigned to the Investment Manager under the Investment Management Agreement.

Kindly refer to paragraph (A)(f) above for a brief list of responsibilities assigned to the Investment Manager under the Investment Management Agreement.
- f. List of responsibilities of the Investment Manager delegated to another person under any arrangement, along with details of the said person.

Subject to Applicable Laws, including without limitation the SEBI circular ref. CIR/MIRSD/24/2011 dated December 15, 2011 on 'Guidelines on Outsourcing of Activities by Intermediaries', the Investment Manager may delegate certain functions from time to time, provided that, no core business activities and compliance function shall be outsourced at any point in time as provided in the aforesaid circular.

D. Key investment team

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

The key investment team shall be responsible for advising and assisting the Investment Manager in taking investment and divestment decisions. The team will provide non-binding investment advice to the Investment Manager. The team may conduct meetings, from time to time, to discuss any investment opportunity and provide their report to the Investment Manager.
- b) List out the names and brief biography of each member of the investment team (including nature of relationship between management team members and the Fund/Scheme) in the following format:

Name of investment team members:

The key investment team comprises experienced and committed professionals who possess complementing skills and capabilities and are closely bonded by like-mindedness in vision and values.

Maneesh Nath

With an illustrious career spanning over a decade, the investment management expertise of Maneesh Nath shines brightly in the financial landscape. Serving as a senior equity research analyst at Arcstone Capital, he has orchestrated remarkable success stories, particularly as the overseer of the Passage to India Opportunity Fund (PTIOF), a distinguished Delaware-based Hedge Fund.

Renowned for his adeptness in identifying undervalued companies across global markets, Maneesh Nath has consistently delivered extraordinary returns, outperforming the USD Adjusted BSE India Small Cap Index by an astounding 480%+ during the period from May 2012 to April 2017. With an annualized return of 53%, compared to the index's 13% over five years, he demonstrates an unparalleled ability to navigate market complexities and seize lucrative investment opportunities.

Awards and recognition further underscore Maneesh Nath's prowess as a fund manager and portfolio manager. In 2014, he was honored as one of the top 17 buy-side analysts by SumZero, ranking within the top 0.2% of their 14,000 global members. Under his leadership, PTIOF ascended to the top rank globally in 2014, outperforming over 17,000 hedge funds tracked by leading databases such as Preqin/Eurekahedge.

Media outlets such as Reuters, Business Insider, and Economic Times have extensively covered PTIOF's exceptional performance, cementing Maneesh Nath's reputation as a top-performing fund manager. Moreover, academic recognition from institutions like Cass Business School, London, further validates his extraordinary achievements in the realm of investment management.

The hallmark of Maneesh Nath's career lies in his ability to craft and manage portfolios that consistently outperform market benchmarks. A prime example is the model portfolio he developed in June 2015, comprising 24 USA Small Cap companies. Over the subsequent 2.25 years, this portfolio delivered cumulative gains of 60.1%, surpassing the Russell 2000 benchmark by 17%. Notable stock selections such as EnviroStar Inc (EVI) with a remarkable +700% return, Richmond Mines Inc (RIC) with a +220% return, and Supernus Pharmaceuticals Inc (SUPN) with a +110% return attest to his keen eye for identifying high-potential investments. Furthermore, the robust risk-adjusted performance of the portfolio, with a Sharpe Ratio of 0.93 and a Sortino Ratio of 0.9, underscores his ability to effectively manage risk while maximizing returns.

Beyond his accomplishments as a fund manager and portfolio manager, Maneesh Nath's professional journey is characterized by diverse experiences across various sectors and geographies. From founding Century Capital Partners in Mumbai, India, to holding senior positions at organizations like Markit Group (now IHS Markit) in New York, NY, USA, he has amassed invaluable insights into the intricacies of financial markets. His educational background, including coursework in securities valuation from NYU Stern School of Business and value investing from Columbia Business School, coupled with ongoing pursuit of the prestigious CFA Charter and executive education at the Indian Institute of Management (IIM), Lucknow, exemplifies his unwavering commitment to continuous learning and professional development.

In his role as a seasoned fund manager and portfolio manager, Maneesh Nath diligently monitors the performance of the portfolios he oversees on a quarterly basis. This involves meticulously revising estimates

for individual companies to assess their performance against his original projections. He remains vigilant in identifying any red flags, special circumstances, or unforeseen developments that may impact investment decisions, ensuring that his strategies remain agile and responsive to market dynamics. Notably, Maneesh's investment philosophy is anchored in company-specific fundamentals rather than macroeconomic factors or general news trends. He prides himself on his ability to discern opportunities that arise from market mispricing, demonstrating a readiness to take decisive action to optimize portfolio performance when warranted. This disciplined and proactive approach reflects Maneesh's unwavering commitment to delivering sustainable returns and mitigating risk for his investors.

In essence, Maneesh Nath's career trajectory as a fund manager and portfolio manager is marked by a relentless pursuit of excellence, a dedication to thorough research and analysis, and a proven ability to deliver exceptional returns for investors. As he continues to chart new horizons in the financial realm, his unwavering commitment to driving success and creating value for investors remains steadfast.

S. No.	Name of the Organization	Designation	Period	Work Profile
1	ArcStone Capital Limited	Senior Equity Research Analyst, Portfolio Management	Jan 2013 - Present	<p>Solely assist the Hedge Fund/Portfolio Manager and conduct thorough research & analysis to find high grade undervalued companies available in the entire stock market to produce excellent long term absolute returns.</p> <p>Recipient of SumZero Top 17 Buy side Analyst Honors in 2014 (Feb 2017 Rank in the Top 0.2% ile of 14,000+ members globally).</p> <p>Modeled Portfolio with 24 USA Small Cap companies (created in Jun 2015) delivered Cumulative gains of 60.1%, (Ann. Returns of 23.1%+) over the last 2.25 years (Jun 2015 to Sep 2017), out-performing the Russell 2000 benchmark by 17% (Ann).</p> <p>Top stock picks include EnviroStar Inc (EVI) + 700%, Richmond Mines Inc (RIC) +220%, Supernus Pharmaceuticals Inc (SUPN) +110%. Sharpe Ratio of the Portfolio is 0.93 vs. 0.1 of Russell 2000; Sortino Ratio of the Portfolio is 0.9 vs. 0.09 of Russell 2000.</p>
2	Century Capital Partners	CIO, Founder, Portfolio and Value	October 2010 - Jun 2013	Responsible for providing provide value investing research for the Indian equity market.

		Investment Research		
3	Markit Group	Senior Research Analyst	April 2008 - October 2010	
4	Capital One Financial Corporation	Senior Financial Analyst (M&A)	November 2006 - March 2008	

Rajesh Singla

Mr. Rajesh Singla is a respected professional with over 5 years of remarkable competence in advising early to growth stage VC Investments, Investment Banking – helping start-ups in raising equity capital from pre seed to Series A onwards from both domestic & offshore institutions.

Mr. Singla has played a pivotal role in connecting investors and entrepreneurs, facilitating equity investments, and steering the platform towards becoming India's premier destination for angel investing and entrepreneurship as a key figure at Planify.

As an advisor and mentor, he has contributed his rich and dynamic experience to the start-up ecosystem, fund management and portfolio management. His strategies and entrepreneurial spark have helped him deliver successful and creative insight which reflects in his start-up initiatives.

Expertise:

Under his guidance, many companies have raised the next level of funding and achieved business goals and went on to raise sufficiently large financing rounds or got acquired post-his investment.

Mr. Rajesh Singla has advised over 1000+ investors on private equity, startups, SMEs, and unicorns, demonstrating his ability to navigate the complexity of the investing landscape. His strategic direction has resulted in the successful completion of 31+ exits, with an amazing minimum return of 250%, with some exits achieving an astounding 1,000% to 2,000% return. Notably, a 3.1 crore investment has grown into a 17-crore portfolio today, amounting to a phenomenal 117% compounded yearly return.

Investment Success Stories:

In the period spanning 2020 to 2023, Mr. Singla has steered six start-ups across diverse sectors – consumer discretionary, technology, specialty chemicals, and manufacturing – in closing fundraising mandates. The funding rounds for Mayasheel Retail India Limited (Bazaar India), Deepak Houseware & Toys Pvt Ltd. (Urban Tots), Madbow Ventures Limited, KROP Media Private Limited (Experiential Etc), and VCI Chemical Industries Private Limited collectively amounted to substantial figures, further highlighting Mr. Singla's adept deal-closing capabilities.

- Mayasheel Retail India Limited, popularly known as Bazaar India = Closes 5 Crores
- Deepak Houseware & Toys Pvt Ltd., Also known as Urban Tots = Closes around 10.15 Crores
- Madbow Ventures Limited = Closes around 1.04 Crores
- KROP Media Private Limited, popularly known as Experiential Etc = Closes around 57 Lacs.
- VCI Chemical Industries Private Limited = Closes around 4 Crores.

Planify's Triumphs:

As a key player in Planify, Mr. Rajesh Singla has been instrumental in the platform's success. Planify has successfully raised ₹100 crore from angel investors and family offices, empowering transactions worth ₹250 crore for Pre-IPOs and Unicorns. The start-ups backed by Planify boast a staggering portfolio valuation of over ₹1600 crore across six companies, solidifying Planify's position as a force to be reckoned with in the angel investing landscape.

Vision and Mission:

At the core of Mr. Singla's professional mission is the goal to advise entrepreneurs and angel investors, providing them with early access to vital financial and strategic resources. By doing so, he aims to propel individual and company growth, positioning Planify as the go-to platform for angel investing, entrepreneurship, and start-ups in India. Currently active in Seed, Pre-Series A, and Series A funding rounds, Planify is committed to facilitating investments ranging from \$1 million to \$50 million, thereby nurturing the growth of promising enterprises.

Notable Backing:

Planify's success is underscored by the backing of marquee investors such as Bhumika Shrivastava (Global HR Head, Polygon), Shashvat Nakrani (Co-founder BharatPe), Devendra Jain (Head Customer Experience - Bharti Airtel), Sunil Goel (Director- Arb Bearings Ltd.), the Mankind Pharma family office, and other influential industry figures.

In summary, Mr. Rajesh Singla emerges as an experienced advisor and vital character in Planify's success story, notably contributing to the platform's aim of changing angel investing and entrepreneurship in India.

His abundance of expertise, strategic insight, and remarkable track record make him a highly sought-after asset and wealth management practitioner.

Brief biography:

S. No.	Name of the Organization	Designation	Period	Work Profile
1	Accenture Technology Solutions	Associate Software Engineer	Jul 2009 - Apr 2011	Project: Bank of America - Work in banking domain Euroclear - Accenture to Help Euroclear Consolidate the Securities Settlement Infrastructure in Europe
2	Amazon	Quality Assurance Lead for Kindle Development Kit Team	Apr 2011 - Jun 2012	Launch new high-quality apps on the Kindle and Tablet Kindle Fire.
3	Vdopia Inc.	QA Manager	Jul 2012 - Aug 2014	Joined company as QA #1, Set up complete QA Frameworks, teams.

4	Snapdeal	Senior Engineering Manager	Aug 2014 - Oct 2018	Managing releases in Snapdeal and was responsible for Data Platform, Customer Experience Engine, Recommendation Feeds. Engineered Communication, A/B Experimentation and Personalization Engine
5	Planify	Founder & CEO	Nov 2018 – Present	Our Vision is to become the go-to place for the entrepreneurship and startup wave in India, Our mission is to fund every entrepreneur to help them gain easy access to financial and strategic capital, to propel their company growth.

Ishima Singla

Ishima Singla, CFA Level 1, MBA (Finance & Accounting), is a seasoned finance professional with an impressive track record spanning close to 12 years. She has honed her expertise in the intricate realm of private company equity securities valuation, distinguished by her proficiency in dynamic areas such as DCF (discounted cash flow) review and construction, as well as relative valuation methodologies.

Ishima's interest in the complexities of finance extends to a deep interest in the stock market and business appraisal, areas in which she has constantly exhibited a broad skill set. Ishima is credited with playing a critical role in peer and similar search analysis, WACC (Weighted Average Cost of Capital) computation, financial reconciliation, and goodwill impairment assessment.

Ishima brings a deep grasp of financial statement analysis to the table, with a strong basis in purchase price allocation and model review. Her careful approach is also obvious in her skill at memo writing and business plan evaluation, demonstrating a dedication to providing exact and insightful assessments.

Throughout her career, Ishima Singla has been a valuable asset, contributing significantly to the finance domain. Her extensive knowledge base, combined with her practical experience, positions her as a distinguished professional capable of navigating the complexities of the financial landscape.

In summary, Ishima's profile exemplifies a rare combination of academic aptitude, professional competence, and unwavering dedication to the complexities of financial research. I am convinced that my significant knowledge and expertise will be an advantage to any reputable institution looking for a seasoned specialist in finance and business valuation.

Between 2020 and 2023, Planify did due diligence on over 2500+ startups and attended several events as a mentor, panelist, and so on. She was invited to IIT Kanpur to mentor the founders and give a presentation on "How to Create a Pitch Deck and Decode Termsheets." So far, she has shortlisted two start-ups, Proxgy and VCI Chemicals, after conducting extensive due diligence.

Brief biography:

S. No.	Name of the Organization	Designation	Period	Work Profile
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1	BMW Financial Services	Intern	Jul 2011 - July 2011	Responsible for assessing the credit profile of the clients, to create models for in the project financing profile.
2	Ernst & young	Senior Financial Analyst	May 2012 - Jun 2018	Started career as an analyst with EY. primarily working with the GSA team (Germany, Switzerland, and Austria). The profile primarily includes assisting the seniors with the business valuation.
3	Ernst & young	Assistant Manager	Jun 2018 - Feb 2023	Have come to managerial role and taken care of 12 team members. The role primarily includes performing business valuation, purchase price allocation, intangible asset valuation, and financial statement analysis. She has been to the German office on a secondment while working on a tax audit of a prestigious client and to get more accounts for the Indian office. She was responsible for some major accounts in EY. She has been a critical part of multiple M&A's.
4	Planify	Chief Investment Officer	Feb 2023 - Present	The profile primarily includes assessing the businesses, and to found out hidden gems, and understanding the nitties and gritties of unlisted space. She is looking after the financial analyst team.

Urmila Rani Singla

Urmila Rani Singla is an experienced professional who holds a bachelor's degree from Punjab University in Faridkot. She has been a significant force as a director at Planify since November 2018, demonstrating excellent leadership and strategic acumen.

Urmila's role has been critical in creating and executing the company's strategic strategy. Her dedication to integrating operations with Planify's purpose, vision, and values has been critical to the company's success.

Urmila has actively participated to policy creation, guaranteeing legal framework compliance, and building strong corporate governance procedures. Her keen eye extends to financial affairs, where she approves budgets, monitors financial performance, and imposes strict controls to ensure fiscal discipline.

Urmila's impact extends to day-to-day operations, where she actively maintains inventory, supervises administrative duties, facilitates vendor payments, and leads procurement efforts. Her diverse approach demonstrates a dedication to operational excellence.

In summary, Urmila Rani Singla is a results-driven and forward-thinking Director, whose comprehensive skill set and dedication have significantly contributed to Planify's success. Her profile exemplifies leadership excellence and a commitment to steering the company toward continued growth and innovation.

Brief biography:

S. No.	Name of the Organization	Designation	Period	Work Profile
1	Planify	Director	Nov 2018 - Present	Responsible for the operations and management of the Company

- Qualification of each investment team member

S. No.	Name of the member	Qualification
1)	Maneesh Nath	M.S., University of Cincinnati and B. Tech., National Institute of Technology (NIT), Karnataka, India. 2000
2)	Rajesh Singla	Btech, Portfolio Management, NISM Series V'A'
3)	Ishima Singla	MBA in Finance and CFA level 2
4)	Urmila Rani Singla	Graduate, B.A.

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

Not applicable.

- Involvement of the key investment team members in advising and/or managing any other funds (state number of funds) (separately for registered with SEBI or otherwise).

Sr. No.	Name of the member	Name of the fund	Role performed
1	Maneesh Nath	Passage to India Opportunities Fund (Delaware based Hedge Fund)	Senior Equity Research Analyst

The Investment Manager may devote a part of their time to other activities (including any additional fund vehicles). The team of the Investment Manager will only devote so much of their time to the Fund's affairs as is, in their judgement, reasonably required. The team members in addition to their responsibilities for the Fund will have responsibilities for other funds, projects and clients. Accordingly, allocating management time and other resources among the Fund and such other funds, projects and clients can be a challenge.

All the members of the key investment team are the employees or partners (as applicable) of the Investment Manager.

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

E) Compliance Officer

Name – Mr. Rajesh Singla

Telephone No.: +91- 8882410001

E-mail: rajesh@planify.in

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

Not applicable.

F. Investment Committee

- **Role of the Investment Committee:**

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

The members of the Investment Committee shall be responsible for ensuring that the decisions of the Investment Committee are in compliance with the policies and procedures laid down in terms of sub regulation (3) of this regulation

The members of the Investment Committee shall abide by the Code of Conduct applicable to them as specified in Fourth Schedule of the AIF Regulations.

- **Decision making process:**

The quorum for any meeting of the Investment Committee shall be a minimum of 2 (two) members present in-person or by way of teleconference, videoconference or any other electronic mode. The decisions of the Investment Committee would be taken on the basis of a simple majority vote of the members present at the meeting of the Investment Committee. At each meeting of the Investment Committee, the members attending the meeting will elect 1 (one) amongst them as chairman of the meeting. In case of a deadlock where no majority is there on any particular decision, the chairman of the Investment Committee shall have a casting vote on such decision.

- **Manner of appointment and size and constitution of the Investment Committee:**

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

The members of the Investment Committee will only devote so much of their time to the Fund's affairs as is, in their judgement, reasonably required. The members of the Investment Committee, in addition to their responsibilities for the Fund, will have responsibilities for other funds, projects and clients. Accordingly, allocating management time and other resources among the Fund and such other funds, projects and clients can be a challenge.

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

Any fees to the members of the Investment Committee shall be paid by the Investment Manager and will not be charged to the Fund.

G. Advisory Board

- Role of the Advisory Board:

The Investment Manager may constitute an Advisory Board comprising professionals and technical/industry/sector experts as it deems fit. The Advisory Board shall provide advice/recommendations on all such matters that may be referred to it by the Investment Manager from time to time.

- Decision making process:

The quorum for any meeting of the Advisory Board shall be a minimum of 2 (two) members present in-person or by way of teleconference, videoconference or any other electronic mode. The decisions of the Advisory Board would be taken on the basis of a simple majority vote of the members present at the meeting of the Advisory Board. At each meeting of the Advisory Board, the members attending the meeting will elect one amongst them as chairman of the meeting. In case of a deadlock where no majority is there on any particular decision, the chairman of the Advisory Board shall have a casting vote on such decision.

- Manner of appointment and size and constitution of the Advisory Board:

The members of the Advisory Board shall be appointed by the Investment Manager. As the Fund commences activities, additional members may be appointed by the Investment Manager on the Advisory Board. The Investment Manager shall have the power to re-constitute the Advisory Board from time to time. Notwithstanding anything contained in this Memorandum, the Investment Manager may make any modification in the constitution of the Advisory Board at any point of time. If the Advisory Board is not formed, its functions shall be undertaken by the Investment Manager.

The members of the Advisory Board will only devote so much of their time to the Fund's affairs as is, in their judgement, reasonably required. The members of the Advisory Board, in addition to their responsibilities for the Fund, will have responsibilities for other funds, projects and clients. Accordingly, allocating management time and other resources among the Fund and such other funds, projects and clients can be a challenge.

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

H. Limited partner/ investor advisory committee

The Fund currently does not intend to have a limited partner advisory committee.

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

The Fund currently does not intend to have operating partners, portfolio company advisors or such other bodies.

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

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

Supplementary Section

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

Sr. No.	Name of the members	Designation	Role performed
1.	Maneesh Nath	Key team member	Will be responsible for advising and assisting the Investment Manager in taking investment and divestment decisions. The team will provide non-binding investment advice to the Investment Manager. The team may conduct meetings, from time to time, to discuss any investment opportunity and provide their report to the Investment Manager.
2.	Rajesh Singla	Key team member	
3.	Ishima Singla	Key team member	
4.	Urmila Rani Singla	Key team member	

All the members of the key investment team are the employees or partners (as applicable) of the Investment Manager.

SECTION VI: TRACK RECORD OF INVESTMENT MANAGER

I. Type of Investment Manager:

Planify Venture LLP, a limited liability partnership incorporated under the provisions of the Limited Liability Partnership Act, 2008 and having its registered office at 1001, Block G1B, Pocket-1, Phase-2, Sector 18B, Samridhi Apartments, Dwarka, New Delhi - 110078, will act as the investment manager to the Trust and all its Schemes, including the Fund.

II. Track Record of the Investment Manager:

The Investment Manager is a first-time manager and does not have experience in fund management activities. The Investment Manager is therefore relying on the experience of its individual team members. Detailed information pertaining to the relevant experience of the key members of the Investment Manager has been provided under “SECTION V: GOVERNANCE STRUCTURE”.

Risk Factor:

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

SECTION VII: PRINCIPAL TERMS OF THE FUND

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

1.	SIZE OF THE FUND	<p>The target Corpus of the Fund is up to Rs. 250,00,00,000 (Indian Rupees Two Hundred Fifty Crores) with a green shoe option of up to Rs. 250,00,00,000 (Indian Rupees Two Hundred Fifty).</p> <p>Total Fund corpus is Rs. 500,00,00,000 (Indian Rupees Five Hundred Crores) (including green shoe option).</p> <p>The Investment Manager may, in its discretion, increase the size of the Fund in compliance with the Regulations.</p>				
2.	TARGET INVESTORS	<p>Target Investors of the Fund are Institutional Investors, high net worth individuals, family offices, corporates, financial institutions, banks, insurance companies, foreign investors, and other permissible investors (including Accredited Investors).</p> <p>Eligibility Criteria: For the purpose of subscribing to the Units of the Fund, a Person must fulfil the Eligible Person criteria. Further, please refer to paragraph 3 on ‘Classes of Units’ and paragraph 5 on ‘Minimum Capital Commitment’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>Further, kindly refer to paragraph 16 titled ‘Transfer, withdrawal and transmission of unit’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND” for additional conditions applicable in case of transfer or pledge of Units.</p>				
3.	CLASSES OF UNITS	<p>The Fund shall issue the following Classes of Units:</p> <table><tr><td>The Fund shall issue the following Classes of Units: Class</td><td>Description</td></tr><tr><td>Class E1 Units</td><td>To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 1,00,00,000 (Indian Rupees One Crore) but less than INR 2,00,00,000 (Indian Rupees Two Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.</td></tr></table>	The Fund shall issue the following Classes of Units: Class	Description	Class E1 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 1,00,00,000 (Indian Rupees One Crore) but less than INR 2,00,00,000 (Indian Rupees Two Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
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		Class E2 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 2,00,00,000 (Indian Rupees Two Crore) but less than INR 3,00,00,000 (Indian Rupees Three Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
		Class E3 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 3,00,00,000 (Indian Rupees Three Crore) but less than INR 5,00,00,000 (Indian Rupees Five Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
		Class E5 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 5,00,00,000 (Indian Rupees Five Crore) but less than INR 10,00,00,000 (Indian Rupees Ten Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
		Class E10 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 10,00,00,000 (Indian Rupees Ten Crore) but less than INR 25,00,00,000 (Indian Rupees Twenty-Five Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
		Class E25 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 25,00,00,000 (Indian Rupees Twenty

			Five Crore) but less than INR 50,00,00,000 (Indian Rupees Fifty Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum.
		Class E50 Units	To the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 50,00,00,000 (Indian Rupees Fifty Crore), in accordance with terms of their respective Contribution Agreements and this Memorandum.
		Class R Units	To Direct Plan Investors (either individually or together with their affiliates) making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 1,00,00,000 (Indian Rupees One Crore), in accordance with terms of their respective Contribution Agreements and this Memorandum.
		Class S Units	To the Sponsor and/or to such Eligible Persons who are strategically important/valuable to the fund as the Investment Manager may designate.
		Class M Units	To the Investment Manager and/or to the eligible employees of the Investment Manager and/or employee welfare trust and/or to such Eligible Person who are strategically important/valuable to the fund as the Investment Manager may designate.
		Class P Units	To Contributors who are of strategic importance to the Fund, as may be designated by the Investment Manager, in accordance with the terms of their respective Contribution Agreements.
		<p>The Fund shall issue fully paid-up or partly paid-up Units in accordance with the Trust Documents. It is clarified that Units may include a fraction of a Unit evidencing Beneficial Interest in the Fund of a value less than the face value of the respective class of Units.</p> <p>The Investment Manager shall issue units in dematerialized form, in the manner prescribed in AIF Regulations.</p> <p>Subject to the Regulations, the Investment Manager may at its sole discretion issue additional Class/es or Subclass/es/series of Units from time to time, which may inter</p>	

		<p>alia have differential rights, variable fee/charge structure, different hurdle rate of return, currency denomination etc. The Investment Manager shall have the right to designate/re-designate any Class/Subclass to other Class/Subclass. All existing and future Class/es and/or Subclass/es of Units shall participate in the common investment portfolio of the Fund except in case of a Defaulting Contributor or an Excused Contributor.</p> <p>The Investment Manager’s decision to classify / reclassify the Investors under any of the Class/Subclass shall be final and binding on all the Investors.</p> <p>The economic and special rights attached to the Class/es of the Fund are as provided for under this Memorandum. Further, please refer to paragraph 39 under the term ‘Side Letters’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>Any special rights attached to any Class/es of Units issued by the Fund shall not have any adverse impact on the economic rights or any other rights of other Investors.</p>										
4.	LIST OF INDICATIVE TIMELINES FOR THE FUND	<p>List of indicative timelines for the Fund is as follows:</p> <p>a) First Closing: Kindly refer to paragraph 10 under the term ‘Closings’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>b) Subsequent Closing: Kindly refer to paragraph 10 under the term ‘Closings’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>c) Final Closing: Kindly refer to paragraph 10 under the term ‘Closings’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>d) Commitment Period: Kindly refer to paragraph 8 under the term ‘Commitment Period’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>e) Term of the Fund: Kindly refer to paragraph 7 under the term ‘Term of the Fund and Termination’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p>										
5.	MINIMUM CAPITAL COMMITMENT	<p>Subject to the Regulations, the minimum Capital Commitment from each Contributor shall be as under:</p> <table><tr><th>Class of Units</th><th>Minimum Capital Commitment</th></tr><tr><td>Class E1 units</td><td>Rs. 1,00,00,000 (Indian Rupees One Crore)</td></tr><tr><td>Class E2 units</td><td>Rs. 2,00,00,000 (Indian Rupees Two Crore)</td></tr><tr><td>Class E3 units</td><td>Rs. 3,00,00,000 (Indian Rupees Three Crore)</td></tr><tr><td>Class E5 units</td><td>Rs. 5,00,00,000 (Indian Rupees Five Crore)</td></tr></table>	Class of Units	Minimum Capital Commitment	Class E1 units	Rs. 1,00,00,000 (Indian Rupees One Crore)	Class E2 units	Rs. 2,00,00,000 (Indian Rupees Two Crore)	Class E3 units	Rs. 3,00,00,000 (Indian Rupees Three Crore)	Class E5 units	Rs. 5,00,00,000 (Indian Rupees Five Crore)
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Class E3 units	Rs. 3,00,00,000 (Indian Rupees Three Crore)											
Class E5 units	Rs. 5,00,00,000 (Indian Rupees Five Crore)											

		Subject to Applicable Laws, no minimum investment shall be required from Contributors who are employees of the Investment Manager and participating in the Fund only for profit-sharing. Notwithstanding anything stated in this Memorandum and subject to Applicable Laws, no such minimum Capital Commitment requirement shall be applicable to Accredited Investors.
6.	SPONSOR COMMITMENT	<p>The Sponsor/Investment Manager will commit an aggregate amount equivalent to 2.5% (two and a half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crore), whichever is lower, to maintain a continuing interest in the Fund in accordance with the Regulations. Notwithstanding anything to the contrary, the Sponsor shall always maintain the above-mentioned continuing interest and take requisite steps/measures to comply with the same. The Sponsor of the Fund shall be issued Class S Units, towards its contribution to maintain a continuing interest in the Fund.</p> <p>In addition to the aforementioned continuing interest, the Sponsor may in its sole discretion directly or through its group companies/entities/affiliates/strategic partners, make an additional Capital Commitment to the Fund. It is hereby clarified that such additional Capital Commitment will not be subject to any obligations prescribed for the Sponsor under the Regulations.</p>
7.	TERM OF THE FUND AND TERMINATION	<p><u>Term:</u> The term of the Fund shall be a period of 10 (Ten) years from the First Closing which may be extended by the Investment Manager by up to 2 (two) years with the prior consent of Two-Third Majority of Contributors obtained in accordance with the terms contained in the Contribution Agreements and Applicable Laws.</p> <p>In the absence of consent of unit holders, the Alternative Investment Fund shall fully liquidate within one year following expiration of the fund tenure or extended tenure</p> <p><u>Termination:</u> The Trust shall terminate in accordance with the terms of the Indenture and Applicable Laws.</p> <p>Without prejudice to the above, the Fund shall terminate on expiry of the Term of the Fund/Trust (as applicable).</p> <p>Without prejudice to the above, the Investment Manager, may subject to the restrictions contained in the Applicable Laws, at any time before the expiry of the Term, terminate the Fund upon:</p> <ul style="list-style-type: none"> ● the Fund exiting from all Fund Investments and distributing the Distribution Proceeds to the Contributors (as applicable); or ● if the Trustee (in consultation with the Investment Manager) determines that the Fund be wound up in the interest of the Contributors; or ● if the Trust is wound up in accordance with the terms of the Indenture; or ● Super-Majority of the Contributors in the Fund pass a resolution at a meeting of Contributors that the Fund be wound up; or ● SEBI so directs in the interest of the Contributors. <p>The Trustee, through the Investment Manager, shall intimate SEBI and Contributors of the circumstances leading to the winding up of the Fund. Notwithstanding the</p>

		<p>termination of the Fund, the Contributors shall continue to remain liable to the following extent:</p> <ul style="list-style-type: none"> • The Fund will continue for such period of time as may be necessary to liquidate existing Fund Investments in an orderly manner (subject to a maximum period of 1 (one) year from the aforesaid date of intimation to the Contributors); • Capital Commitments will not be extinguished to the extent necessary to pay the Fund Expenses; and • The Management Fee, fees payable to Trustee and other fees/costs will continue to be payable as per provisions of the Trust Documents until the Fund terminates and is dissolved. <p>Once the Fund liquidates, the proceeds accruing to the Contributors shall be distributed to them after satisfying all liabilities of the Fund in accordance with paragraph 25 titled 'Distributions' under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>Please refer to “SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS” for the investment strategy of the Fund including without limitation indicative actions/strategy that the Fund intends to pursue to achieve effective winding up of the Fund.</p> <p>The Investment Manager may, subject to obtaining approval from Super-Majority of Contributors, make distributions in specie of the investments which may not have been liquidated at the end of the Term to the Contributors, in accordance with the terms set out under paragraph 26 on 'Distribution in-kind' under “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>If there are any unliquidated investments of the Fund, the Investment Manager may, in accordance with the provisions of the Regulations including the SEBI circular ref. SEBI/HO/AFD/PoD1/CIR/2023/098 dated June 21, 2023, on the “Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds (AIFs) in-specie”, undertake the options / processes prescribed thereunder.</p>
8.	COMMITMENT PERIOD	<p>Commitment Period Means the period within which the Contributors are required to make Capital Contributions upon issuance of Drawdown Notice/s to the Contributors, in accordance with the respective Contribution Agreement and will include extensions thereto, if any.</p> <p>The Commitment Period for the Fund shall commence from the date of execution of Contribution Agreement and shall end on completion of 24 (Twenty Four) months from the Final Closing, during which the Capital Commitments can be drawn down upon issuance of Drawdown Notice/s to the Contributors in accordance with this Memorandum and the Contribution Agreements. The Commitment Period may be extended by the Investment Manager for a further period of up to 12 (twelve) months at its sole discretion.</p>

		<p>At the end of the Commitment Period, the Contributor shall be released from the obligation of making any further Capital Contribution against his undrawn Capital Commitment (not consisting of amount, towards which Drawdown Notice has been issued but payment not received from the Contributor and therefore the Contributor shall continue to be liable to pay the same even post the Commitment Period) except: (i) to the extent necessary to complete investments in progress as of the end of the Commitment Period (including such investments in respect of which the Fund has entered into a term-sheet or agreement on or before the end of the Commitment Period); (ii) to the extent necessary to cover the ongoing expenses and liabilities of the Fund, including, but not limited to, the Management Fee, Tax liability and any indemnification obligations; (iii) to enable any follow-on investments by the Fund; (iv) to enable the exercise of warrants and similar equity equivalents in relation to existing Fund Investments; and (v) to create reserves for the above items from (i) to (iv) as deemed appropriate by the Investment Manager.</p>
9.	WAREHOUSED INVESTMENTS	<p>In the event the Investment Manager identifies any investment opportunities with respect to potential Portfolio Entities and decides to make an investment in such Portfolio Entities (“Warehoused Investments”), the Investment Manager may either itself and/or through such Persons identified by the Investment Manager or through the Sponsor (“Warehousing Entity/Individual”), make investments in such Portfolio Entities.</p> <p>Warehoused Investments may be made at any point from the date of obtaining SEBI Registration till the First Closing of the Fund. The transfer of the Warehoused Investments from the Warehousing Entity/ Individual to the Fund shall be made during the Commitment Period as soon as the Fund has adequate monies to facilitate the transfer of such Warehoused Investments to the Fund, as may be determined by the Investment Manager which shall not be later than 6 months from the date of SEBI Registration.</p> <p>The said transfer of Warehoused Investments shall be made at an amount aggregate of the cost of Warehoused Investments or at any such other price as decided by the Investment Manager and intimated to the Contributors. Further, any expenses related to Warehoused Investments shall be charged to the Fund on transfer of such investments to the Fund.</p> <p>Prior to the signing of the Contribution Agreement, the Contributor will be made aware of the size and sector/ business of the Warehoused Investment and the name of the investee entity will be disclosed post signing of the Contribution Agreement.</p> <p>In case a Warehoused Investment are made post signing of the Contribution Agreement, then the information regarding such Warehoused Investment shall be disclosed to the Contributor as soon as may be determined by the Investment Manager which shall not be later than 15 Days from the date of Warehoused Investment.</p>

		<p>The Fund may purchase investments from, or sell investments to, the Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. The Interested Parties and their personnel may have information about the Fund’s investment policies and strategy that would assist the Interested Parties wishing to purchase from or sell investments to the Fund. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. Refer to paragraph C (1) titled on ‘Associate Party Transactions’ under “SECTION X: RISK FACTORS”.</p> <p>Any transfer of the aforementioned Warehoused Investments shall be subject to the approval of the contributors onboarded as on the date of the transfer. We hereby undertake that any liabilities or cost associated with Warehoused Investment not transferred to the Fund shall not be borne by the Fund.</p>
10.	CLOSINGS	<p>The first closing of the Fund shall be held within a period of 12(twelve) months from the date of receipt of confirmation from SEBI for launch of the Fund, subject to the Fund receiving Capital Commitments of at least Rs. 20,00,00,000 (Indian Rupees Twenty Crores) or any other amount as decided by the Investment Manager in accordance with the Regulations (“First Closing”). The Investment Manager may extend the First Closing by a period of up to 6 (six) months at its sole discretion.</p> <p>The Investment Manager has the discretion to hold one or more other Closing(s) subsequent to the First Closing but not later than the Final Closing, i.e., the Subsequent Closings. For the terms on which the Investor shall be on boarded on Subsequent Closings, please refer to below paragraph 11 titled ‘Unitholders Participating in Subsequent Closings’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>Final closing of the Fund means the last of the Closings permitted by the Investment Manager for accepting Capital Commitments to the Fund in accordance with the terms of the Trust Documents (“Final Closing”). The Final Closing shall be held within 60 (Sixty) months from the date of First Closing or such other date as may be determined by the Investment Manager whichever is earlier, which may be extended by the Investment Manager by up to 12 (twelve) months in its sole discretion. It is clarified that any soft Capital Commitment letter/s or such other document (as may be agreed between Contributor and Investment Manager) executed by the Contributor prior to a Closing shall form part of that Closing.</p>
11.	UNIT HOLDERS PARTICIPATING IN SUBSEQUENT CLOSINGS	<p>Contributors admitted to the Fund (or increasing their Capital Commitments to the Fund) after the First Closing will, upon admission (or increase), be required to contribute to the Fund, as applicable:(i) the aggregate amount each would have had to contribute to the Fund through the Subsequent Closing had such Contributor been admitted to the Fund at the First Closing (the “Catch-up Contribution”), plus (ii) an additional amount, as may be determined by the Investment Manager (the “Compensatory Contribution”), plus (iii) an additional contribution as determined by the Investment Manager (“Management Fees Additional Contribution”) in respect of the Management Fees, less;(iv) their proportionate share of all distributions (if any) made to Contributors admitted in prior Closings.</p>

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

		<p>The Contributors shall be required to make their Capital Contribution against their Capital Commitment within 15 (fifteen) Business Days from the date of the Drawdown Notice.</p> <p>The Drawdown Notice may be sent by the Investment Manager through facsimile, electronic mail, registered post/courier at the address as may be specified by the Contributor in the Contribution Agreement and such Drawdown Notice shall be deemed to have been received by the Contributor within 4 (four) days from the date of dispatch of the registered post/courier; within 24 (twenty-four) hours from the electronic mail being sent or upon receiving the confirmation of transmission of the facsimile.</p> <p>At the end of the Commitment Period, the Contributors may be issued Drawdown Notice for the purposes as provided above under the paragraph 8 titled ‘Commitment Period’ under “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>Amounts received from the Contributors towards their Capital Commitment will be treated by the Fund as consideration for the issue of Units to the Contributors. For the avoidance of doubt, fractional Units may be issued to Contributors if so required.</p>
13.	EXCUSE AND EXCLUSION	<p>The Investment Manager may, in its discretion, excuse any Contributor from making (or utilizing such Excused Contributor’s) Capital Contribution towards any proposed Fund Investment by the Fund if (i) the Contributor, based on an opinion of a legal professional/legal advisor confirms that its participation in a Fund Investment would violate any Applicable Law; and/or (ii) participation of the Contributor in the Fund Investment opportunity would be in contravention to the internal policy of the Contributor; and/or (iii) if the Investment Manager is satisfied that the participation of any Contributor in the Fund Investment would lead to the Fund being in violation of Applicable Law or would result in material adverse effect on the Fund; and/or (iv) if the Contributor by the virtue of being an Alternative Investment Fund or an investment vehicle; and/or (d) the proposed investment does not satisfy the specified due diligence checks prescribed under implementation standards issued by SEBI for specific due diligence of investors and investments of AIFs to prevent facilitation of circumvention through AIFs due to inclusion of such Contributor, provided that rationale for such exclusion shall be recorded by the Investment Manager, along with the documents relied upon, if any such Contributor may be partially excused or excluded from participation in the Fund Investment, to the extent of the Capital Contribution of the said Alternative Investment Fund or investment vehicle’s underlying investors who are to be excused or excluded from such Fund Investment (“Excused Contributor”) and such Contributor has informed the Investment Manager at the time of signing of the Contribution Agreement in writing of its inability or limitation to participate in certain types of investments by the Fund at the time of execution of their respective Contribution Agreement.</p> <p>Any changes to the requirements that have been disclosed by the Contributor at the time of execution of their respective Contribution Agreement (pursuant to part (ii) above) shall be intimated to the Investment Manager within 15 (fifteen) calendar days of such change.</p>

		<p>In the event that one or more Contributors are excluded from participating in an investment, the Investment Manager may, either elect to have the Fund not make the investment or elect to have the Fund make the investment without the participation of such Excused Contributor. In the event the Excused Contributor exercises to not participate with respect to any Portfolio Investment in accordance with its Contribution Agreement, such Contributor shall have zero allocation in such Portfolio Investment (or the portion of the Portfolio Investment in which it does not participate) and will not be entitled to receive any distribution of proceeds in respect of such Portfolio Investment (or the relevant portion of the Portfolio Investment). Accordingly, the allocation of such Excused Contributor in other Portfolio Investments will correspondingly increase. It is clarified that the Excused Contributor's unpaid Capital Commitment will not reduce due to such excusal. For the avoidance of doubt, the Management Fee and Fund Expenses payable by, such Excused Contributor after it is excused from participating in a Portfolio Investment will be calculated based on such Contributor's original Capital Commitment. The Investment Manager may issue to the non-excused Contributors, new calls for further Capital Contributions to the extent of their respective unpaid Capital Commitment to cover excused or excluded amounts.</p>
14.	INDEMNIFICATION	<p>The Fund and each Contributor will indemnify the (i) Investment Manager, Sponsor, Settlor and the Trustee and any of its respective officers, directors, partners, employees and agents, (ii) members of Investment Committee, Advisory Board and any other board or committee of the Investment Manager; contemplated in the Trust Documents or any other party as may be decided by the Investment Manager in consultation with the members of such board or committee ("Indemnified Persons") against any and all claims, losses, liabilities including Tax liabilities, costs, damages, expenses including legal fees, and amounts paid as settlement claim incurred by them by reason of their association with the Fund ("Losses") except to the extent such Losses resulted from the Indemnified Person's Malfeasance.</p> <p>The Investment Manager may have the Fund purchase, at the Fund's expense (as part of Operating Expenses), insurance to cover the Investment Manager, Sponsor and/or any other Indemnified Persons against liability for any breach or alleged breach of their fiduciary or similar responsibilities.</p> <p>Refer to paragraph D (9) titled on 'Risk associated with indemnity and tax obligation of the Investors to parties to the Fund' under "SECTION X: RISK FACTORS".</p>
15.	DEFAULTING CONTRIBUTORS	<p>Payment of Capital Contributions when due is of the essence, and any default by a Contributor in the payment there of would cause injury to the Fund and to the other non-defaulting Contributors. The default by a Defaulting Contributor (as defined below) may result in the loss of rights and privileges linked to the Units held by them in the Fund. Any penalty levied on the Defaulting Contributor (as envisaged below) shall be the number of liquidated damages payable to the Fund by the Defaulting Contributor as a consequence of default of his contractual obligations.</p>

		<p>Any Contributor failing to contribute any portion of its Capital Commitment pursuant to a Drawdown Notice, within 15 (Fifteen) Business Days from the date of Drawdown Notice (“Due Date”), may be declared as a ‘Defaulting Contributor’ by the Investment Manager.</p> <p>The Investment Manager shall have the authority to condone a delay in payment of any portion of Capital Commitment by a Contributor; provided, that such delay does not extend beyond 15 (Fifteen) Business Days from the Due Date (“Grace Period”).</p> <p>The Investment Manager shall, at its absolute discretion, be entitled to enforce against the Defaulting Contributor inter alia singly, or in combination, any of the action/s as stated below:</p> <ul style="list-style-type: none"> ● reduce the Capital Commitments of the Defaulting Contributor to the amount of Capital Contributions made by such Defaulting Contributor; and/or ● enforce the Defaulting Contributor’s obligations through pursuing any rights and remedies the Fund may have against the Defaulting Contributor, including by taking legal or other action against the Defaulting Contributor as more fully set out in the Contribution Agreement and the Indenture; and/or ● suspend or terminate the Defaulting Contributor’s right to receive any distributions. However, the Defaulting Contributor shall remain fully liable to the creditors of the Fund, to the extent permitted by Applicable Law, for the amount payable by the Contributor as if such default had not occurred; and/or ● suspend or terminate the Defaulting Contributor’s obligation and right to make future payments towards its Capital Commitment; and/or ● following the date of default, not allocate any items of gains to the Defaulting Contributor; and/or ● cease to share any information or reports relating to the Fund with the Defaulting Contributor till the default is cured; and/or ● require penal interest at a rate not exceeding SBI-BPLR + 4% per annum compounded monthly (“Default Amount”) starting from the end of the end of the Grace Period and / or offset amounts otherwise distributable to such Defaulting Contributor towards the same; and/or ● forfeit, without compensation, some or all Units subscribed by the Defaulting Contributor. Upon such forfeiture being affected, the Defaulting Contributor shall cease to be entitled to any rights including the right to demand refund of its forfeited portion of the Capital Contribution to the Contribution Fund; and/or ● prohibit the Defaulting Contributor from participating in any subsequent Contributor vote, meeting, consent or decision to be made by the Fund or Investment Committee or any other committee of Investment Manager (as applicable); and/or ● transfer all or some of the Defaulting Investor’s Units to other non-defaulting Investors and / or to third parties at a price as solely decided by the Investment Manager; and/or ● recover or set off any cost incurred by the Fund as a result of taking the action/s set out above.
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	<p>Any or all of the above actions subject to the Applicable Laws may be waived by the Investment Manager. Any Taxes arising as a consequence of such actions shall be separately recoverable from the Defaulting Contributor.</p> <p>In the event the Units of a Defaulting Contributor are forfeited, such forfeiture shall include all dividends, interest, gains and distributions declared but unpaid and all payments made by the Contributor in respect of such Units. Any Units so forfeited may be disposed-off by the Investment Manager, and the proceeds of disposal (if any) shall accrue to the Fund. Upon such forfeiture being affected, the Defaulting Contributor shall cease to be entitled to any rights (including the right to demand refund) in respect of its contribution to the Fund. The Units not so forfeited may be redeemed at such price as may be determined by the Investment Manager and shall be calculated after taking into account any expenses (including Management Fees that may accrue), deductions, losses allocated to such Defaulting Contributor.</p> <p>Notwithstanding the above, the Investment Manager may, at its sole discretion and based on the needs of the Fund, allow Capital Contributions already made by the Defaulting Contributor to remain invested and to be returned to the Defaulting Contributor at the time of disposal of the Fund's investments in Portfolio Companies, together with distributions to other Contributors.</p> <p>In the event of any forfeiture of Units of a Defaulting Contributor, the pro rata share of the other non-defaulting Contributors shall get automatically realigned based on such reduction in the Corpus of the Fund.</p> <p>Any additional amounts collected from the Defaulting Contributor and/or in respect of sale/transfer of Units of such Defaulting Contributor, shall be retained by the Investment Manager as part of the Contribution Fund to be utilised towards satisfaction of Fund Expenses and the balance, if any, shall be distributed upon termination of the Fund or in the alternative shall be immediately distributed amongst the existing non-defaulting Contributors in proportion to their respective Capital Contributions and shall be subject to recall by the Investment Manager.</p> <p>Notwithstanding the above actions taken by the Investment Manager, the Defaulting Contributor will remain liable to pay to the Fund (as applicable):</p> <ul style="list-style-type: none"> (a) Default Amount; and (b) any amounts for which it is liable to pay to the Fund under the Indenture and/or the Contribution Agreement. <p>The Investment Manager may take different action/s against different Defaulting Contributors and shall not in any way be liable to any Contributor or other person for any such actions taken or for any inconsistency in the application of any actions following a default by a Defaulting Contributor.</p> <p>Further it is clarified that an investor who defaults in bringing drawdown amount within the timeline specified above should not be able to participate in subsequent investments of the scheme till the default is cured.</p> <p>Irrespective of the action/(s) enforced by the Investment Manager with regards to the defaulting contributors, the Investment Manager shall continue to abide and</p>
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		adhere by the reporting and approval requirement mandated under the AIF Regulation with regards to the defaulting contributors.
16.	LOCK IN, TRANSFER, WITHDRAWAL AND TRANSMISSION OF UNITS	<p>Subject to the provisions of this Memorandum and Contribution Agreement, including but not limited to termination, the Contributors are not permitted to withdraw from the Fund</p> <p>Subject to Applicable Law, Contributors are not permitted to solicit or transfer/pledge any of their Units, Capital Commitment, interests, rights or obligation with regard to the Fund, without taking prior written consent of the Investment Manager which may be denied by the Investment Manager, and shall be subject to the following requirements:</p> <ul style="list-style-type: none"> a) The proposed transferee/pledgee is an Eligible Person; b) The proposed transfer/pledge shall be subject to execution of necessary documentation by transferee/pledgee and transferor/pledger as may be stipulated/prescribed/required by the Investment Manager; and c) The proposed transfer/pledge will not contravene any Applicable Law or policy of the Government or otherwise is not prejudicial to the interests of the Trust/Fund. <p>In the event of transfer of Unit/s by a Contributor, the new contributor shall execute a deed of adherence acknowledging to be bound by the terms and conditions of the Trust Documents, in accordance with the form specified in the Contribution Agreement. Costs and duties with respect to such deed of adherence shall be borne by the new contributor. Any Tax liability or obligation arising from such transfer shall be the responsibility of the transferor/transferee.</p> <p><u>Redemption of Units</u></p> <p>The Investment Manager will endeavour to exit/liquidate all the Fund Investments before the expiry of Term (except in cases of in-specie distribution or as otherwise provided under the Regulations), and the liquidation proceeds along with other distributable income or assets of the Fund will be distributed as detailed under paragraph 25 under the term 'Distributions' in this "SECTION VII: PRINCIPAL TERMS OF THE FUND". The Investment Manager may redeem such part of the Units as the Investment Manager decides for the purpose of effecting a distribution or otherwise. Post the redemption of Unit/s and payment of consideration, the Contributor shall cease to be entitled to any rights in respect thereof and accordingly its name shall be removed from the list of Contributors with respect to such Unit/s. Units not redeemed by the Fund shall be redeemed as per the Applicable Laws after the Term comes to the end.</p> <p><u>Deceased Investor</u></p>

		<p>In the event of the death of an Investor (“Deceased Investor”), the Investment Manager, may in its discretion, take any action in respect of the Capital Commitment and/or Units of such Deceased Investor as set forth below subject to Applicable Laws. The legal heir of the Deceased Investor, or in case a nominee has been notified by the Deceased Investor to the Investment Manager before his/her death then such nominee, shall be deemed to be the successor of the Deceased Investor, subject to compliance under the Applicable Laws and completion of procedural requirements of the Investment Manager including execution of such necessary documentation as may be prescribed by the Investment Manager. The actions that the Investment Manager may take shall include but not be limited to permitting the legal heir / successor of the Deceased Investor to substitute the Deceased Investor in the Fund by transmission of the Units to the legal heir / successor and/or such legal heir / successor agreeing to honour Capital Commitment of such Deceased Contributor; providing an exit in respect of the Units of such Deceased Investor; exempting the Capital Commitment of the Deceased Investor from any penal actions due to default on such Capital Commitment, etc.</p> <p>It is hereby clarified that in the case of joint Investors, the surviving Investor shall be deemed to be the sole Investor on the demise of another Investor.</p> <p>Further, it is hereby clarified that any actions by the Investment Manager as stated above on death of a Contributor, shall constitute full and valid discharge of the Trustee and/or the Investment Manager and/or the Fund of any liability towards the legal heirs of the Deceased Investor.</p>																								
17.	MANAGEMENT FEE	<p>As a consideration for the services to be rendered by the Investment Manager, the Fund shall pay Management Fee to the Investment Manager.</p> <p>The Management Fee shall be charged to the holders of Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units and Class P Units at the below mentioned rates as provided under their respective Contribution Agreement and commence from the First Closing and shall be payable quarterly in advance.</p> <table><tr><th>Class</th><th>Management Fees</th></tr><tr><td>Class E1 Units</td><td>Up to 2% (Two Percent) p.a.</td></tr><tr><td>Class E2 Units</td><td>Up to 2% (Two Percent) p.a.</td></tr><tr><td>Class E3 Units</td><td>Up to 2% (Two Percent) p.a.</td></tr><tr><td>Class E5 Units</td><td>Up to 1.75% (One Point Seven Five Percent) p.a.</td></tr><tr><td>Class E10 Units</td><td>Up to 1.50% (One Point Five Zero Percent) p.a.</td></tr><tr><td>Class E25 Units</td><td>Up to 1.25% (One Point Two Five Percent) p.a.</td></tr><tr><td>Class E50 Units</td><td>Up to 1.00% (One Point Percent) p.a.</td></tr><tr><td>Class M Units</td><td>Nil</td></tr><tr><td>Class S Units</td><td>Nil</td></tr><tr><td>Class R Units</td><td>Up to 2% (Two Percent) p.a.</td></tr><tr><td>Class P Units</td><td>Up to 2% (Two Percent) p.a.</td></tr></table> <p>The Management Fee at aforementioned rates shall be payable in the following manner:</p>	Class	Management Fees	Class E1 Units	Up to 2% (Two Percent) p.a.	Class E2 Units	Up to 2% (Two Percent) p.a.	Class E3 Units	Up to 2% (Two Percent) p.a.	Class E5 Units	Up to 1.75% (One Point Seven Five Percent) p.a.	Class E10 Units	Up to 1.50% (One Point Five Zero Percent) p.a.	Class E25 Units	Up to 1.25% (One Point Two Five Percent) p.a.	Class E50 Units	Up to 1.00% (One Point Percent) p.a.	Class M Units	Nil	Class S Units	Nil	Class R Units	Up to 2% (Two Percent) p.a.	Class P Units	Up to 2% (Two Percent) p.a.
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Class M Units	Nil																									
Class S Units	Nil																									
Class R Units	Up to 2% (Two Percent) p.a.																									
Class P Units	Up to 2% (Two Percent) p.a.																									

		<p>(a) <u>During the Commitment Period:</u> On the aggregate Capital Contribution of respective Contributor</p> <p>(b) <u>Upon expiry of the commitment period:</u> On the aggregate Capital Contributions of the respective Contributor less the cost of Fund Investments that have been sold, disposed of, written off or otherwise realized. Provided that any such cost of Fund Investments (that have been sold, disposed of or otherwise realized) shall be considered as part of Capital Contributions to the extent the whole or part thereof is utilised towards making reinvestment by the Fund. Accordingly, any such reinvestment shall be considered as part of Fund Investments.</p> <p>The Management Fee payable to the Investment Manager shall be exclusive of all applicable Taxes (including GST) and levies, if any, leviable on such Management Fee and the same shall be borne by the Fund and allocated to the holders of Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units and Class P Units and such other Classes of Units as may be designated by the Investment Manager, as applicable.</p> <p>No Management Fees shall be charged and allocated to the holders of Class M Units and Class S Units.</p> <p>Kindly refer to “SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES” for the calculation of Management Fees.</p>
18.	TRUSTEESHIP FEES	<p>The trusteeship fees shall be paid in accordance with the terms agreed with the Trustee in the offer letter (“Trusteeship Fees”) as provided below:</p> <p>(a) A one-time acceptance fee of Rs. 1,30,000/- (Indian Rupees One Lakh Thirty Thousand Only);</p> <p>(b) An annual fee of Rs. 1,00,000/- (Indian Rupees One lakh in addition to the applicable Taxes.</p>
19.	OTHER FEES	<p>The Investment Manager may use the services of arrangers, distributors or placement agents, as may be necessary from time to time (“Placement Agent/s”) to onboard Contributors. Such Placement Agents may charge a placement cost (“Placement Cost”), which shall be paid to the Placement Agent/s in accordance with Applicable Laws.</p> <p>Any such Placement Costs shall be borne by the Investment Manager or directly by such Investors and/or using any other methods. If any Contributor is to bear any such Placement Costs and/or if any Placement Costs are going to be borne by the Fund in respect of a Contributor, the Contributor shall be informed of the same prior to signing their Contribution Agreement.</p> <p>In case the Fund is required to pay any Placement Costs charged by any distributors, arrangers or placement agents directly, such Placement Costs shall be set off against the Set-up Expenses or the Management Fee payable to the Investment Manager by</p>

		the Fund or in such other manner as may be determined by the Investment Manager and provided for under the Contribution Agreements of the respective Contributors.																								
20.	DIRECT PLAN FOR INVESTORS	The Fund shall be offering benefits to the Contributors who come in the Fund directly or through a SEBI registered intermediary, i.e., direct plan Contributors. Contributors who are admitted to the Fund directly or through a SEBI registered intermediary which is separately charging the Contributor any fee such as investment advisory fee or portfolio management fee, shall be allotted Class R Units or any other Class of Units available as a direct plan, in accordance with the Regulations.																								
21.	EXPENSES (INCLUDING OPERATING EXPENSES AND SET-UP EXPENSES) CHARGED TOO THE FUND	<p><u>OPERATING EXPENSES</u></p> <p>The Operating Expenses of the Fund will be borne by the Fund on actuals and allocated to the unitholders subject to below mentioned limit. of the aggregate Capital Commitment of the Contributors or such other higher percentage as may be determined by the Investment Manager in respect of all Classes of Units (excluding Management Fee, any litigation expenses, discharge of any indemnification obligation and any other extraordinary, non-recurring expenses and any expenses directly attributable to acquisition, holding or disposal of the Fund Investments (such as banker’s expenses, broken-deal expenses, brokerage, etc.), which shall be charged to the Fund on actuals, over and above the limit on Operating Expenses).</p> <table><tr><th>Class</th><th>Operating Expenses cap</th></tr><tr><td>Class E1 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class E2 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class E3 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class E5 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class E10 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class E25 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class E50 Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class M Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class S Units</td><td>Nil</td></tr><tr><td>Class R Units</td><td>Up to 0.10% (Point One Zero Percent)</td></tr><tr><td>Class P Units</td><td>1% (One Percent)</td></tr></table> <p>No Operating Expenses shall be charged and allocated to the holders of Class S Units.</p> <p>The Operating Expenses shall inter alia consist of the following:</p> <ul style="list-style-type: none">• Expenses incurred in the operation of the Fund;• Statutory, legal, accounting audit, annual private placement memorandum audit, custody, consulting, valuation, any other third party fees and operating expenses related to the Fund and other professional fees, including any fee payable to registrar to an issue and share transfer agent agents;• Expense incurred by the Fund for collection of Capital Commitments;	Class	Operating Expenses cap	Class E1 Units	Up to 0.10% (Point One Zero Percent)	Class E2 Units	Up to 0.10% (Point One Zero Percent)	Class E3 Units	Up to 0.10% (Point One Zero Percent)	Class E5 Units	Up to 0.10% (Point One Zero Percent)	Class E10 Units	Up to 0.10% (Point One Zero Percent)	Class E25 Units	Up to 0.10% (Point One Zero Percent)	Class E50 Units	Up to 0.10% (Point One Zero Percent)	Class M Units	Up to 0.10% (Point One Zero Percent)	Class S Units	Nil	Class R Units	Up to 0.10% (Point One Zero Percent)	Class P Units	1% (One Percent)
Class	Operating Expenses cap																									
Class E1 Units	Up to 0.10% (Point One Zero Percent)																									
Class E2 Units	Up to 0.10% (Point One Zero Percent)																									
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Class M Units	Up to 0.10% (Point One Zero Percent)																									
Class S Units	Nil																									
Class R Units	Up to 0.10% (Point One Zero Percent)																									
Class P Units	1% (One Percent)																									

	<ul style="list-style-type: none"> • Banking, registration, qualification, depositary and similar fees or commissions; • Interest on borrowings; • Stamp duty on issuance of Units; • Trusteeship Fees; • Costs of financial statements and other reports (including reports to Contributors) and meetings of the Investment Manager; • Expenses in connection with meetings of the Contributors (travel, accommodation and out-of-pocket expenses of Contributors will be borne by themselves); • Expenses associated with maintenance of books of accounts and other records of the Fund; • Expenses reimbursable to the Trustee; • Administration, communication, advertising, promotional, operating, and transactional expenses (including bank charges) incurred by the Fund; • Fees payable to banks, merchant banks, and any consultants for providing services to the Fund; • Reasonable premiums for insurance for protecting the directors, officers, shareholders, employees and agents of the Trustee, Sponsor and Investment Manager of the Fund; • Proportionate liquidation expenses of the Trust and the Fund; and • All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above arising out of or in the course of managing or operating the Fund. <p>Any such costs and expenses incurred by the Investment Manager shall be reimbursable by the Fund to the Investment Manager.</p> <p>Operating Expenses incurred by the Fund over and above the aforementioned limit shall be borne by the Investment Manager.</p> <p>The Investment Manager will have the discretion to reduce or waive the Operating Expenses applicable to an Investor/Class of Units.</p> <p>The Operating Expenses shall be exclusive of all applicable Taxes and levies, if any, leviable on such Operating Expenses and the same shall be borne by the Fund and allocated to the holders of all the Classes of Units, as applicable.</p> <p><u>SET-UP EXPENSES</u></p> <p>The Set-up Expenses shall be borne by the Fund on actuals and attributed to the holders of Class E1 Units, Class E2 Units and Class P Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager subject to a cap of below mentioned rates of the aggregate Capital Commitment or such other higher percentage as may be determined by the Investment Manager.</p>
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<i>Class</i>	<i>Set up fees cap</i>
Class E1 Units	Up to 0.50% (Point Five Zero Percent)
Class E2 Units	Up to 0.25% (Point Two Five Percent)
Class E3 Units	Nil
Class E5 Units	Nil
Class E10 Units	Nil
Class E25 Units	Nil
Class E50 Units	Nil
Class M Units	Nil
Class S Units	Nil
Class R Units	Nil
Class P Units	Up to 2% (Two Percent)

The Set-up Expenses payable to the Investment Manager shall be exclusive of all applicable Taxes (including GST) and levies, if any, leviable on such Set-up Expenses and the same shall be borne by the Fund and allocated to the holders of Class E1 Units, Class E2 Units and Class P Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, as applicable.

No Set Up Fees shall be charged and allocated to the holders of Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units, Class M Units and Class S Units.

The Set-up Expenses shall include:

- setting up and offering costs;
- costs involved in marketing of the Fund;
- costs directly attributable to the establishment of the Fund and obtaining or maintaining various licenses, approvals and registrations, registration expenses;
- commitment or similar fees;
- legal and professional expenses (including fees paid for legal opinions, if any) incurred in relation to the preparation and negotiation of the Trust Documents or any other documents applicable to the Fund;
- printing costs in relation to the Trust Documents;
- stamp duty and registration charges; and
- travel expenses of the Investment Manager team for the execution of the Contribution Agreements.

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

The Investment Manager will have the discretion to reduce or waive the Set-up Expenses applicable to an Investor/Class of Units.

		<p><u>OTHER EXPENSES</u></p> <p>In addition to the Set-up Expenses, Operating Expenses and Management Fees, the Fund will be responsible for all costs and expenses at actuals related to its own operations whether incurred directly by the Fund or by the Trustee or the Investment Manager for and on behalf of the Fund, including, without limitation:</p> <p>(i) Taxes and other governmental charges levied against the Fund;</p> <p>(ii) Expenses incurred in connection with any indemnification obligations;</p> <p>(iii) Expenses incurred in relation to listing of the Fund and managing the listing;</p> <p>(iv) Any expenses directly attributable to buy and sell of the Fund Investments (such as investment banker’s expenses); and</p> <p>(v) Any litigation and any other extraordinary and non-recurring expenses.</p>		
22.	EXPENSES OF THE INVESTMENT MANAGER	<p>The Investment Manager shall bear all its operational and administrative expenses post the setting up of the Fund and make its own provision for the following:</p> <p>a) Office space, salary and personnel cost;</p> <p>b) Office equipment;</p> <p>c) Regulatory compliance and reporting; and</p> <p>d) Preparation of tax returns of the Investment Manager.</p>		
23.	BORROWINGS	<p>The Fund may not borrow funds directly or indirectly and shall not engage in leverage except for meeting temporary funding requirements for not more than 30 (thirty) days, not more than 4 (four) occasions in a year and not more than 10% (ten percent) of the Investable Funds.</p>		
24.	HURDLE RATE OF RETURN	<p>The hurdle rate of return shall be calculated at the rate of up to 12% (pre-tax) p.a. or such other rate as may be determined by the investment manager compounded annually in Indian Rupee terms to be calculated from date of First Closing or the respective dates of actual Drawdowns, whichever is later, till the date of distribution made in accordance with this Memorandum and the Contribution Agreements (“Hurdle Rate of Return”).</p>		
25.	DISTRIBUTIONS	<div>Summary of distribution waterfall:<table><tr><td>Investment Proceeds</td><td>The Fund will receive proceeds by way of dividends, returns, yield, interest or other forms of receivable or any other capital receipt or receivable as may be permitted by Applicable Law from the Fund Investments, returns/yield on Fund Investments, Temporary Investments and cash proceeds realised from the disposition of the Fund Investments, Temporary Investments and any other forms of cash receivables as may be permitted by Applicable Law from Fund Investments after taking into account any sale expenses from disposal of the Fund Investments (“Investment Proceeds”).</td></tr></table></div>	Investment Proceeds	The Fund will receive proceeds by way of dividends, returns, yield, interest or other forms of receivable or any other capital receipt or receivable as may be permitted by Applicable Law from the Fund Investments, returns/yield on Fund Investments, Temporary Investments and cash proceeds realised from the disposition of the Fund Investments, Temporary Investments and any other forms of cash receivables as may be permitted by Applicable Law from Fund Investments after taking into account any sale expenses from disposal of the Fund Investments (“ Investment Proceeds ”).
Investment Proceeds	The Fund will receive proceeds by way of dividends, returns, yield, interest or other forms of receivable or any other capital receipt or receivable as may be permitted by Applicable Law from the Fund Investments, returns/yield on Fund Investments, Temporary Investments and cash proceeds realised from the disposition of the Fund Investments, Temporary Investments and any other forms of cash receivables as may be permitted by Applicable Law from Fund Investments after taking into account any sale expenses from disposal of the Fund Investments (“ Investment Proceeds ”).			

		Reserves	<p>The Fund is entitled to retain or withhold from any Investment Proceeds or Capital Contributions, amounts necessary to create and for such a period as deemed appropriate by the Investment Manager /Trustee (in the manner as provided under the Indenture), appropriate reserves for Fund Expenses and liabilities of the Fund, as well as for any required Tax withholdings or any Tax retention or provisions for Taxes.</p>
		Distribution Proceeds	<p>Investment Proceeds as reduced by Fund Expenses, Taxes, costs, other Fund liabilities, reserves and Reinvestment Amount (if any) as provided herein (“Distribution Proceeds”) shall be distributed by the Investment Manager from time to time and no redemption at the discretion of any Contributor would be permitted during the Term.</p>
		Distribution Waterfall	<p>The Investment Manager will determine the level of distributions based on financial results and cash flows, after taking into consideration all necessary provisions and subject to any restrictions imposed by Applicable Laws. The Investment Manager will make the distributions out of the Distribution Proceeds within a reasonable period. Payment of distributions shall be made to the bank accounts of Contributors through Real Time Gross Settlement or National Electronic Funds Transfer payment systems of the RBI or by way of cheque, as may be decided by the Investment Manager.</p> <p>The Distribution Proceeds will be concurrently allocated/apportioned to the holders of Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units, Class M Units, Class S Units and Class P Units any further Classes/ Subclasses (if any), in proportion to their respective Invested Funds.</p> <p>The Distribution Proceeds allocated to the respective Classes/Subclasses will be further</p>

	<p>allocated within the Classes/Subclasses in proportion to their respective Invested Funds.</p> <p>Any distribution based on the above allocation/apportionment by the Fund shall be made concurrently/simultaneously amongst the Contributors in a Class/Subclass in the manner provided below.</p>
Hurdle Rate of Return	Refer to above paragraph on ‘Hurdle Rate of Return’ under this “ SECTION VII: PRINCIPAL TERMS OF THE FUND ”.
Catch-Up	As provided under detailed distribution waterfall below
Additional Return	<p>As provided under detailed distribution waterfall below.</p> <p>Allocation and calculation of Additional Return shall be done on an aggregate portfolio basis.</p> <p>The Additional Return applicable to an Investor/Class of Units may be reduced or waived by the Investment Manager for a particular period on a case-to-case basis.</p>

Detailed distribution waterfall:

The Distribution Proceeds determined /allocated for each Contributor shall be distributed by the Investment Manager to the respective Contributor in the manner provided below and no redemption at the discretion of any Contributor would be permitted during the Term.

It is clarified herein that any distribution (based on the above allocation/apportionment) by the Fund amongst the Contributors in a Class/Subclass, shall be made concurrently/simultaneously in the manner provided below:

I. Class E1 Units Distribution Waterfall

The Distribution Proceeds so allocated to the holders of Class E1 Units, (“**Class E1 Distribution Proceeds**”) shall be distributed as follows:

(i) **Return of Capital:** 100% (one hundred percent) of the Class E1 Distribution Proceeds will be distributed to the holders of Class E1 Units, until the

		<p>cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions;</p> <p>(ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class E1 Distribution Proceeds will be distributed to the holders of Class E1 Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class E1 Units;</p> <p>(iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii);</p> <p>(iv) <u>Additional Return:</u> Thereafter, any balance Class E1 Distribution Proceeds shall be distributed to the holders of Class E1 Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <ol style="list-style-type: none"> a. Holders of Class E1 Units: 80% (Eighty Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 20% (Twenty percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p><u>II. Class E2 Units Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class E2 Units, (“Class E2 Distribution Proceeds”) shall be distributed as follows:</p> <p>(i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class E2 Distribution Proceeds will be distributed to the holders of Class E2 Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions;</p> <p>(ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class E2 Distribution Proceeds will be distributed to the holders of Class E2 Units, until a cumulative amount equal to Hurdle Rate of Return on the</p>
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		<p>amounts described in clause (i) above has been distributed in respect of the Class E2 Units;</p> <p>(iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii);</p> <p>(iv) <u>Additional Return:</u> Thereafter, any balance Class E2 Distribution Proceeds shall be distributed to the holders of Class E2 Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <ol style="list-style-type: none"> a. Holders of Class E2 Units: 80% (Eighty Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 20% (Twenty percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p><u>III. Class E3 Units Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class E3 Units, (“Class E3 Distribution Proceeds”) shall be distributed as follows:</p> <p>(i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class E3 Distribution Proceeds will be distributed to the holders of Class E3 Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions;</p> <p>(ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class E3 Distribution Proceeds will be distributed to the holders of Class E3 Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class E3 Units;</p> <p>(iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking</p>
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		<p>into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii);</p> <p>(iv) <u>Additional Return:</u> Thereafter, any balance Class E3 Distribution Proceeds shall be distributed to the holders of Class E3 Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <ol style="list-style-type: none"> a. Holders of Class E3 Units: 80% (Eighty Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 20% (Twenty percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p>IV. <u>Class E5 Units Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class E5 Units, (“Class E5 Distribution Proceeds”) shall be distributed as follows:</p> <p>(i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class E5 Distribution Proceeds will be distributed to the holders of Class E5 Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions;</p> <p>(ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class E5 Distribution Proceeds will be distributed to the holders of Class E5 Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class E5 Units;</p> <p>(iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii);</p> <p>(iv) <u>Additional Return:</u> Thereafter, any balance Class E5 Distribution Proceeds shall be distributed to the holders of Class E5 Units and the holders of Class</p>
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		<p>M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <ol style="list-style-type: none"> a. Holders of Class E5 Units: 80% (Eighty Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 20% (Twenty percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p><u>V. Class E10 Units Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class E10 Units, (“Class E10 Distribution Proceeds”) shall be distributed as follows:</p> <ol style="list-style-type: none"> (i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class E10 Distribution Proceeds will be distributed to the holders of Class E10 Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions; (ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class E10 Distribution Proceeds will be distributed to the holders of Class E10 Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class E10 Units; (iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii); (iv) <u>Additional Return:</u> Thereafter, any balance Class E10 Distribution Proceeds shall be distributed to the holders of Class E10 Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:
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		<p>a. Holders of Class E10 Units: 85% (Eighty Five Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder</p> <p>b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 15% (Fifteen percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder</p> <p><u>VI. Class E25 Units Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class E25 Units, (“Class E25 Distribution Proceeds”) shall be distributed as follows:</p> <p>(i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class E25 Distribution Proceeds will be distributed to the holders of Class E25 Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions;</p> <p>(ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class E25 Distribution Proceeds will be distributed to the holders of Class E25 Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class E25 Units;</p> <p>(iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii);</p> <p>(iv) <u>Additional Return:</u> Thereafter, any balance Class E25 Distribution Proceeds shall be distributed to the holders of Class E25 Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <p>a. Holders of Class E25 Units: 85% (Eighty Five Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder</p> <p>b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 15% (Fifteen percent) or such other percentage as may be as</p>
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		<p>decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder</p> <p><u>VII. Class E50 Units Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class E50 Units, (“Class E50 Distribution Proceeds”) shall be distributed as follows:</p> <ul style="list-style-type: none"> (i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class E50 Distribution Proceeds will be distributed to the holders of Class E50 Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions; (ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class E50 Distribution Proceeds will be distributed to the holders of Class E50 Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class E50 Units; (iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii); (iv) <u>Additional Return:</u> Thereafter, any balance Class E50 Distribution Proceeds shall be distributed to the holders of Class E50 Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio: <ul style="list-style-type: none"> a. Holders of Class E50 Units: 90% (Ninety Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 10% (Ten percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p><u>VIII. Class R Units Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class R Units, (“Class R Distribution Proceeds”) shall be distributed as follows:</p>
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		<p>(i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class R Distribution Proceeds will be distributed to the holders of Class R Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions;</p> <p>(ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class R Distribution Proceeds will be distributed to the holders of Class R Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class R Units;</p> <p>(iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking into account all distributions under the Scheme) an amount up to 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager on the amounts referred to in paragraph (ii) above and this paragraph (iii);</p> <p>(iv) <u>Additional Return:</u> Thereafter, any balance Class R Distribution Proceeds shall be distributed to the holders of Class R1 Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <ol style="list-style-type: none"> a. Holders of Class R Units: 80% (Eighty Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 20% (Twenty percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p><u>IX. Class M Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class M Units, (“Class M Distribution Proceeds”) shall be distributed as follows:</p> <p>(i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class M Distribution Proceeds will be distributed to the holders of Class M Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions;</p>
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		<p>(ii) <u>Additional Return:</u> Thereafter, any balance Class M Distribution Proceeds shall be distributed to the holders of Class M Units and the holders of Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <ul style="list-style-type: none"> c. Holders of Class M Units: 90% (Ninety Percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder d. Holders of Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 10% (Ten percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p>The Additional Return allocated to holders of Class M Units shall be apportioned amongst the holders of Class M Units as per their respective Contribution Agreements or as may be decided by the Investment Manager.</p> <p>X. <u>Class S Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class S Units Will be distributed to the holders of Class S Units.</p> <p>The Additional Return allocated to holders of Class S Units shall be apportioned amongst the holders of Class S Units as per their respective Contribution Agreements or as may be decided by the Investment Manager.</p> <p>XI. <u>Class P Distribution Waterfall</u></p> <p>The Distribution Proceeds so allocated to the holders of Class P Units, (“Class P Distribution Proceeds”) shall be distributed as follows:</p> <ul style="list-style-type: none"> (i) <u>Return of Capital:</u> 100% (one hundred percent) of the Class P Distribution Proceeds will be distributed to the holders of Class P Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions; (ii) <u>Hurdle Rate of Return:</u> Thereafter, 100% (one hundred percent) of the Class P Distribution Proceeds will be distributed to the holders of Class P Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class PUnits; (iii) <u>Catch-up:</u> Thereafter, 100% (One Hundred Percent) of any remaining Contributor Distribution Proceeds shall be distributed to the holders of Class M Units, Class S Units and any subsequent Class/es, as may be designated by Investment Manager, until such Unitholders have received (after taking
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		<p>into account all distributions under the Scheme) an amount upto 25% (Twenty Five Percent) or such lesser percentage as may be determined by the Investment Manager and provided in the Contribution agreement on the amounts referred to in paragraph (ii) above and this paragraph (iii);</p> <p>(iv) <u>Additional Return:</u> Thereafter, any balance Class P Distribution Proceeds shall be distributed to the holders of Class P Units and the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio:</p> <ol style="list-style-type: none"> a. Holders of Class P Units: 80% (Eighty percent) or such other percentage as may be decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder b. Holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager: 20% (Twenty percent) or such other percentage as may be as decided by the Investment Manager and provided in the Contribution Agreement of the respective unitholder <p>(All such amounts distributed to the holders of Class M Units, Class S Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager under clause I(iii), II(iii), III(iii), IV(iii), V(iii), VI(iii), VII(iii), VIII(iii), XI(iii), I(iv)(b), II(iv)(b), III(iv)(b), IV(iv)(b), V(iv)(b), VI(iv)(b), VII(iv)(b), VIII(iv)(b) and XI(iv)(b) above, are hereinafter referred to as the “Additional Return”).)</p> <p>It is clarified that Class M unitholders, Class S unitholders and such other Classes/Subclasses of Units as may be designated by the Investment Manager shall be entitled to receive share of the additional return and catch up. Also, there is no priority in distribution for an investor or a class of investors over other investors/classes of investors. Further Class S units shall be offered to the Sponsor/Investment Manager and/or to such Eligible Person as the Sponsor/Investment Manager may designate, who are strategically important/valuable to the fund and Class M units shall be offered to the eligible employees of the Investment Manager and/or employee welfare trust and/or to such Eligible Person as the Investment Manager may designate, who are strategically important/valuable to the fund.</p> <p>The Investment Manager will make reasonable efforts to liquidate the Fund Investments upon termination of the Fund (as applicable). If the Investment Manager is unable to liquidate all of the investments and realise cash proceeds out of such disposition, the Investment Manager may, with the consent of Super-Majority of the Contributors, distribute all un-liquidated investments in specie (net of the Fund Expenses) amongst the Contributors in the manner stated above and, on such terms, and conditions, as the Investment Manager may, in its sole discretion</p>
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		<p>deem appropriate, subject to the provisions of the Regulations. Such in specie distributions of Fund Investments will be made in the same manner and priority as discussed above as if the proceeds equalled the fair market value (which will be determined in good faith by the Investment Manager).</p> <p>The Fund will not be required to make any distribution: (i) unless there is sufficient cash available; or (ii) if it would render the Fund insolvent; or (iii) which, in the Investment Manager's/Trustee's opinion, would or could leave the Fund with insufficient funds or income to meet any present or future contemplated obligations, liabilities or contingencies including Tax liabilities.</p>
26.	DISTRIBUTION IN-KIND	<p>The Manager shall make best efforts to liquidate the Fund Investments and realise cash proceeds out of it prior to termination of the Fund and if the Manager is unable to liquidate sell any such Fund Investment, or if the Manager believes, in good faith, that such sale of Fund Investment would not be in the best interests of the Contributors, then the Manager shall make in-specie distribution of such investments subject to obtaining an approval from Super-Majority of the Contributors of the Fund and in accordance with all applicable laws and in accordance with the terms set out under paragraph 25 titled 'Distributions' under "SECTION VII: PRINCIPAL TERMS OF THE FUND". Further, the manager shall ensure that any investor, by virtue of receiving securities due to distribution in kind, will not breach/violate any applicable law.</p> <p>Such in specie distributions of Fund Investments will be made in the same manner and priority as if the Distribution Proceeds equalled the fair market value (which will be determined in good faith by the Investment Manager) and shall be subject to discharge of appropriate withholding of Tax at the time of such distribution, if applicable.</p> <p>The restrictions on disposal of assets (if any) applicable to the respective Fund Investments may also be applicable to the Contributors receiving such in-specie distribution.</p> <p>It is clarified that the distribution in kind shall be carried out in compliance with all applicable laws.</p>
27.	MANDATORY EXIT OF INVESTORS	<p>The Investment Manager reserves the discretion to compel the redemption of any Units with not less than 15 (fifteen) Business Days prior written notice for any of the following reasons:</p> <ul style="list-style-type: none"> (i) The Units are held by or for the benefit (directly or indirectly) of any Person who is not an Eligible Person; or (ii) Continuation of the Contributor with the Fund will be materially prejudicial to the interest of the Fund; or (iii) Continuation of the Contributor with the Fund will result in onerous obligations on the Fund; or

		<p>(iv) Contributor is in material breach of its obligations under the Contribution Agreement.</p> <p>The Investment Manager shall determine the redemption price of the Units being compulsorily redeemed based on the lower of net asset value calculated at the time of compulsory redemption or at the time of distributions made to the Contributors. The payments (net of Taxes, as per the Applicable Law) shall be made by Investment Manager in such time, as may be reasonably determined by the Investment Manager and which does not adversely impact the interest of the remaining Contributors.</p>
28.	REINVESTMENT	<p>During the Term of the Fund, the Investment Manager may, at its own discretion, retain an amount of up to such percent of the realisation proceeds from any Fund Investment as may be determined by the Investment Manager and apply such amount in making further Fund Investments (“Reinvestment Amount”).</p>
29.	TEMPORARY DEPLOYMENT OF SURPLUS FUNDS	<p>Temporary Investments by the Fund shall be made in liquid mutual funds, bank deposits, treasury bills, tri-party repo dealing and settlement, commercial papers, certificate of deposits and such other liquid assets of higher quality as may be prescribed under the Regulations.</p> <p>Until Capital Contributions received by the Fund are utilised towards Fund Investments and/or pending distribution or as a reserve for the Fund’s anticipated obligations (including Tax obligations / liabilities), as applicable, the Investment Manager shall be entitled to invest the same in Temporary Investments.</p> <p>Prior to the First Closing of the Fund, any gains arising to the Fund from such Temporary Investments shall be distributed or allocated against the unfunded Capital Commitment of the Contributor (subject to the Regulations), net of Taxes, if any applicable, pro rata to the amount of Capital Contribution utilised towards such Temporary Investments (on time weighted basis).</p> <p>Subsequent to the First Closing of the Fund, any gains arising to the Fund from such Temporary Investments shall be utilised or allocated pro-rata to the amount of Capital Contribution utilised towards such Temporary Investments (on time weighted basis) amongst the Contributors and distributed in the manner set out under paragraph 25 titled ‘Distributions’ under “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p> <p>The Investment Manager would endeavour to hold the Temporary Investments for a tenure not exceeding 1 (one) year from the date of making such Temporary Investment.</p>
30.	CLAWBACK OF ADDITIONAL RETURN	<p>Following (i) the termination of the Fund and realisation / distribution of all of the assets of the Fund for the purpose of winding up and/ or dissolution, and / or (ii) a Contributor Giveback event for non-tax claims of the Fund (“Determination Date”), if the holders of Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units and Class P Units as applicable, have received distributions less than the amount required to repay aggregate Capital Contributions plus the Hurdle Rate of Return thereon (the</p>

		<p>“Preferred Return Deficiency”), then the holders of Class M Units and Class S Units and such other Classes who has been allotted Additional Return by the Investment Manager shall Clawback to the Fund (in such proportion as they received any Additional Return) from their distributions of Additional Return, an amount equal to the Preferred Return Deficiency net of any Taxes calculated at a ‘maximum marginal rate’ as defined under Section 2(29C) of the IT Act, provided that, the aggregate Clawback of any Additional Return shall not exceed the total distributions of Additional Return paid to the holders of Class M Units and Class S Units and such other Classes who has been allotted Additional Return by the Investment Manager respectively net of any Taxes calculated at a ‘maximum marginal rate’ as defined under Section 2(29C) of the IT Act.</p> <p>Such distributions of Additional Return that are clawed by holders of Class M Units and Class S Units shall be distributed to the holders of Class E1 Units, Class E2 Units, Class E3 Units, Class E5 Units, Class E10 Units, Class E25 Units, Class E50 Units, Class R Units and Class P Units pro rata to their Invested Funds.</p>
31.	GIVEBACK BY THE CONTRIBUTORS (OF DISTRIBUTIONS RECEIVED)	<p>The Investment Manager or Trustee may, in prior consultation with the Investment Manager, require a Contributor to return distributions made to the Contributor in order to satisfy the Contributor’s pro rata share of any obligations or liabilities of the Fund (including any indemnification obligations, Tax liability/claim).</p> <p>Subject to Applicable Laws including the Limitations Act, 1963, the obligation to return distributions may also continue beyond the term of the Fund/Trust as determined by the Investment Manager/Trustee in consultation with the Investment Manager, by providing a notice to the Contributors for the same.</p> <p>Any amount of distribution returned by the contribution pursuant to aforementioned provisions shall be net of taxes paid by the Contributor in relation to the said distributed amount.</p>
32.	KEY PERSON & KEY PERSON EVENT	Not applicable.
33.	REMOVAL OF THE INVESTMENT MANAGER	<p>The Investment Manager may be changed for a “Cause” (as described below) if 90% (ninety percent) Contributors by value in the Trust vote to change the Investment Manager after giving a 6 (six) months’ written notice (“Cure Period”) to the Investment Manager of such “Cause” and the Investment Manager fails to cure such “Cause” within the Cure Period.</p> <p>For the purposes of change of the Investment Manager, “Cause” shall be established where the existence of the following circumstances is demonstrated:</p> <p>(i) the Investment Manager is in material breach of its material obligations under the terms of the Trust Documents for which a written notice has been served upon the Investment Manager (through the Trustee) specifying the nature of breach and the Investment Manager has failed to cure such default</p>

		<p>within a period of 30 (thirty) days from the date of receipt of such notice by the Investment Manager;</p> <p>(ii) orders of bankruptcy, insolvency, administration, involuntary reorganisation or similar proceedings have been passed against the Investment Manager; or</p> <p>(iii) the Investment Manager has engaged in Malfeasance In connection with its role as the Investment Manager.</p> <p>In such an event (if the “Cause” has not been cured), the Super-Majority of Contributors of the Trust may appoint another investment manager. The provisions of the Contribution Agreements shall be in line with this paragraph on ‘Removal of Investment Manager’.</p> <p>Notwithstanding anything stated above, upon the removal of the Investment Manager, the Management Fee accrued on Fund Investments Made till the date on such removal is affected, shall be due and payable to the Investment Manager or as provided in this Memorandum.</p> <p>No conditions are envisaged where the Investment Manager shall be ineligible to receive the Management Fee.</p>
34.	CO-INVESTMENT	<p>Subject to and in compliance with Applicable Laws (including applying for any additional license/s as may be required under SEBI (Portfolio Managers) Regulations, 2020), the Investment Manager may at its discretion offer Co-Investment opportunities to certain eligible Contributors (the qualifying criteria for which, inter alia, shall be a minimum threshold of Capital Commitment by the Contributors or offering strategic value to the Portfolio Entity) (each a “Co-Investor”), at such times and on such terms as it may determine.</p> <p>The terms on which Co-Investors participate in investments alongside the Fund may be similar to the terms on which the Fund participates in those investments or they may be on different terms. Further, Co-Investment in a Portfolio Entity by the Investment Manager or Sponsor or co-investor shall not be on terms more favourable than those offered to the Fund, subject to legal, Tax, regulatory, or other similar considerations and shall be in accordance with Applicable Laws. The Investment Manager may receive any referral fees and other compensation from the Co-Investors in relation to their Co-Investment which could be different from the fees or compensation charged to the Fund, and shall not be obliged to remit these amounts to the Fund. Similarly, any transactional expenses in respect of a Co-Investment opportunity incurred by the Fund shall be shared proportionately between the Fund and such Co-Investors in the ratio of their amount of investments.</p> <p>The Investment Manager intends to provide co-investment opportunities to one or more of the Contributors of the Fund, on a case-by-case basis which in his/her opinion will provide any strategic value adds or advantage to the investee company in the long run.</p> <p>The terms of exit from the Co-investment in an investee company including the exit shall be identical to the terms applicable to that of exit of the</p>

		<p>Alternative Investment Fund.</p> <p>These aforesaid values add, or strategic advantage can be in any form including but not limited to:</p> <ul style="list-style-type: none"> • Strategic inputs aligned with the company's vision based on their past experience in the industry/sector in which the investee company operates; • Making connections to potential clients for business growth, partnerships; • Making introductions to potential hires/talent • Making introductions to potential investors for later rounds of financing; • Any other such skill sets/networks which can contribute positive value through the course of the start-up. <p>No cost will be allocated to the AIF/Scheme with respect to the co-investment opportunity provided by the Investment Manager to the identified co-investor.</p> <p>Any Co-investment opportunity offered by the Investment Manager shall be through a Co-investment Portfolio Manager as specified under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020</p>
35.	PARALLEL VEHICLES / ALTERNATIVE INVESTMENT STRUCTURES	<p>Subject to Applicable Laws, the Investment Manager may establish one or more parallel vehicles / alternative investment structures through which certain Investors may invest in the Fund, including overseas vehicles. Such structures may inter alia be used to raise capital through offshore jurisdictions with the help of feeder funds. Such parallel vehicles / alternative investment structures shall be established in accordance with the applicable regulatory framework of the concerned jurisdiction. If the Fund establishes a feeder fund in India, it shall be established in accordance with the Applicable Laws. The cost of setting up and managing such parallel vehicles / alternative investment structures shall be borne by the Investment Manager or any other Person as may be decided by the Investment Manager.</p>
36.	SUCCESSOR FUNDS	<p>The Investment Manager can set up subsequent funds with similar investment strategy which may be called successor funds, under the same Trust or separate vehicle in accordance with the Applicable Laws. Such successor funds may be launched during the term of the Fund/Trust or post the termination of the Fund/Trust subject to the earlier of:</p> <ol style="list-style-type: none"> i. the completion of Commitment Period; or ii. at least 25% (twenty five percent) of aggregate Capital Commitments have been invested or have been committed for investment or set aside as reserves for expenses or liabilities. <p>Notwithstanding anything stated above, subsequent funds with different investment strategy can be launched anytime by the Investment Manager.</p>
37.	REPORTING	<p>The Fund shall comply with all reporting requirements to Contributors and SEBI and such other parties in the manner and frequency as prescribed under the AIF Regulations.</p> <ul style="list-style-type: none"> • Quarterly updates including statement of account, providing details of investments made, unaudited summary financial information of the

		<p>Scheme and other information required to be disclosed under the AIF Regulations. All quarterly updates will be provided as soon as practicable after the end of each financial quarter but not later than 60 (sixty) days thereafter;</p> <ul style="list-style-type: none"> • The Investment Manager shall prepare and distribute the Fund's annual report and audited financial statements to the Unit holders after the end of each financial year (ending 31st March) within 180 calendar days of conclusion of each Financial Year including audited financial statements of the Fund. - • The Fund shall provide a yearly valuation report of the investments made by the Fund which shall be prepared by an independent valuer appointed by the Trustee in consultation with the Investment Manager. Investors will also get an update bianually. • The Fund shall provide a statement as prescribed under the Income-tax Act, 1961 giving details of the nature of the income paid or credited during the previous year and such other relevant details, as may be prescribed within the stipulated time; • Information with respect to any breach by the Investment Manager and/or the Trustee of a provision of the Memorandum, Contribution Agreements or any Scheme Documents or any enquiry or legal action initiated by legal or regulatory bodies in any jurisdiction, as and when occurred; • Information with respect to any change in control of the Sponsor or the Investment Manager or any significant change in the key management team of the Investment Manager and information with respect to any inquiries or legal actions by legal or regulatory bodies in any jurisdiction; • Information in relation to any change to this Memorandum with details indicating the changes made and such other information as required to be reported/disclosed to the Contributors in terms of the Regulations, within 1 (one) month of the end of each financial year, on a consolidated basis. • Details of changes in the valuation methodology and approach, if any, for valuation of each asset class of the Fund, details of changes in accounting practices/policies, if any, of the Portfolio Companies and the Fund and details of impact of the aforesaid changes in terms of valuation of the Scheme Investments, within 1 (one) month of the end of each financial year, on a consolidated basis. • Such other information and documents as a Unit Holder may reasonably request in writing in relation to its regulatory compliance or reporting.
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38.	VALUATION	<p>An independent valuer, for valuation of assets of the Fund shall be appointed by the Fund. The Fund shall provide a yearly valuation report of the investments made by the Fund which shall be prepared by an independent valuer appointed by the Trustee in consultation with the Investment Manager. Investors will also get an update biannually.</p> <p>The valuation principles to be used by the Fund for valuation of Portfolio Entities shall be finalized by the Investment Manager in consultation with the independent valuer subject to Applicable Laws.</p> <p>For more details, please refer to “SECTION VIII: PRINCIPLES OF PORTFOLIO VALUATION”.</p>
39.	SIDE LETTERS	<p>The Investment Manager may enter into agreements with certain Contributors / strategic investors who may be offered preferential terms as detailed herein below. Such preferential terms shall be provided separately in the respective side letters to be signed with such Contributors and nothing mentioned in such side letters shall adversely alter the rights of the other Investors available under their respective Contribution Agreements.</p> <p>The commercial terms on which differential rights may be offered through side letters, inter alia include variable Management Fee/Set-Up Expenses/Operating Expenses/fee/charge structure etc.</p> <p>The non-commercial terms on which differential rights may be offered through side letters, inter alia include differential rights in the nature of information rights, right to have a seat on any governance committee, offering of co-investment rights etc.</p> <p>Nothing mentioned in such side letters shall alter the rights of the other Investors available under their respective Contribution Agreements”.</p> <p>Any such differential rights mentioned hereinabove shall not have any impact on the economic rights or any other rights of other Investors. However, such differential rights shall not be in nature of providing any priority to a particular Investor in distribution of Distribution Proceeds which shall happen as mentioned under the paragraph 25 titled ‘Distributions’ in “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</p>

		<p>The terms on which differential rights shall not be offered, inter alia include preferential exit from the Fund, contributor giveback, contribution to indemnification and drawdown. No such differential rights by way of any agreement may be offered, which have the potential to impact other Contributors in a negative manner.</p>
40.	TRUST / SCHEME DOCUMENTS	<p>The Trust Documents shall constitute:</p> <ol style="list-style-type: none"> the Indenture; Investment Management Agreement between the Trustee and the Investment Manager; Contribution Agreement of the respective Contributor; this Memorandum; and any other document that may be declared as Trust Document by the Investment Manager. <p>A copy of this Memorandum and the Contribution Agreement Shall be shared with the prospective Investors upfront, in a manner as directed by the prospective Contributor. Copies of the other Trust Documents shall be available for inspection by the prospective Contributors in the Fund. Any prospective Investor desirous of obtaining a copy of the Trust Documents should forward his request to the Trustee/Investment Manager.</p> <p>It is clarified herein that if an Investor is desirous of obtaining a copy of the Trust Documents, such Investor will not receive a copy of the draft standard Contribution Agreement (including any supplemental documents) that have been entered into with other Investors. However, the Investment Manager may at its discretion, where considered necessary, share the copy of the Contribution Agreement (including any supplemental documents) with certain Investors (particularly Institutional Investors) and shall take necessary steps to maintain confidentiality whilst sharing the same.</p> <p>In case where a copy of the Contribution Agreement (including any supplemental documents) is shared with certain Investors (particularly institutional investors), prior approval of the subjected Contributor shall be obtained with regards to the same. No information with respect to any contributor shall be shared with other contributors without prior consent of the respective contributor. Further, each time such information or contribution agreement is shared with the other contributor, prior consent shall be obtained from the respective contributor. Also, each contributor shall be provided with the details of the incoming contributor with whom the details or contribution agreement of the respective contributor has been shared.</p> <p>In case of conflict in interpretation of terms amongst the material documents, the same shall be resolved by harmonious construction of the material documents. In case the conflict still persists, the order of precedence of these documents shall be as follows:</p> <ul style="list-style-type: none"> – Trust Deed – The Private Placement Memorandum

		<ul style="list-style-type: none"> – Contribution Agreement between the Contributor, Trustee and Investment Manager – Investment Management Agreement between the Trustee and the Investment Manager <p>any other document that may be declared as a Material Document by the Investment Manager.</p> <p>Further, it is also clarified that the terms of the Contribution Agreement shall not go beyond the provided in this Memorandum.</p>
41.	LISTING	Units of the Fund may be listed on the stock exchange in accordance with the Applicable Laws.
42.	AMENDMENTS AND WAIVERS	<p>The Investment Manager may from time to time make any general amendment to this Memorandum, including amendments to the investment strategy, process and restrictions, as it considers necessary or desirable, provided however, such amendment process will be specified by the Investment Manager keeping in mind the requirements under the Regulations.</p> <p>All laws and regulations applicable to Fund's activities, may, at any time be amended, modified, repealed or replaced in a manner adverse or favourable to the interests of the Contributors. The Fund will, at all times, be subject to any such change in Applicable Law. The Trustee and Investment Manager shall carry out necessary amendments to any of the Trust Documents so as to confirm such modifications in Applicable Law. The above illustration is merely indicative in nature and should not be construed as an exhaustive list of scenarios during which this Memorandum may be amended</p>
43.	CONFIDENTIALITY	The Contributor shall maintain the confidentiality of any information regarding the Trust and its Schemes, the Trustee, the Investment Manager, their respective affiliates and the Portfolio Entities and their affairs, received by the Contributor pursuant to the Contribution Agreement, as a result of its status as an investor to the Trust and its Schemes, except as otherwise required under Applicable Laws and Regulations, or as otherwise permitted by the Investment Manager.
44.	AUDITORS	The Investment Manager may appoint an Auditor to the Trust/Fund in accordance with the qualification criteria as may be prescribed by the Investment Manager.
45.	Grievance Redressal	<p>The Investment Manager shall designate one of its personnel as the investor relation officer who shall seek to attend to and address any investor query/concern/grievance at the earliest. The Investment Manager will ensure that this official is vested with the necessary authority and independence to handle complaints received from the investors.</p> <p>Any dispute unresolved by the above internal grievance redressal mechanism of the Investment Manager, may be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The arbitration shall be held in accordance with the terms of the Contribution Agreement.</p> <p>Without prejudice to anything stated above, the investor may further register its grievance/complaint through SCORES (SEBI Complaints Redress System)</p>

		<p>available at http://scores.gov.in, post which SEBI may forward the complaint to the Investment Manager and the Investment Manager will suitably address the same. The Trust's SCORES registration number is [].</p> <p>The Investor may also initiate dispute resolution in accordance with their respective Contribution Agreements or as per the framework notified by SEBI vide its master circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/195 dated July 31, 2023 titled 'Master Circular Online Resolution of Disputes in the Indian Securities Market' (last amended on December 20, 2023 and as may be amended from time to time).</p>
46.	Investments in Dematerialised Form	<p>The Fund shall hold their investments in dematerialised form, subject to such conditions as may be specified by the SEBI from time to time:</p> <p>Provided that the requirement above shall not apply to:</p> <p>(a) investments by Alternative Investment Funds in such type of instruments which are not eligible for dematerialisation,</p> <p>(b) investments held by a liquidation scheme of the Alternative Investment Funds that are not available in the dematerialised form, and</p> <p>(c) such other investments by Alternative Investment Funds and such other schemes of Alternative Investment Funds as may be specified by the Board from time to time.</p>

Supplementary Section

1.	SUPER-MAJORITY OF CONTRIBUTORS	<p>In respect of the Fund means such number of Contributors whose Capital Contributions in aggregate amount to at least 75% (seventy-five percent) of the aggregate of all Capital Contributions of the Fund, and in respect of the Trust shall mean such number of contributors whose capital contribution in aggregate amount to at least 75% (seventy-five percent) of the aggregate capital contributions under all existing Schemes, as per the Regulations.</p> <p>A vote of Super-Majority of Contributors is required for the following:</p> <p>(i) To approve winding up of the Fund;</p> <p>(ii) To approve the extension of limit for valuation by the valuer to once every 12 (twelve) months;</p> <p>(iii) To approve in-specie distribution by the Fund;</p>
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		<p>(iv) To approve investments by the Fund in an Associate; and</p> <p>(v) To approve any material changes (i.e., changes in fundamental attributes of the Fund) in accordance with the Regulations.</p> <p>(vi) The Fund shall not, except with the prior consent of Super Majority of the Contributors, buy or sell Fund Investments from or to:</p> <ul style="list-style-type: none"> (a) Associates; or (b) schemes of AIFs managed or sponsored by the Investment Manager and/or Sponsor and /or Associates of the Investment Manager and/or Sponsor; or (c) a Contributor who has committed to invest atleast 50% (Fifty Percent) of the Corpus of the Fund. <p>Provided that while obtaining approval of the Contributors, the Contributor specified under clause (c) shall be excluded from the voting process.</p>
2.	TWO-THIRD MAJORITY OF CONTRIBUTORS	<p>In respect of the Fund means such number of Contributors whose Capital Contributions in aggregate amount to at least two-third of the aggregate of all Capital Contributions of the Fund, and in respect of the Trust shall mean such number of Contributors whose capital contribution in aggregate amount to at least two-third of the aggregate capital contributions under all existing Schemes, as per the Regulations.</p> <p>A vote of Two-Third Majority of Contributors is required for the following:</p> <ul style="list-style-type: none"> (i) To extend the Term of the Fund; and (ii) To approve any material, change in the investment strategy.
3.	FUND EXPENSES	<p>The Fund will be responsible for all costs and expenses related to its own operations whether incurred directly by the Fund or by the Trustee or the Investment Manager for and on behalf of the Fund, including, without limitation (“Fund Expenses”):</p> <ul style="list-style-type: none"> (i) Management Fee; (ii) Operating Expenses; (iii) Set-up Expenses; and (iv) Other fees and expenses as may be decided by the Investment Manager.

SECTION VIII: PRINCIPLES OF PORTFOLIO VALUATION

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

The Fund will appoint an independent valuer as valuer prior to the first independent valuation of the Portfolio Entities of the Fund being carried out in accordance with the Trust Documents and the Regulations.

II. Frequency of valuation of Portfolio Entities.

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

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

Pursuant to Chapter 22 of the SEBI Master Circular on “Standardised approach to valuation of investment portfolio of Alternative Investment Funds (AIFs)”, read with SEBI circular ref. SEBI/HO/AFD/PoD/CIR/2023/97 dated September 19, 2024, on “Modification in framework for valuation of investment portfolio of AIFs”, the Fund shall ensure that in case of investments in any securities as per this Memorandum, other than unlisted securities and listed securities which are non-traded and thinly traded, for which valuation norms have already been prescribed under the SEBI (Mutual Funds) Regulations, 1996, the valuation norms for such securities shall be followed as prescribed thereunder. In case of unlisted securities and listed securities which are non-traded and thinly traded, and any securities for which valuation norms for any securities have not been prescribed under the SEBI (Mutual Funds) Regulations, 1996, then valuation for such securities shall be carried out as per valuation guidelines endorsed by any AIF industry association, which in terms of membership represents at least 33% of the number of SEBI registered AIFs, in accordance with the Regulations.

The Investment Manager understands that the Indian Venture and Alternate Capital Association (“IVCA”) being such AIF industry association, which in terms of membership represents at least 33% of the number of SEBI registered AIFs, has formally endorsed the International Private Equity and Venture Capital (“IPEV”) valuation framework. The updated version of the IPEV valuation framework may be accessed at <https://www.privateequityvaluation.com/Valuation-Guidelines> (the relevant version as of the date of this Memorandum is the December 2022 International Private Equity and Venture Capital Valuation Guidelines).

The valuation methodology to be employed by the Fund in respect of unlisted securities and listed securities which are non-traded and thinly traded are expected to be carried out in accordance with the IPEV valuation framework, as amended from time to time, or such other framework/s as may be endorsed by the IVCA, to the extent permissible under Applicable Laws.

A summary of the valuation norms prescribed under the SEBI (Mutual Fund) Regulations, 1996 has been provided below:

<i>Assets</i>	<i>Principles of valuation</i>

Debt and money market securities	<p>A. <u>Valuation of money market and debt securities with residual maturity of up to 30 days:</u></p> <ol style="list-style-type: none"> 1. Amortization based valuation is permitted for money market and debt securities including floating rate securities, with residual maturity of up to 30 days. Further, the amortized price shall be compared with the reference price which shall be the average of the security level price of such security as provided by the agency(ies) appointed by Association of Mutual Funds in India (“AMFI”) for said purpose (hereinafter referred to as “Valuation Agencies”). The amortized price shall be used for valuation only if it is within a threshold of $\pm 0.025\%$ of the reference price. In case of deviation beyond this threshold, the price shall be adjusted to bring it within the threshold of $\pm 0.025\%$ of the reference price. 2. It is further clarified that in case of floating rate securities with floor and caps on coupon rate and residual maturity of up to 30 days then those shall be valued on amortization basis taking the coupon rate as floor. 3. In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued on amortization basis on the date of allotment / purchase. 4. Further, with effect from April 01, 2020, onwards, amortization based valuation shall be dispensed with and irrespective of residual maturity, all money market and debt securities shall be valued in terms of paragraph (b) below. <p>B. <u>Valuation of money market and debt securities with residual maturity of over 30 days:</u></p> <ol style="list-style-type: none"> 1. All money market and debt securities including floating rate securities, with residual maturity of over 30 days shall be valued at average of security level prices obtained from Valuation Agencies. 2. In case security level prices given by Valuation Agencies are not available for a new security (which is currently not held by any Mutual
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	<p>Fund), then such security may be valued at purchase yield on the date of allotment / purchase.</p> <p>C. <u>Methodology</u>:</p> <p>For arriving at security level pricing, a waterfall approach shall be followed for the valuation of money market and debt securities.</p> <ol style="list-style-type: none"> 1. The Investment Manager shall adopt waterfall approach prescribed by AMFI vide AMFI circular 135/BP/83/2019-20 dated November 18, 2023. 2. The following broad principles are adopted as part of the aforesaid waterfall approach, for arriving at the security level prices: <ol style="list-style-type: none"> i. Volume Weighted Average Yield (“VWAY”) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1 below) iii. VWAY of secondary trades of same issuer, similar maturity iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1 below) vi. VWAY of secondary trades of similar issuer, similar maturity. vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity viii. Construction of matrix (polling may also be used for matrix construction) ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)
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	<p>Note 1</p> <p>Except for primary issuance through book building, polling shall be conducted to identify outlier trades. However, in case of any issuance through book building which is less than INR 100 Cr, polling shall be conducted to identify outlier trades.</p> <p>Note 2</p> <p>Some examples of exceptional circumstance would be stale spreads, any event/news in particular sector/issuer, rating changes, high volatility, corporate action or such other event as may be considered by valuation agencies. Here stale spreads are defined as spreads of issuer which were not reviewed/updated through trades/primary/polls in same or similar security/issuers of same/similar maturities in waterfall approach in last 6 (six) months.</p> <p>Further, the exact details and reasons for the exceptional circumstances which led to polling shall be documented and reported to Investment Manager. Further, a record of all such instances shall be maintained by Investment Manager and shall be subject to verification during SEBI inspections.</p> <p>Note 3</p> <p>All trades on stock exchanges and trades reported on trade reporting platforms till end of trade reporting time (excluding inter-Scheme transfers) should be considered for valuation on that day.</p> <p>Note 4</p> <p>It is understood that there are certain exceptional events, occurrence of which during market hours may lead to significant change in the yield of the debt securities. Hence, such exceptional events need to be factored in while calculating the price of the securities. Thus, for the purpose of calculation of VWAP of trades and identification of outliers, on the day of such exceptional events, rather than considering whole day trades, only those trades shall be considered which have occurred post the event (on the same day).</p> <p>The following events would be considered exceptional events:</p> <ul style="list-style-type: none"> i. Monetary / Credit policy ii. Union budget iii. Government borrowing / Auction days
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	<ul style="list-style-type: none"> iv. Material statements on sovereign rating v. Issuer or sector specific events which have a material impact on yields vi. Central government elections days vii. Quarter end days <p>In addition to the above, any other event that is identified as an exceptional event by the Valuation Agencies. All exceptional events along with valuation carried out on such dates shall be documents with adequate justification.</p> <p>D. <u>Valuation of money market and debt securities which are rated below investment grade:</u></p> <ul style="list-style-type: none"> (i) All money market and debt securities which are rated below investment grade shall be valued at the price provided by Valuation Agencies. (ii) Till such time the Valuation Agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts provided by these agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts. (iii) Consideration of traded price for valuation: <ul style="list-style-type: none"> (a) In case of trades during the interim period between date of credit event and receipt of valuation price from Valuation Agencies, such traded price shall be considered for valuation if it is lower than the price post standard haircut. The said traded price shall be considered for valuation till the valuation price is determined by the Valuation Agencies. (b) In case of trades after the valuation price is computed by the Valuation Agencies as referred above and where the traded price is lower than such
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	<p>computed price, such traded price shall be considered for the purpose of valuation and the valuation price may be revised accordingly.</p> <p>(c) The trades referred above shall be of a minimum size as determined by Valuation Agencies.</p> <p>(iv) Treatment of accrued interest, future interest accrual and future recovery:</p> <p>(a) The treatment of accrued interest and future accrual of interest, in case of money market and debt securities classified as below investment grade or default, is detailed below:</p> <ol style="list-style-type: none"> 1. The indicative haircut that has been applied to the principal should be applied to any accrued interest. 2. In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made. <p>(b) The following shall be the treatment of how any future recovery should be accounted for in terms of principal or interest:</p> <ol style="list-style-type: none"> 1. Any recovery shall first be adjusted against the outstanding interest recognized in the net asset value and any balance shall be adjusted against the value of principal recognized in the net asset value. 2. Any recovery in excess of the carried value (i.e. the value recognized in net asset value) should then be applied first towards amount of interest written off and then towards amount of principal written off.
Traded securities other than money	<p>i) The securities shall be valued at the last quoted closing price on the stock exchange.</p>

<p>market and debt securities</p> <p>Traded securities shall have the meaning as provided under SEBI Master Circular for Mutual Funds dated May 19, 2023 and as amended from time to time.</p>	<ul style="list-style-type: none"> ii) When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. It would be left to the Investment Manager to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should, however, be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded. iii) Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the Investment Manager. iv) When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange may be used. v) When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to the valuation date.
<p>Valuation of other money market / debt securities, short-term deposits with banks (pending deployment)</p>	<p>Investments in short-term deposits with banks (pending deployment) and repurchase (repo) transactions (including tri-party repo i.e. TREPS) with tenor of up to 30 (thirty) days, shall be valued on cost plus accrual basis.</p>

Any other guiding principles relevant for the investors to know in relation to the valuation policy

Not applicable.

Deviation from Valuation principles

In an event the established policies and procedures of valuation do not result in fair and appropriate valuation, the Investment Manager shall, subject to such conditions as prescribed by SEBI from time to time and in accordance with Applicable Laws, deviate from the established policies and procedures in order to value the

assets or securities at a fair value and document the rationale for such deviation, which shall be intimated to the Contributors in the manner as prescribed under Applicable Laws.

Any change in the methodology and approach for valuation of Fund Investments necessitated pursuant to any change in Applicable Laws including the SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder, or any change in methodology/approach within the valuation guidelines/norms prescribed for AIFs shall not be construed as material changes and shall be carried out in accordance with the Applicable Laws and the Trust Documents.

SECTION IX: CONFLICTS OF INTEREST

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

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

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

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

- **At the level of employee of the management entity**
The employees of the Investment Manager that provide services to the Fund will have, in addition to their responsibilities for the Fund, responsibilities for other companies, projects and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources amongst the Fund and such other projects and clients.
- **At the level of service providers of the Fund**
The attorneys, accountants, professionals and other service providers, who perform services for the Fund may, and in some cases do, also perform services for the Interested Parties and their affiliates.
- **At the level of the Investment Manager**
There cannot be any assurance that an investment opportunity that comes to the attention of the Investment Manager will be referred or otherwise made available to the Fund. Investment opportunities identified by the Investment Manager may be suitable for the Fund as well as other funds or investment vehicles managed or advised by the Investment Manager and/or an Interested Party and/or their respective affiliates. There could be multiple portfolios under the management of the Investment Manager or by persons who are Interested Parties of other entities of the group of the Investment Manager, thereby representing the possibility of conflict of interest in allocating investment opportunities amongst the various portfolios. The Investment Manager will endeavour to resolve any such conflicts in a reasonable manner taking into account such factors as it may consider relevant including investment strategy and objectives, investment policy, sector focus, deal size, regulatory and tax considerations, etc. However, there can be no assurance that the Fund shall be allocated any particular investment opportunities that are identified by the Investment Manager. Furthermore, the Investment Manager shall have the right, at its discretion, to allocate any investment opportunities to other portfolios or to the Fund.

- **At the level of the Investor**

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

- **At the level of members of various governance bodies**

The members of the Investment Committee and the Advisory Board, in addition to their responsibilities for the Fund, will have responsibilities for other funds, projects and clients. Accordingly, allocating management time and other resources among the Fund and such other funds, projects and clients can be a challenge.

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

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

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

- a) Investments in Portfolio Entities in which Interested Parties have Interests: The Investment Manager while acting as the investment manager of the Trust/Fund may from time-to-time effect transactions in securities issued by a Portfolio Entity that is otherwise a (i) client or (ii) investee company of any of the affiliate/associate/group entity of the Investment Manager or of the team of the Investment Manager. It may also affect transactions by the Fund in securities in which an affiliate/associate/group entity may have a financial or other business interest at any time;
- b) Other Fees: The Investment Manager, as investment manager of the Trust/Fund, may affect transactions in securities and/or provide services to Portfolio Entities in respect of which any of the its affiliate/group entity may benefit from a commission or fee;
- c) Purchase from and sale of investments to Interested Parties: The Investment Manager may purchase investments from, or sell investments to Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be;
- d) Board of Fund Investment: As part of its investment methodology, the Investment Manager may require Portfolio Entities to grant to the Fund a seat on the boards of directors of such Portfolio Entities. The seat will be filled by a nominee of the Investment Manager. As a consequence, such persons will have fiduciary and other duties to the Portfolio Entity, which may conflict with the interests of the Fund;
- e) Conflict in case of warehousing: The Investment Manager and/or its associates/affiliates may make Warehoused Investments in Portfolio Entities. The transfer of such Warehoused Investments to the Fund is

expected to be at such price as the Investment Manager may decide in accordance with this Memorandum, which may not necessarily reflect an accurate intrinsic value of the Warehoused Investment.

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

Some of the measures the Investment Manager will adopt to manage identified conflicts are set out below. The Investment Manager will take reasonable care that, in relation to each identified conflict, it acts independently to avoid material risk to the Investor interests.

- a) In managing the aforesaid conflicted transactions, the Investment Manager will have regard to its obligations under the Trust Documents pertaining to the Fund and will act in the best interests of the Investors in the Fund.
- b) The Investment Manager will make efforts to see that any transaction involving a potential conflict of interest will be affected on terms that are not less favourable to the Investors in the Fund than if the potential conflict had not existed. The Investment Manager will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.
- a) The Investment Manager will ensure that the interest of all the Investors is paramount and all personal interests, relationships or arrangements, including those of its affiliated companies/entities do not work against the Investors' interest.
- b) The Investment Manager will take appropriate measures intended to assure that it will not unfairly profit from any transaction between its affiliates/group entities and the Fund and all such transactions shall strictly be done on an arm's length basis. The Investment Manager will use reasonable efforts to apportion or allocate business opportunities among persons or entities to or with which they have fiduciary duties and other relationships on a basis that is as fair and equitable as possible to each of such persons or entities, including the Fund.
- c) The Interested Parties and their management personnel will devote so much of their time to the Fund as is, in their judgement, reasonably required.

SECTION X: RISK FACTORS

AN INVESTMENT IN THE FUND INVOLVES CERTAIN CONSIDERATIONS THAT MAY HAVE A BEARING ON ITS INVESTMENTS. ACCORDINGLY, BEFORE DECIDING TO INVEST IN THE FUND, PROSPECTIVE INVESTORS SHOULD CAREFULLY STUDY THE RISKS DESCRIBED BELOW TOGETHER WITH ALL THE INFORMATION CONTAINED IN THIS MEMORANDUM, AND SEEK INDEPENDENT LEGAL, INVESTMENT AND TAX ADVICE. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE INVESTMENT MANAGER, OR THAT IT CURRENTLY DEEMS IMMATERIAL MAY ALSO HAVE AN ADVERSE IMPACT ON THE FUND'S PROSPECTS AND INVESTMENT ACTIVITIES. THE INVESTMENT MANAGER WILL ENDEAVOUR TO MITIGATE RISKS IDENTIFIED IN THIS SECTION IN ACCORDANCE WITH THE PROVISIONS OF THIS MEMORANDUM.

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

A. RISK FOR CERTAIN TYPE OF INVESTORS

Type of Investor	Description of risks
Small/individual Investors	The small/retail investors are subject to higher risk with respect to their small investment in the Fund. The large or Institutional Investors may be provided certain beneficial terms or rights by the Fund which might not be given to small/individual investors. Kindly refer to the risk titled "Risk in relation to side letters that may be entered into between Fund and certain investors" in this Section.
Overseas Investors	The overseas investors are required to comply with FDI or FPI rules in respect of their investment in the Fund. Kindly refer to the risk titled "Foreign investments in the Units of the Fund" in this Section. Further, as the Units are to be denominated in Indian Rupees, the overseas investors will be subject to currency risk. Kindly refer to the risk titled "Currency risk arising to offshore Investors" in this Section.
Institutional Investors	An Institutional Investor may be restricted by its statute or governing document under which it is established to refrain from making investments in certain sectors/industries or types of securities. The Fund would generally have a common portfolio across all its Investors, except in certain limited situations as specified in this Memorandum. There is no assurance that the Fund will be able to make available a separate portfolio for such restricted investments by the Institutional Investors. Further, where an Institutional Investor is as a fund-of-fund, there may be limitation on availability of liquidity/distribution by the Fund at the time of end of life/term of such fund-of-fund. Further, there could be situation where an Institutional Investor investing a significantly higher amount in the Fund could have superior rights not otherwise available to other Institutional Investors.

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

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

C. RISKS RELATED TO PORTFOLIO INVESTMENTS

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

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

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

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

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

- **Risks of Portfolio Entities**

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

- **Need for follow-on capital**

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

- **Associate party transactions**

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

2. Risks associated with the investment returns.

- **No guarantee of investment returns**

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

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

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

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

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

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

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

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

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

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

The Fund may make investments along with co-investor or third-party. Such investments may involve risks not present in investments where such co-investor or third-party is not involved, including, for example, the possibility that a co-Investor/third-party may have financial difficulties or become bankrupt, or may at any time have economic interests or goals which are inconsistent with those of the Fund or may be in a position to take (or block) actions in a manner

inconsistent with the Fund's objectives. The Fund may hold a non-controlling interest in certain investments and, therefore, may have a limited ability to protect its position in such investments.

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

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

8. Risk in relation to change in environment.

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

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

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

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

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

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

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

12. Epidemics and Other Health Risks.

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

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

D. RISK RELATED TO FUND STRUCTURE

1. Performance risks.

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

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

• Key individuals

The Investment Manager will be selecting suitable Portfolio Investments. A material adverse effect on the returns of the Fund may be created by the loss of one or more key personnel of the Investment Manager who are responsible for managing the Fund’s portfolio.

- **Management risk**

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

- **Screening and deal selection**

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

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

The Investment Manager shall manage the assets of the Fund and will take its investments and divestments decisions exclusively. The Investors will not be able to make investment or other decisions in connection with the Fund. Therefore, judgments of the Investment Manager's expected performance cannot be extrapolated from the past performance of the Investment Manager. The Investment Manager may not be able to act as the investment manager of the Fund in an event the Investment Manager becomes ineligible to act as an investment manager of the Fund under Applicable Laws or Trust Documents. Therefore, the success of the Fund will depend upon the ability of the Investment Manager to source, select, complete and realise appropriate investments. With specific reference to the Fund, the Investment Manager will have considerable latitude in its choice of Portfolio Entities and the structuring of investments, subject to the investment parameters set forth in this Memorandum.

3. **Concentration risk.**

The Fund may have a limited number of investments and, as a consequence, the aggregate returns realised by the Investors may be adversely affected by the unfavourable performance of a small number of such investments. The investments may also involve geographic concentration in India and may be further concentrated in India, and hence an inability to diversify risk. Finally, since many of the investments may involve a high degree of risk, poor performance by a few of the investments could significantly affect the total returns to the Investors.

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

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

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

- **Lack of control by Investors**

Investors will not have an opportunity to evaluate the investments made by the Fund or the terms of any particular investment. The Investment Manager will generally manage the affairs of the Fund and accordingly the Investment Manager will have significant discretion in managing the Fund Investments. The rights and obligations of Investors will be subject to the limitations set forth in the Trust Documents and except for the rights specifically reserved to

them by the Trust Documents and Applicable Law, the Investors will have no part in the management and control of the Fund.

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

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

- **Conflict of Interest**

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

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

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

7. Risk on account of default by Investors.

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

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

- **Restrictions on withdrawal and transfer**

Investors are generally not permitted to withdraw from the Fund. In addition, they may not transfer any of the interests, rights or obligations with regard to the Fund except as may be provided in the Trust Documents with regard to the Fund, and in the Regulations.

- **In-specie distribution**

There may be circumstances where the Investment Manager deems appropriate to make in-specie distributions to Investors. Such distributions of in-specie assets shall be made in accordance with the provisions described in this

Memorandum in relation to a distribution of assets in-specie during the term of the Fund and/or at the time of dissolution of the Fund, and may have adverse tax consequences that may not otherwise apply to an equivalent cash distribution. If an in-specie distribution is received by Investors from the Fund, the Investors may be subject to restrictions on disposal of securities so distributed and consequently may not be able to realise the full value of these securities.

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

The Trust Documents contain provisions that relieve the Investment Manager and other Indemnified Persons of liability for certain acts or omissions except on account of Malfeasance. An indemnity is provided to the Indemnified Persons against any claims, losses, liabilities including Tax liabilities, costs, damages, expenses including legal fees, and amounts paid as settlement claim incurred by them by reason of their association with the Fund. Indemnification of the Indemnified Persons, may impair the financial condition of the Fund and its ability to acquire assets or otherwise achieve its investment objective or meet its obligations.

E. REGULATORY RISKS

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

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

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

- **Indian legal system**

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

- **Litigation risks**

The Fund will be subject to a variety of litigation risks, particularly if one or more of the Fund Investments face financial or other difficulties during the Term of the Fund. Legal disputes involving the Fund, the Investment

Manager, their respective members or any of their respective affiliates may arise from the foregoing activities and any other activities relating to the operation of the Fund and could have a significant adverse effect on the Fund.

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

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

3. Other legal and regulatory risks.

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

F. GENERAL RISK FACTORS

1. Political, social and economic risk consideration in India

The value of the Fund Investments may be adversely affected by potential political and social uncertainties in India. Actions of the Government(s) and/ or respective state Government(s) in the future could have a significant effect on the economy, which could affect private sector companies and investment opportunities and the Fund's market

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

2. Risk related to global financial conditions

There may be a scenario of global slowdown or recession as happened in 2008-09 which may affect the functioning of the businesses in India and globally. In such an event the Fund may not be able to raise its targeted corpus or there may not be viable investment opportunities for the Fund, or the businesses of the Portfolio Entities may get adversely affected.

3. Risk of bankruptcy of Portfolio Entities

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

4. Risk of segregation of assets between funds/schemes/trustees not being available in third party suits/regulatory actions with respect to the Fund

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

5. Risk in relation to limited liquidity.

Although Fund's investments may generate current gains/income, investments will generally be illiquid due to a number of uncontrollable and unpredictable factors. It may be difficult from time to time for the Fund to realise, sell or dispose of a Fund Investment at an attractive price or at the appropriate time or in response to changing market conditions or the Fund may otherwise be unable to complete a favourable exit. Further in most circumstances, losses

on unsuccessful investments may be realised before the gains on successful investments are realised. The return of capital and the realisation of gains, if any, will generally occur only upon the successful exit of an investment. It is generally expected that gains, if any, from investments will not be realised until a number of years after they are made. Liquidation of the Fund Investments will be at the discretion of the Investment Manager based upon the returns realised and not based upon the needs of Investors. Investors should therefore be aware that they may be required to bear the financial risk of their investment in the Fund for an undetermined period of time.

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

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

G. TAX RELATED FACTORS

1. General anti-avoidance rules and its impact on the Fund / Investors / Fund Investments and risks associated with it.

The GAAR provisions provide that an arrangement whose main purpose is to obtain a tax benefit and which also satisfies at least one of the four specified tests (i.e., arrangement is not in arm's length, misuse or abuse of tax laws, lacks or is deemed to lack commercial substance or not carried out for bona fide purpose) can be declared as an "impermissible avoidance arrangement". Further, the GAAR provisions, if invoked, could override tax-treaties.

2. Risk associated with change in tax laws and renegotiation of tax treaties.

Investors in the Fund are subject to a number of risks related to Tax matters. In particular, the tax laws relevant to the Fund are subject to change and/or tax-treaties with India could be renegotiated and tax liabilities could be incurred by Investors as a result of such changes. The Tax consequences of an investment in the Fund are complex, and the full Tax impact of an investment in the Fund will depend on circumstances particular to each Investor and the additional peculiarities associated with activities of each Portfolio Entity. Accordingly, Investors are strongly urged to consult their tax advisors with specific reference to their own situations.

Alternative Tax positions adopted by the revenue authorities could give rise to incremental Tax liabilities in addition to the Tax amounts already discharged by the Fund. Since, the Fund would distribute the surplus funds to the Investors, if the funds available with the Fund are insufficient to meet the additional Tax liability, the Investment Manager/Trustee in consultation with the Investment Manager reserve the right to collect/recover the additional Tax liability from the Investors. Further, any benefit in relation to Tax matters available to the Fund, Investors or Portfolio Entity under a tax-treaty may change or get revoked pursuant to any renegotiation between India and the relevant country.

3. Risk associated with change in administrative interpretation/application of Tax laws.

The Fund will operate under applicable taxation laws including the Income Tax Act, 1961, Goods and Services Act etc., which may put adverse tax implications on the Fund. If policy announcements or regulations are made subsequent to this offering, which require retrospective changes in the structure or operations of the Fund, these may adversely impact the performance of the Fund.

H. SECTOR SPECIFIC RISK FACTORS

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

I. CURRENCY RISKS

1. Currency risk arising to offshore Investors

There may be offshore investors investing in the Fund which will be subject to currency risk due to variation in value of currency. The offshore Investor may lose value of its investment due to variation in exchange rate. The Investment Manager may adopt suitable currency hedging strategies to mitigate such risk. While such hedging arrangements would impose additional cost upon the Fund, they may not necessarily yield the desired benefit.

2. Currency risk arising from offshore investment by the Fund

The Fund will invest most of its assets in securities denominated in the Indian Rupee, though the Fund may invest in securities of enterprises in other countries. The value of Fund's assets will thus fluctuate with the exchange rate when denominated in other currencies. The Fund will also be subject to various regulatory compliances affecting the overall performance of the Fund. The Investment Manager may adopt suitable currency hedging strategies to mitigate the risk. While such hedging arrangements would impose additional cost upon the Fund, they may not necessarily yield the desired benefit.

J. Additional Risks

1. Factual statements/track record information

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

and other materials relating to other funds may be misleading.

2. Definitive terms and conditions

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

3. Legal counsel

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

4. Foreign investments in the Units of the Fund

The Trust may allow 'FDI' investment in the Units of the Fund i.e., investments by non- resident entities/persons resident outside India in the Units of the Fund. If the Sponsor, Investment Manager is not owned and controlled by Indian resident citizens at the time the Fund makes investments, then the Trust/Fund would be subjected to certain investment restrictions and compliances which can reduce the investment flexibility of the Fund. For more information, refer to Paragraph 4. (A.) titled "Foreign Investments in AIFs" under "**SECTION XI: LEGAL, REGULATORY AND TAX CONSIDERATIONS**".

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

5. Termination of Units

Units may be terminated/redeemed/transferred in certain circumstances, including, among others, where the Investor ceases to be an Eligible Person, where the continued holding of such Units by an Investor could cause the Fund or the Investment Manager to violate Applicable Laws, to become subject to a material regulatory or other burden or to suffer material taxation or other economic disadvantages or where the Investor in question has breached any of the Trust Documents.

6. Limited access to information

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

7. Limited recourse to Investment Manager

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

8. Dilution from additional closings

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

9. Lack of liquidity in IPO

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

10. Valuations and review of Portfolio Entities

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

11. Contingent liabilities on disposition of Fund Investments

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

12. A slowdown in economic growth in India

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

13. Risks of natural disasters

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

SECTION XI: LEGAL, REGULATORY AND TAX CONSIDERATIONS

THIS SECTION IS A SUMMARY OF CERTAIN LEGAL, REGULATORY AND TAXATION CONSIDERATIONS RELATING TO THE FUND AND IS NOT A COMPREHENSIVE DISCLOSURE REGARDING ALL APPLICABLE LAWS. THE LEGAL, REGULATORY AND TAX CONSIDERATIONS REFERRED UNDER THIS SECTION ARE SUBJECT TO CHANGE FROM TIME TO TIME.

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

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

1. Indian Trusts Act, 1882

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

2. Indian Securities Laws

A. SEBI (Alternative Investment Funds) Regulations, 2012

(a) Brief overview of SEBI (Alternative Investment Funds) Regulations, 2012

The Regulations is a consolidated framework for registration and regulation of all kinds of AIFs that raise private pools of capital from high net worth individuals, banks, insurance companies, body corporates, estates, family offices, non-banking finance companies, societies, hindu undivided families, corporations, partnerships (whether limited or unlimited), limited liability companies, body of individuals, associations, trusts, proprietorships, AIFs, foreign portfolio investors, institutional investors or any other institutions, entities or organizations.

The Regulations define an AIF to mean any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which, (i) is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined

investment policy for the benefit of its investors; and (ii) is not covered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 or any other regulations of SEBI to regulate fund management activities. However, family trusts set up for the benefits of 'relatives' as defined under Companies Act, 2013; ESOP trusts set up under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 or as permitted under Companies Act, 2013; employee welfare trusts or gratuity trusts set up for benefit of employees; holding companies within the meaning of sub-section 46 of Section 2 of the Companies Act, 2013; other special purpose vehicles not established by fund managers, including securitization trusts, regulated under a specific regulatory framework; funds managed by securitisation company or reconstruction company which is registered with the RBI under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, and any such pool of funds which is directly regulated by any other regulator in India have been excluded from the purview of the Regulations.

The Regulations provide that no entity or person shall act as an AIF unless it is registered with SEBI. The Regulations have categorised AIFs into three categories viz., Category I AIFs, Category II AIFs, and Category III AIFs. Category I AIFs have been further divided into sub-categories viz., Venture Capital Funds ("VCFs"), SME Funds, social venture funds, infrastructure funds, angel funds, special situation funds and such other AIFs as may be specified by SEBI.

AIFs shall not have more than one thousand investors in a scheme. Further, if the AIF is established in the form of a company, the provisions of the Companies Act, 2013 shall be applicable.

The Regulations defines Category I AIF as an AIF which invests in start-up or early stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the government or regulators consider as socially or economically desirable and shall include VCFs, SME Funds, social venture funds, infrastructure funds and such other AIFs as may be specified. The Regulations also explain that the AIFs which are generally perceived to have positive spillover effects on economy and for which the SEBI or GOI or other regulators in India might consider providing incentives or concessions shall be included in Category I and such funds which are formed as trusts or companies shall be construed as venture capital company or VCF as specified under sub-section (23FB) of Section 10 of the Income Tax Act, 1961.

The Regulations define a Category I AIF - VCF as an AIF, which invests primarily in unlisted securities of start-ups, emerging or early-stage venture capital undertakings mainly involved in new products, new services, technology or intellectual property right based activities or a new business model. The term venture capital undertakings ("VCU") has been defined to mean a domestic company whose shares are not listed in India at the time of making investment. If a Category I AIF is set up in form of trust, the instrument of trust should be in the form of a deed duly registered under the provisions of the Registration Act, 1908. SEBI on being satisfied that the applicant complies with the provisions of the Regulations, may however grant an in-principle approval to the AIF to submit the registered instrument of trust, within six months from the date of grant of in-principle approval. Upon such compliance, SEBI may grant a certificate of registration. A Category I AIF that has been granted in-principle approval may accept commitments from investors but shall not accept any monies till it is granted the final registration.

(b) Key considerations associated with the Fund

The Regulations prescribe that the raising of funds should be done strictly on a private placement basis through issuance of a placement memorandum/information memorandum (by whatever name called) by way of issue of units and the minimum investment that can be accepted by a Category I AIF - VCF from an investor, whether Indian, foreign or non-residents Indian is Indian Rupees One Crore; provided that in case of investors who are employees or directors of a Category I AIF - VCF or employees or directors of the Investment Manager, the minimum value of investment will be Indian Rupees Twenty-Five Lakhs (employees of investment manager are also permitted to subscribe to units at no cost if such subscription is only for profit sharing purposes).

SEBI vide its circular no. SEBI/HO/AFD/PoD1/CIR/2023/96 dated June 21, 2023, read with the circular no. SEBI/HO/AFD/PoD1/CIR/2023/186 dated December 11, 2023 has prescribed that a Category I AIF – VCF shall issue units to its investors only in dematerialised form in the manner and timelines as prescribed under the Circular. Following conditions shall apply to the schemes launched after October 31, 2023 or schemes with corpus less than Rs. 500 crore:

- i. The units issued after April 30, 2024 to investors who have provided their demat account details shall be credited to such investors demat account.
- ii. The investors on-boarded prior to May 01, 2024 who have not provided their demat account details, units of such investors shall be credited in Aggregate Escrow Demat Account temporarily, till investors provide their demat account details.

For schemes with corpus more than Rs. 500 crore:

- i. The units issued after October 31, 2023 to investors who have provided their demat account details shall be credited to such investors demat account.
- ii. The investors on-boarded prior to November 01, 2023 who have not provided their demat account details, units of such investors shall be credited in Aggregate Escrow Demat Account temporarily, till investors provide their demat account details.

Investment managers of AIFs shall maintain investor wise KYC details of units held in Aggregate Escrow Demat Account, including name, PAN and bank account details, along with audit trail of the transactions. The same shall also be reported to depositories and custodians on a monthly basis. Investment managers shall follow the standards to be prescribed under the circular for maintaining investor-wise records of transactions etc.

The terms of transfer of units of Category I AIF – VCF held by an investor in dematerialised form shall continue to be governed by the terms of private placement memorandum, contribution agreements entered with the investors and any other fund documents. However, no transfer of units of AIFs from or within Aggregate Escrow Demat Account is allowed except for the transfer of units to the investor's demat account.

Further, the Regulations prescribe that placement memorandum should contain all material information about the Category I AIF - VCF and its investment manager, background of key investment team of the investment manager, targeted investors, fees and all other expenses proposed to be charged, tenure of the Category I AIF - VCF or scheme, conditions or limits on redemption, investment strategy, risk management tools and parameters employed, key service providers, terms of reference of the committee constituted for approving the decisions of the Alternative Investment Fund conflict of interest and procedures to identify and address them, disciplinary history and other

terms and conditions on which the Manager offers investment services, its affiliations with other intermediaries, manner of winding up of the Alternative Investment Fund or the scheme and such other information as may be necessary for the investor to take an informed decision on whether to invest in the Alternative Investment Fund. Furthermore, in respect of any subsequent scheme(s) launched under the Trust, the placement memorandum/information memorandum of such scheme(s) should be filed with SEBI through merchant banker at least 30 (thirty) days prior to launch of such scheme(s) along with the specified fee. This Memorandum satisfies all the applicable requirements laid down under the Regulations. All AIFs are required to inform SEBI in case of any material change from the information provided by the AIF at the time of application for registration. In case of change in sponsor or manager or change in control of the AIF, sponsor or manager, prior approval from SEBI shall be taken by the AIF. The books of accounts of the AIF shall be audited annually by a qualified auditor.

(c) General investment conditions

- 1) A Category I AIF - VCF may invest in securities of companies incorporated outside India subject to conditions/guidelines stipulated by RBI or SEBI from time to time;
- 2) The investment manager or sponsor or co-investor cannot co-invest in an investee company on terms more favourable than those offered to the Category I AIF - VCF; Provided that the terms of exit from the Co-investment in an investee company including the timing of exit shall be identical to the terms applicable to that of exit of the Alternative Investment Fund;
- 3) A Category I AIF - VCF cannot invest in (a) associates or (b) units of Category I AIF - VCF managed or sponsored by its manager, sponsor or associates of its manager or sponsor, except with the approval of 75% (seventy – five percent) of investors by value of their investment in the VCF. ‘Associate’ means a company or a limited liability partnership or a body corporate in which a director or trustee or partner or sponsor or investment manager of the Category I AIF - VCF or a director or partner of the investment manager or sponsor holds, either individually or collectively, more than 15% of its paid-up equity share capital or partnership interest, as the case may be;
- 4) A Category I AIF - VCF may invest the un-invested portion of the investable funds and divestment proceeds pending distribution to investors in liquid mutual funds or bank deposits or other liquid assets of higher quality such as treasury bills, triparty repo dealing and settlement, commercial papers, certificates of deposits, etc. till deployment of funds as per the investment objective or the distribution of the funds to investors as per the terms of the fund documents; and
- 5) A Category I AIF - VCF may act as nominated investor as specified in ICDR Regulations.
- 6) A Category I AIF shall not buy or sell investments, except with the approval of 75% (seventy- five percent) of investors by value of their investment in the Category I AIF and subject to the conditions specified by SEBI, from or to:
 - a. Associates; or
 - b. schemes of AIFs managed or sponsored by its investment manager, sponsor or associates of its investment manager or sponsor; or
 - c. an investor who has committed to invest at least 50% of the corpus of the scheme of the AIF;

Provided that while obtaining approval of the investors, such investor as specified in this clause (c) shall be excluded from the voting process.

- 7) In accordance with SEBI circular (SEBI/HO/AFD/PoD/CIR/2024/5) dated January 12, 2024, AIFs shall hold their investments in dematerialised form, subject to such conditions as may be specified by SEBI from time to time, within the timelines prescribed by SEBI. Provided that such requirement shall not apply to:
- i. investments by AIFs in such type of instruments which are not eligible for dematerialisation,
 - ii. investments held by a liquidation scheme of the Alternative Investment Funds that are not available in the dematerialised form, and
 - iii. such other investments by Alternative Investment Funds and such other schemes of Alternative Investment Funds as may be specified by the Board from time to time.

(d) Key investment conditions applicable specifically to a Category I AIF - VCFs

- 1) A Category I AIF - VCF may invest in VCU, special purpose vehicles, limited liability partnerships, in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange, in units of other Category I AIF – VCF or in units of Category II AIF;
- 2) A Category I AIF - VCF cannot borrow funds directly or indirectly or engage in any leverage except for meeting temporary requirements for not more than 30 days, on not more than 4 occasions in a year and not more than 10% of the investable funds;
- 3) A Category I AIF - VCF cannot invest more than 25% of its investable funds in one investee company directly or through investment in the units of other Category I AIF – VCF or Category II – AIF;
- 4) A Category I AIF - VCF will have to invest at least 75% of the investable funds in unlisted equity shares or equity linked instruments (i.e. instruments convertible into equity shares or share warrants, preference shares, debentures compulsorily or optionally convertible into equity) of a VCU or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange; ‘SME’ means Small and Medium Enterprise and shall have the same meaning as assigned to it under the Micro, Small and Medium Enterprises Development Act 2006 as amended from time to time; Provided that a Category I AIF - VCF will have to achieve this investment condition by the end of its life cycle.
- 5) A Category I AIF - VCF may enter into an agreement with merchant banker to subscribe to the unsubscribed portion of the issue or to receive or deliver securities in the process of market making under Chapter IX of the ICDR Regulations.
- 6) A Category I AIF – VCF shall be exempt from sub-regulation (1) and (2) of regulation 3 and sub-regulation (1) of regulation 4 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on SME Exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

- a) Category I AIF - VCF shall disclose any trading in securities pursuant to such due-diligence, within 2 (two) trading days of such trading, to the stock exchanges where the investee company is listed;
 - b) such investment shall be locked in for a period of 1 (one) year from the date of investment.
- 7) A Category I AIF - VCF is required to follow adequate disclosure norms, manage conflicts of interest, maintain transparency, follow valuation methodology, submit reports to SEBI, may also be subjected to any investigation/inspection of its affairs by an officer appointed by SEBI, and in certain circumstances SEBI has the power to direct the Category I AIF - VCF to divest assets, stop launching of any new schemes, restrain from disposing any assets, refund monies of investors and also to stop operating in, or accessing the capital market for a specified period.

Details pertaining to the disciplinary history of the trust, sponsor, investment manager and their directors/partners, promoters and associates, trustee of the trust and trustee's directors need to be provided in the placement memorandum of the Category I AIF - VCF. The Category I AIF - VCF is also required to provide a tabular example of fees and charges along with distribution waterfall by way of an annexure in the placement memorandum.

(e) Continuing commitment of the investment manager and/or the sponsor

As stated in this Memorandum, there shall be a continuing interest in the Category I AIF - VCF of not less than two and half per cent of the corpus or Indian rupees five crore, whichever is lower, in the form of investment in the Category I AIF - VCF and such interest shall not be through the waiver of management fees. Such interest may be maintained pro-rata to the amount of funds raised (net) from other investors in the AIF.

(f) Tenure of the Fund and conditions for winding up

A Category I AIF - VCF shall be close ended and is required to have a minimum tenure of 3 (three) years. The tenure of the Fund shall be as specified in the Memorandum and shall commence from the first closing as mandated by SEBI *vide* paragraph 11.3.1 of Master Circular. The tenure of a Category I AIF - VCF may be extended up to 2 (two) years subject to approval of two-third of the unit holders by value of their investment in AIF. In the absence of consent or upon expiry of the extended tenure, the AIF or the scheme of AIF shall be wound up as per the procedure provided below in points I, II and III, respectively.

I. AIF set up as a trust, shall be wound up in the event of the following conditions:

- 1) when the tenure of the AIF or all schemes launched by the AIF, as mentioned in the private placement memorandum is over; or
- 2) if it is the opinion of the trustee, that the AIF be wound up in the interests of investors in the units; or
- 3) if 75% (seventy-five percent) of the investors by value of their investment in the AIF pass a resolution at a meeting of unitholders that the AIF be wound up; or
- 4) if SEBI so directs in the interests of investors.

- II. Where the AIF is set up as a limited liability partnership, only sub-clause (1), (3) and (4) of clause I above, will be applicable and such AIF shall be wound up in accordance with the provisions of the Limited Liability Partnership Act, 2008.
- III. An AIF set up as a company shall be wound up in accordance with the provisions of the Companies Act, 2013.
- IV. As per paragraph 2.3 of the Master Circular guidelines for declaration of first close of AIFs, calculation of tenure and change of sponsor/ manager or change in control of sponsor/ manager. Key points of the Circular have been summarized hereunder:

1) Timeline for declaration of first close of Schemes of AIFs:

The first close of a scheme shall be declared not later than 12 months from the date of SEBI communication for taking the PPM of the scheme on record.

The corpus of the scheme, at the time of declaring its first close, shall not be less than the minimum corpus prescribed under the AIF Regulations for the respective category or sub-category of the AIF. The Circular has also clarified that the commitment provided by sponsor or manager, to meet the aforesaid minimum corpus requirement at the time of declaration of first close shall not be reduced or withdrawn or transferred after the first close.

2) Calculation of tenure of close-ended schemes of AIFs:

The circular has clarified that the tenure of close ended schemes shall be calculated from the date of declaration of the first close. The AIFs have been permitted to modify the tenure of a scheme at any time before its first close. Further, it is pertinent to note that the investor may choose to withdraw or reduce commitment provided to such a scheme prior to declaration of the first close.

(g) In-specie distribution and launch of liquidation scheme

During the period of 1 year following the expiry of tenure or extended tenure of a scheme of a Category I AIF – VCF, any investments of the scheme which are not sold due to lack of liquidity, may be distributed in-specie to the investors or may be sold to a liquidation scheme, after obtaining approval of at least 75% of the investors by value

of their investment in the scheme of the AIFs, in the manner and subject to conditions specified by the SEBI under circular SEBI/HO/AFD/PoD-I/P/CIR/2023/098 dated June 21, 2023.

(h) Reporting obligations

1) General reporting obligations

Category I AIF - VCFs shall ensure transparency and shall make the following disclosures to investors:-

- a. financial, risk management, operational, portfolio, and transactional information regarding fund investments shall be disclosed periodically to the investors;
- b. any fees ascribed to the manager or sponsor; and any fees charged to the AIF or any investee company by an associate of the manager or sponsor shall be disclosed periodically to the investors;
- c. any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction, as and when occurred;
- d. any material liability arising during the AIF's tenure shall be disclosed, as and when occurred;
- e. any breach of a provision of the placement memorandum or agreement made with the investor or any other fund documents, if any, as and when occurred;
- f. change in control of the sponsor or manager or investee company.
- g. any significant change in the key investment team shall be intimated to all investors;
- h. AIFs shall provide, when required by SEBI, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks.
- i. AIFs shall report details of CDS transaction to the custodian by the next working day.

2) Annual reporting obligations

Category I AIF - VCFs shall provide at least on an annual basis reports to investors containing the following information, within 180 (one hundred and eighty) days from the end of the year:

- i. financial information of investee companies.
- ii. material risks and how they are managed which may include:
 - a. concentration risk at fund level;
 - b. foreign exchange risk at fund level;

- c. leverage risk at fund and investee company levels;
- d. realization risk (i.e. change in exit environment) at fund and investee company levels;
- e. strategy risk (i.e. change in or divergence from business strategy) at investee company level;
- f. reputation risk at investee company level;
- g. extra-financial risks, including environmental, social and corporate governance risks, at fund and investee company level.

3) Other disclosure obligations

- a. The manager and sponsor of the AIF shall disclose their investment in the AIF to its Investors; and
- b. The manager and sponsor of the AIF shall act in a fiduciary capacity towards its Investors and shall disclose to the Investors, all conflicts of interests as and when they arise or seem likely to arise.
- c. The manager shall designate an employee or director as Compliance Officer who shall be a person other than CEO of the Investment Manager (or such equivalent role or position depending on the legal structure of manager). The Compliance Officer shall be responsible for monitoring compliance with the provisions of the SEBI Act, Regulations and circulars issued thereunder.
- d. The manager shall comply with requirement of compliance test report as specified in paragraph 15.2 of the Master Circular
- e. The manager shall establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business.
- f. The manager and sponsor of Alternative Investment Fund shall abide by high level principles on avoidance of conflicts of interest with associated persons, as may be specified by the SEBI from time to time.

(i) Alteration in strategy of the Fund

An AIF shall obtain the consent of at least two-third of its unit holders by value of their investment in the AIF prior to any material alternation in its investment strategy.

(j) Alteration in category of the Fund

AIF may change its category subsequent to receipt of the registration from SEBI, with prior approval of SEBI. *Vide* paragraph 3.2 of the Master Circular, an AIF that has not made any investment under the category in which it was registered with SEBI earlier is allowed to make an application to SEBI for change in category. The trust is required to make an application in Form A to SEBI along with application fees of INR 1,00,000 (Indian Rupees One Lakh) stating rationale for the change proposed in AIF category (Registration fees shall not apply for such applications). If the AIF has raised commitments/funds prior to application for change in category, the AIF shall be required to send letters/emails to all its investors providing them the option to withdraw their commitments/ funds raised without any penalties/charges. Any fees collected from investors seeking to withdraw commitments/ funds shall be returned to them. Partial withdrawal may be allowed subject to compliance with the minimum investment amount required under the Regulations. The AIF shall not make any investments other than in liquid funds/ banks deposits until approval for change in category is granted by SEBI. On approval of the request from SEBI, the AIF shall send a copy of the revised placement memorandum and other relevant information to all its investors.

(k) Valuation

A Category I AIF – VCF shall undertake valuation of its investment, at least once in every six months by an independent valuer appointed by the AIF. However, such period of six months can be enhanced to one year with prior approval of at least 75% (seventy-five percent) of the investors by value of their investment in the AIF. SEBI vide its circular SEBI/HO/AFD/PoD/CIR/2023/97 dated June 21, 2023, stipulated certain standardized norms for valuation of investment portfolio of a Category I AIF – VCF, as detailed hereinbelow:

- 1) Valuation of securities for which valuation norms have already been prescribed under SEBI (Mutual Funds) Regulations, 1996, shall be carried out as per the norms prescribed under aforementioned Regulations.
- 2) Valuation of securities which are not covered in para (a) above, shall be carried out as per valuation guidelines endorsed by any AIF industry association, which in terms of membership represents at least 33% of the number of SEBI registered AIFs.
- 3) The investment manager shall also disclose in private placement memorandum, the details of the valuation methodology and approach adopted under the stipulated guidelines for each asset class of the scheme of the AIFs.
- 4) The investment manager shall ensure that the AIF appoints an independent valuer who satisfies the following criteria as specified by the SEBI:
 - i. The independent valuer shall not be an associate of investment manager or sponsor or trustee of the AIF.
 - ii. The independent valuer shall have at least three years of experience in valuation of unlisted securities.
 - iii. The independent valuer is a valuer registered with Insolvency and Bankruptcy Board of India and has membership of Institute of Chartered Accountants of India or Institute of Company Secretaries of India or Institute of Cost Accountants of India or CFA Institute; or

- iv. The independent valuer is a holding company or subsidiary of a Credit Rating Agency registered with SEBI; or
 - v. Any other criteria as may be specified by SEBI from time to time.
- 5) The investment manager and the key management personnel of the investment manager shall ensure that the independent valuer computes and carries out valuation of the investments of the scheme of the AIFs in the manner specified by SEBI from time to time.
 - 6) The investment manager shall be responsible for true and fair valuation of the investments of the scheme of the AIFs. In case the established policies and procedures of valuation do not result in fair and appropriate valuation, the investment manager shall deviate from the established policies and procedures in order to value the assets or securities at a fair value and document the rationale for such deviation. Such deviation and its rationale shall be reported to the trustee of the AIF and investors of the AIFs.
 - 7) At each asset level, in case there is a deviation of more than 20% between two consecutive valuations or a deviation of more than 33% in a financial year, the investment manager shall inform the investors the reasons/factors for the same, both generic and specific, including but not limited to changes in accounting practices/policies, assumptions/projections, valuation methodology and approach, etc. and reasons thereof.
 - 8) Any change in the methodology and approach for valuation of investments of scheme of AIF, shall be construed as material change significantly influencing the decision of the investor to continue to be invested in the scheme of the AIF and the due process prescribed under the Regulations – specifically, Chapter 2 of the Master Circular, shall ensue.
 - 9) In order to ensure timely and appropriate reporting of valuation of investment portfolio to performance benchmarking agencies:
 - i. Investment manager of AIF shall ensure that a specific timeframe for providing audited accounts by the investee company to the AIF is included as one of the terms in subscription agreement / investment agreement with the investee company, so as to enable AIFs to report valuation based on audited data of investee companies as on March 31 to performance benchmarking agencies within the specified timeline of six months.
 - ii. Investment manager of AIF shall ensure that valuation based on audited data of investee company is reported to performance benchmarking agencies only after the audit of books of accounts of the AIF in terms of regulation 20(14) of Regulations, within the stipulated timelines.

(l) Material changes to the placement memorandum

In cases of material changes (i.e. changes in the fundamental attributes of the AIF) significantly influencing the decision of the investor to continue to be invested in the Category I AIF - VCF, an exit process as prescribed under

paragraph 2.5.4 of is required the Master Circular to be complied with. Such changes shall include, but not be limited to the following:

- a. Change in sponsor/investment manager (*not including an internal restructuring within the group*)
- b. Change in control of sponsor/investment manager
- c. Change in fee structure or hurdle rate which may result in higher fees being charged to the unit holders.
- d. Change in the methodology and approach for valuation of investments of scheme.

If at least 75% (seventy-five percent) of the investors by value of their investments in the AIF approve changes mentioned in point (a) and (b) above, the exit process as prescribed under the above stated circular is not required to be complied with.

In case the scheme of Category I AIF – VCF is close-ended, the exit option may be provided as under:

1. Existing unit holders who do not wish to continue post the change shall be provided an exit option. The unit holders shall be provided not less than one month for expressing their dissent.
2. The exit option shall be provided by buying out of units of the dissenting investors by the investment manager/any other person as may be arranged by the investment manager.
3. Prior to buying out of such units, valuation of the units shall be undertaken by 2 (two) independent valuers and the exit shall be at value not less than average of the two (two) valuations.
4. The responsibility to provide exit to the dissenting investors shall be on the manager. The expenses for the entire process shall be borne by the manager/sponsor/proposed new manager or sponsor and shall not be charged to the unit holders.
5. The entire process of exit to dissenting investors shall be completed within 3 months from the date of expiry of last date of the offer for dissent.
6. The trustee of AIF (in case AIF is a trust)/ sponsor (in case of any other AIF) shall be responsible for overseeing the process, ensuring compliance and regularly updating SEBI on the developments.

(m) Overseas investments by an AIF

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

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

SEBI vide Chapter 7 (Guidelines for overseas investments by AIFs and related reporting) of the Master Circular, SEBI Circular SEBI/HO/IMD/DF6/CIR/P/2021/565 dated May 21, 2021 and Circular SEBI/HO/AFD/PoD/CIR/P/2023/137 dated August 04, 2023 and further amendments thereto, has issued the following guidelines on overseas investments by an AIF:

- a. AIFs may invest in equity and equity linked instruments only of off-shore venture capital undertakings, subject to overall limit of USD 1,500 million (combined limit for AIFs and Venture Capital Funds registered under the SEBI (Venture Capital Funds) Regulations, 1996).
- b. AIFs desirous of making investments in offshore venture capital undertakings shall submit their proposal for investment to SEBI for prior approval. It is clarified that no separate permission from RBI is necessary in this regard. AIFs shall file an application for allocation of overseas investment in the prescribed format.
- c. For the purpose of such investment, it is clarified that “Offshore Venture Capital Undertakings” means a foreign company whose shares are not listed on any of the recognized stock exchange in India or abroad.
- d. AIFs shall invest in an overseas investee company, which is incorporated in a country whose securities market regulator is a signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to the bilateral Memorandum of Understanding with SEBI.
- e. AIFs shall not invest in an overseas investee company, which is incorporated in a country identified in the public statement of Financial Action Task Force (FATF) as:
 - (a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
 - (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with FATF to address the deficiencies.
- f. Such investments shall not exceed 25% (twenty-five percent) of the investable funds of the scheme of the AIF.
- g. Every transaction relating to the purchase and sale of foreign security by an AIF shall be routed through the designated AD bank in India. The allocation of investment limits would be done on ‘first come – first serve’ basis, depending on the availability in the overall limit of USD 1,500 million.
- h. In case an AIF that is allocated certain investment limit, wishes to apply for allocation of further investment limit, the fresh application shall be dealt with on the basis of the date of its receipt and no preference shall be granted to it in fresh allocation of investment limit.
- i. The AIF shall have a time limit of 4 (four) months from the date of approval from SEBI for making allocated investments in offshore venture capital undertakings. In case the applicant does not utilize the limits allocated within the stipulated period, SEBI may allocate such unutilized limit to other applicants.
- j. As per paragraph 7.3 of the Master Circular read with SEBI circular no. SEBI/HO/AFD/PoD/CIR/P/2023/137 dated August 04, 2023, an AIF shall report the utilization of the allocated investment limits within 5 (five) working days of such utilization on SEBI intermediary portal. In an event, the AIF has not utilized the allocated investment limits granted by SEBI within 4 (four) months from the date of SEBI approval (“Validity Period”), the same shall be reported within 2 (two) working days after expiry of the Validity Period. In the event, AIF has not utilized a part of allocated investment limit within the Validity Period, the same shall be reported within 2

(two) working days after the expiry of the Validity Period. In case an AIF wishes to surrender the overseas limit at any point of time within the Validity Period, the same shall be reported within 2 (two) working days from the date of decision to surrender the limit.

- k. These investments would be subject to Foreign Exchange Management (Overseas Investment) Regulations, 2022 along with Foreign Exchange Management (Overseas Investment) Rules, 2022 including amendments thereof and related directions issued by RBI from time to time.
- l. Such investment or transfer by AIF, under the Foreign Exchange Management (Overseas Investment) Regulations, 2022, is to be treated as OPI and thus, the AIF shall be obligated to report the same within sixty (60) days from the end of the half-year in which such investment or transfer is made as of September or March end.
- m. AIFs shall not invest in joint venture/wholly owned subsidiary while making overseas investments.
- n. AIFs shall adhere to FEMA Rules and other guidelines specified by RBI from time to time with respect to any structure which involves Foreign Direct Investment (FDI) under Overseas Direct Investment (ODI) route.
- o. AIFs shall comply with all requirements under RBI guidelines on opening of branches/subsidiaries/joint venture/undertaking investment abroad by NBFCs, where more than 50% of the funds of the AIF has been contributed by a single NBFC.
- p. If an AIF liquidates investment made in an overseas investee company previously, the sale proceeds received from such liquidation, to the extent of investment made in the said overseas investee company, shall be available to all AIFs/VCFs (including the selling AIF/VCF) for reinvestment.
- q. AIF shall transfer/sell the investment in overseas investee company only to the entities eligible to make overseas investment, as per the extant guidelines issued under the Foreign Exchange Management Act, 1999.
- r. AIFs shall furnish the sale/divestment details of the overseas investments to SEBI in the prescribed format within 3 (three) working days of the divestment.

(n) Code of Conduct

- a. AIF, key management personnel of the AIF, trustee, trustee company, directors of the trustee company, designated partners or directors of the AIF, as the case may be, managers and key management personnel of managers shall abide by the Code of Conduct as specified in the Fourth Schedule of the Regulations.
- b. The manager and either the trustee or trustee company or the board of directors or the designated partners of the AIF, as the case may be, shall ensure compliance by the AIF with the Code of Conduct as specified in the Fourth Schedule of the Regulations.

- c. All AIFs shall review the policies and procedures laid down in terms of the Regulations, other internal policies, if any, and their implementation, on a regular basis or as a result of business developments, to ensure their continued appropriateness.
- d. The manager shall be responsible for every decision of the AIF, including ensuring that the decisions are in compliance with the provisions of the Regulations, terms of the fund documents and applicable laws.
- e. The manager shall be responsible for ensuring that every decision of the AIF is in compliance with the policies and procedures laid down for the AIF and other internal policies of the AIF, as applicable.
- f. All AIFs shall have detailed policies and procedures, as approved jointly by the Manager and the trustee or trustee company or board of directors or designated partners of the AIF, as the case may be, to ensure that all the decisions of the AIF are in compliance with the provisions of the Regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws.

(o) Stamp duty payable under the Indian Stamp Act, 1899

The Finance Act, 2019, had introduced amendments in the Indian Stamp Act, 1899 (“**the Act**”) to, *inter alia*, bring uniformity in the levy of stamp duty on ‘securities’, whether in physical or dematerialised form. The Part I of Chapter IV of the Finance Act 2019 related to amendments to the Act.

The Ministry of Finance (“**MoF**”) pursuant to notification no. S.O. 4419(E) dated December 10, 2019 had initially appointed January 9, 2020 as the date on which the amendments to the Act shall come into force. *Vide* notification no. S.O. 115(E) dated January 8, 2020, the MoF appointed April 1, 2020 as the day amendments to the Act shall come into force. Further, *vide* notification no. S.O. 1226(E) dated March 30, 2020, the MoF appointed July 1, 2020 as the day amendments to the Act shall come into force.

Vide notification G.S.R. 901(E) dated December 10, 2019, the MoF had notified the Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 (“**the Rules**”) to *inter alia* regulate the centralised mechanism for the collection of stamp duty across India. The Rules were initially to come into force from January 9, 2020. Pursuant to notification no. G.S.R. 19(E) dated the January 8, 2020, the MoF appointed April 1, 2020 as the day the Rules shall come into force. Further, *vide* notification no. G.S.R. 226(E) dated March 30, 2020, the MoF appointed July 1, 2020 as the day the Rules shall come into force.

As per paragraph 18.1 of Master Circular, SEBI, directed all AIFs to comply with the provisions of the Act and the Rules and *inter alia* has directed all AIFs to appoint registrars to an issue and/or share transfer agents (“RTA”) registered with SEBI. The RTA shall be deemed as a ‘depository’ for the limited purposes of acting as a ‘collecting agent’ under the Act and the rules made thereunder, in cases of instruments of transaction otherwise than through a recognised stock exchange or depository.

Further, on July 1, 2020, SEBI has issued “*Frequently Asked Questions (FAQs) on Indian Stamp Act, 1899 Amendments and Rules made thereunder*”. As per answer to question 18 in the FAQs, the RTA shall be responsible to transfer the collected stamp duty to the respective States/Union Territories in India based on the buyer-based principle i.e. on the basis of place of residence/registered office of the Contributor, in accordance with Section 9A(4) of the Act. As per answer to question 19 in the FAQs, in case of sale, transfer and issue of Units in demat mode through a recognised ‘stock exchange’ as defined under Securities Contracts (Regulation) Act, 1956 or ‘depository’ as defined under Depositories Act, 1996, the stock exchange/clearing corporation or depository would be required to collect the applicable stamp duty.

Thus, with effect from July 1, 2020, a stamp duty at the rate of 0.005% of the market value of Units would be levied on issue of Units and a stamp duty at the rate of 0.015% of the consideration amount would be levied on any transfer of Units. No stamp duty is payable in respect of redemption of Units.

In case of issue of Units, the onus to pay stamp duty is upon the Fund (being the issuer of Units).

In the case of transfer of Units, the onus to pay stamp duty is upon the transferor of Units. As per answer to question 20 in the FAQs, when the transferee approaches RTA for effecting the transfer in its books, the RTA will collect the stamp duty from the transferor of Units before effecting the transfer which will then be remitted by the RTA to the state/union territory of domicile of the transferee.

(p) Accredited Investor Framework

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

Category of persons seeking recognition as ‘accredited investor’	Criteria
1) Individuals, HUFs, Family Trusts and Sole Proprietorships	<ul style="list-style-type: none"> Annual Income \geq INR 2 Crores; OR

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

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

Provisions of minimum investment of INR1 Crore is not applicable to Accredited Investors.

Procedure for Accreditation and availing benefits linked to accreditation. SEBI *vide* Chapter 12 of Master Circular notified modalities for implementation of the framework for Accredited Investors (“**SEBI Circular**”). Please find below key provisions with respect to the accreditation process as set out under the SEBI circular.

- SEBI has specified eligibility criteria for Accredited Agency for carrying out the accreditation process.
- For accreditation, the prospective Accredited Investor (“**Applicant**”) is required to make an application to the Accreditation Agency in the manner specified by the Accreditation Agency.
- For the purpose of accreditation, eligibility criteria shall be reckoned based on the documents as specified in Annexure 2 of the Circular dated December 18, 2023.
- In case of accreditation of individual investors, HUFs and Sole Proprietorships, the value of the primary residence of the individual, Karta of HUF and the Sole Proprietor respectively, shall not be considered for calculation of net worth.

- The Accreditation Agency shall grant accreditation solely based on the KYC and the financial information of the applicants.
- In case of investments held jointly by more than one individual, the following conditions shall apply for eligibility as Accredited Investor:
 - Where the joint holders are parent(s) & child(ren), at least one person should independently fulfil the eligibility criteria for AI.
 - Where the joint holders are spouses, their combined income/ net worth should meet the eligibility criteria for AI
- Upon clearing the stage of verification mentioned above, the Accreditation Agency shall issue a certificate of accreditation (“**Accreditation Certificate**”) having a unique accreditation number, name of accreditation agency, PAN of the Applicant and validity of the accreditation certificate.

The Accreditation Certificate shall include a disclaimer that the assessment of the applicant for accreditation is solely based on the applicant’s KYC and financial information and does not in any way exempt market intermediaries and pooled investment vehicles from any due diligence required to be carried out of the accredited investors at the time of on-boarding them as their clients.

(q) Modalities for filing of placement memorandum through a Merchant Banker

As per paragraph 2.2 of the Master Circular, SEBI issued the modalities for Alternative Investment Funds (AIFs) with respect to filing of placement memorandum, including that merchant bankers have to independently exercise due diligence regarding the disclosures and provide a due diligence certificate. The new framework has come into effect from November 11, 2021.

Under paragraph 2.2 of the Master Circular, AIFs will have to launch schemes subject to filing of placement memorandum with the regulator through a registered merchant banker.

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

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

(r) Excusing or excluding an investor from an investment of AIF

SEBI vide its circular SEBI/HO/AFD-1/PoD/P/CIR/2023/053 dated April 10, 2023, has prescribed that a Category I AIF may excuse its investor from participating in a particular investment in the following circumstances.

- 1) Violation of applicable law: If the investor, based on the opinion of a legal professional/legal advisor confirms that its participation in the investment opportunity would be in violation of an applicable law; or
- 2) Contravention of internal policy of the investor- If an investor had disclosed to the investment manager, as part of the contribution agreement or any other agreement signed executed with such an investor, participation of the investor in such investment opportunity would be in contravention to the internal policy of the investor. The investment manager shall ensure that terms of such agreement with the investor include reporting of any change in the disclosed internal policy, to the AIF, within 15 days of such change.
- 3) Determination by the investment manager- An investor may be excused from participating in an investment opportunity, if the investment manager is of the opinion that investor's participation would violate any applicable law or regulation or cause any material adverse effect on AIF.

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

Further, AIF, in accordance with RBI circular bearing reference no. RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023, shall not invest either directly or indirectly in a debtor company of the sponsor or investment manager if the sponsor or the investment manager is also a regulated entity with RBI and has provided contribution in form of continuous commitment and / or additional contribution.

(s) Co-investment

Vide the fifth amendment to the AIF Regulations, opportunity to co-invest alongside the fund has been extended to investors of Category I & II AIFs only.

Regulation 2(1)(fa) of the Regulation defines 'Co-investment' to mean an investment made by a Manager or Sponsor or investor of Category I & II AIF in an investee company where such Category I & II AIF make investment. Provided that co-investment by investors of AIF shall be through a Co-investment Portfolio Manager as specified under SEBI (PMS) Regulations, 2020.

- Co-investment shall be limited to investments into unlisted securities of only such investee companies where a Category I & II AIF has invested.

- Such co-investment can only be facilitated through the “Co-investment Portfolio Manager” (“CPM”) license which is an additional registration that investment managers of Category I & II AIFs wishing to offer co-investment opportunities to AIF investors will have to seek from SEBI under the SEBI (PMS) Regulations, 2020.
- The AIF investment manager cannot offer advisory services to any investor other than the co-investments permitted to be offered by it as a CPM to AIF investors, for investment in securities of investee Companies where the AIF makes an investment.
- Certain additional requirements have been prescribed with respect to the co-investment offering terms:
 - (a) terms of co-investment in an investee company shall not be more favourable than the terms of investment by the AIF;
 - (b) terms of exit from the co-investment (including timing of exit) in an investee company shall be identical to the terms applicable to that of exit by the AIF; and
 - (c) early withdrawal of funds by the co-investors in an investee company shall be allowed only to the extent that the AIF has also made an exit from such investee company.

CPM has been introduced as a new category of Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020 where only investment managers of Category I & II AIFs can register. The following key exemptions, *inter alia*, have been granted to CPMs versus a regular portfolio manager under SEBI (Portfolio Managers) Regulations, 2020:

- (a) Investment team member of the AIF manager meeting the criteria of key investment team under AIF Regulations can act as Principal Officer;
- (b) Net-worth requirement of INR 5 crore for the portfolio manager and minimum amount of investment of INR 50 lakhs by a client shall not be applicable with respect to a CPM;
- (c) Appointment of custodian has been exempted. However, SEBI has clarified that the requirement of appointment of custodian as provided under Regulation 20(11) of AIF Regulations, shall be applicable if the sum of corpus of the AIF and the value of the Co-investment managed by the Manager of the AIF as Co-investment Portfolio Manager is more than five hundred crore rupees.
- (d) No need for additional employees other than Principal Officer/Compliance Officer (Principal officer is also permitted to additionally act as the compliance officer).

(t) Investor Charter and Investor Grievance Redressal Mechanism

With an aim to simplify the private placement memorandum, SEBI has prescribed incorporation of an additional section in the offering document titled “**Investor Charter**” for new schemes. The Investor Charter has been envisaged as a brief document capturing certain details that may be particularly relevant to the investor, e.g., details of grievance redressal mechanism, responsibilities of the investors, etc. The Investor Charter is required to be

written in lucid language in the format prescribed by SEBI to facilitate readability of the private placement memorandum as a whole. Additionally, data on investor complaints received against AIFs and each of their schemes and redressal status thereof shall be disclosed by all AIFs and each of their schemes and the redressal status thereof shall be disclosed by all AIFs as per the format prescribed by SEBI. Both of these measures have been introduced with an aim to provide the highest standards investor awareness and investor protection and bring to about greater transparency.

(u) Compliance Officer

The investment managers of all AIFs are required to designate an employee or director as ‘Compliance Officer’ other than the CEO (or person holding such equivalent role or position). The Compliance Officer shall be responsible to monitor compliance with the provisions of the SEBI Act, Regulations and circulars issued thereunder and report any non-compliance within 7 (seven) working days from the date of observing such non-compliance.

(v) Direct Plan

SEBI *vide* circular SEBI/HO/AFD/PoD/CIR/2023/054 dated April 10, 2023, stipulated that a Category I AIF shall have an option of ‘Direct Plan’ for investors. Such Direct Plan shall not entail any distribution fee/ placement fee. SEBI further clarified that investors who approach a Category I AIF through a SEBI registered intermediary which is separately charging the investor any fee (such as advisory fee or portfolio management fee), are on-boarded via Direct Plan only and shall not be charged any distribution fee/ placement fee.

SEBI *vide* the circular also stipulated the following modalities for payment of distribution fee/ placement fee to the placement agent/s/distributors:

- Category I AIFs shall disclose distribution fee/ placement fee, if any, to the investors of AIF/scheme of AIF at the time of on-boarding.
- Category I AIFs may pay upto one-third of the total distribution fee/ placement fee to the distributors on upfront basis, and the remaining distribution fee/ placement fee shall be paid to the distributors on equal trail basis over the tenure of the scheme.

(w) Appointment of a custodian

In accordance with SEBI circular (SEBI/HO/AFD/PoD/CIR/2024/5) dated January 12, 2024, the Sponsor or Manager of the AIF shall appoint a custodian registered with the SEBI for safekeeping of the securities of the AIF irrespective of the size of corpus of the Category I AIF and Category II AIF, in the manner as may be specified by the SEBI from time to time. The custodian appointed by the sponsor or investment manager of an Alternative Investment Fund shall report or disclose such information regarding investments of the AIF in such manner as may be specified by the SEBI from time to time.

Further, a custodian which is an associate of the investment manager or the sponsor maybe appointed subject to the fulfilment of following conditions:

- a) investment manager or sponsor has a net worth of at least twenty thousand crore rupees at all points of time;
 - b) fifty per cent or more of the directors of the custodian do not represent the interest of the investment manager or sponsor or their associates;
 - c) custodian and investment manager or sponsor are not subsidiaries of each other;
 - d) custodian and investment manager or sponsor of the AIF do not have common directors; and
- (e) custodian and investment manager sign an undertaking that they shall act independently of each other in their dealings of the schemes of the AIF.

(x) Foreign Investment in AIFs

AIFs may raise funds from any Investor whether Indian, foreign or non-resident Indians. A resident of a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI can be a foreign investor of an AIF. Further, an investor, or its beneficial owners as determined in terms of sub-rule (3) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, should not be the person(s) mentioned in the Sanctions List notified from time to time by the United Nations Security Council and are not residents in the country identified in the public statement of the Financial Action Task Force.

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

(y) Holding investments of AIFs in dematerialized form

SEBI *vide* Chapter 21 of the SEBI Master Circular, has specified the following:

- i. Any investment made by an AIF on or after October 01, 2024 shall be held in dematerialised form only, irrespective of whether the investment is made directly in the investee company or is acquired from another entity.
- ii. Investments made by an AIF prior to October 01, 2024 are exempted from the requirement of being held in dematerialised form, except in the following cases:
 - a. Investee company of the AIF has been mandated under applicable law to facilitate dematerialisation of its securities;
 - b. The AIF, on its own, or along with other SEBI registered intermediaries/entities which are mandated to hold their investments in dematerialised form, exercises control over the investee company. For the purpose of the

aforesaid clause, the definition of ‘control’ shall be construed with reference to Regulation 2(1)(f) of AIF Regulations.

c. Investee company of the AIF has been mandated under applicable law to facilitate dematerialisation of its securities.

d. The AIF, on its own, or along with other SEBI registered intermediaries/entities which are mandated to hold their investments in dematerialised form, exercises control over the investee company.

Further, investments made by an AIF prior to October 01, 2024 which are covered under sub-point (a) and (b) under point (i) and (ii) above, shall be held in dematerialised form by the AIF on or before January 31, 2025.

However, the requirement of holding investments in dematerialised form, as mentioned above, shall not be applicable for the following:

a. Scheme of an AIF whose tenure (not including permissible extension of tenure) ends on or before January 31, 2025;

b. Scheme of an AIF which was in extended tenure by January 12, 2024.

Specific due diligence of investors and investments of the AIF –

SEBI *vide* its circular dated October 08, 2024, titled ‘*Specific due diligence of investors and investments of AIFs*’. provided for specific due diligence to be carried out by AIFs, investment managers of AIFs and their Key Management Personnel, with respect to investors and investments of the AIF, to prevent facilitation of circumvention of the following regulatory frameworks, are being specified in this circular:

- i. **Investors availing benefits designated for QIBs through AIFs** - SEBI mandates AIFs to conduct due diligence of investors where the AIF qualifies as a Qualified Institutional Buyer (“**QIB**”) under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**”). If an investor/ investors belonging to the same group, contribute 50% (Fifty Percent) or more to an AIF’s corpus, the necessary due diligence as per the implementation standards formulated by Standard Setting Forum (“**SFA**”) for AIFs, shall be carried out prior to availing benefits available to QIBs.
- ii. **Investors availing benefits designated for Qualified Buyers through AIFs** - RBI has designated AIFs registered with the SEBI as qualified buyers (“**QBs**”) under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”). This classification allows AIFs to subscribe to Security Receipts (“**SRs**”) issued by Asset Reconstruction Companies (“**ARC**”). The above-mentioned circular has introduced a due diligence framework aimed at ensuring that investors not inherently eligible for QB status do not gain access to financial assets involved in securitization through AIFs. If any investor/ investors belonging to the same group contribute 50% (Fifty Percent) or more to the AIF’s corpus, necessary due diligence as per the implementation standards formulated by SFA, shall be carried out prior to making any investments in SRs issued by ARCs or availing benefits designated for QBs under the SARFAESI Act.
- iii. **RBI regulated lenders/entities ever-greening their stressed loans/assets through AIFs:** Further, the circular establishes specific due diligence requirements to ensure compliance with the RBI prudential norms concerning income recognition, asset classification, provisioning, and the management of stressed assets.

Per the circular, for every scheme of an AIF:

- 1) whose manager or sponsor is an entity regulated by RBI; or,
- 2) that has investor(s) regulated by RBI who:
 - (i) individually or along with investors of the same group contribute(s) 25% (Twenty-five Percent) or more to the corpus of the scheme; or,
 - (ii) is an associate of the manager/sponsor of the AIF; or,
 - (iii) by itself, or through its representative(s)/nominee(s), has majority or veto power in voting over decisions of the investment committee set up by the manager to approve investment decisions of the scheme

necessary due diligence as per the implementation standards formulated by SFA, shall be carried out. If an investor of the scheme is an AIF, or a fund set up outside India or in International Financial Services Centres in India, then the criteria check for investor(s) regulated by RBI shall be carried out on a look through basis.

If a proposed investment fails these checks, it cannot be made, or involved regulated entities must be excluded from the investment. Additionally, AIFs must conduct ongoing due diligence on existing investments, reporting any failures to the custodian by April 07, 2025, or confirming compliance if all investments meet the required standards.

- iv. **Investment from countries sharing land border with India through AIFs** - For AIF schemes where 50% (Fifty Percent) or more of the corpus is contributed by investors from bordering countries, or whose beneficial owners are from such countries, due diligence according to the implementation standards from the SFA must be conducted before any investment.

Further, the AIFs must report details of existing investments holding 10% (Ten Percent) or more of equity in an investee company to their custodians by April 07, 2025, using a specified format. For new investments resulting in similar ownership, AIFs must report to their custodians within 30 (Thirty) days of the investment. Custodians are required to compile this information monthly and report it to SEBI within 10 (Ten) working days after each month.

Cybersecurity and Cyber Resilience Framework –

SEBI *vide* circular SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 has formulated Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI regulated entities, including the AIFs, in order to strengthen the cybersecurity measures in Indian securities market, and to ensure adequate cyber resiliency against cybersecurity incidents/ attacks. The CSCRF aims to provide standards and guidelines for strengthening cyber resilience and maintaining robust cybersecurity of SEBI regulated entities.

SEBI Regulations on Initial Public Offerings, Private Placements

This section summarises some of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**”), which will apply in the event that the Fund makes an investment before the initial public offering (“**IPO**”) of a Portfolio Entity or subscribes to the securities of the company by way of a preferential allotment or a Qualified Institutions Placement (“**QIP**”), subject to Applicable Laws. The Trust being an

AIF, will be a qualified institutional buyer (**QIB**) for the purposes of ICDR Regulations. The ICDR Regulations replaced the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009, and were notified by SEBI on September 11, 2018. The ICDR Regulations are, *inter alia*, applicable to public issues by listed and unlisted companies, all offers for sale and rights issues by listed companies, preferential issues, QIPs.

SEBI Regulations on Initial Public Offer

I. Eligibility norms, compliances and key regulatory requirements

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

- Pre-issue net tangible assets of at least INR 3,00,00,000 (Indian Rupees Three Crore), calculated on a restated and consolidated basis, in each of the preceding 3 (three) full years (of 12 (twelve) months each) of which not more than 50% (fifty percent) is held in monetary assets. Provided that if more than 50% (fifty percent) of the net tangible assets are held in monetary assets, the issuer has utilized or made firm commitments to utilize such excess monetary assets in its business or project; provided further that the limit of 50% (fifty percent) on monetary assets shall not be applicable in case the IPO is made entirely through an offer for sale.
- The issuer company has an average operating profit at least INR 15,00,00,000 (Indian Rupees Fifteen Crore), calculated on a restated and consolidated basis, during the 3 (three) preceding years (of 12 (twelve) months each), with operating profit in each of these preceding three years.
- The issuer company has a net worth of at least INR 1,00,00,000 (Indian Rupees One Crore) in each of the preceding 3 (three) full years (of 12 (twelve) months each), calculated on a restated and consolidated basis.
- If the company has changed its name within the last 1 (one) year, at least 50% (fifty percent) of the revenue, calculated on a restated and consolidated basis, for the preceding 1 (one) full year has been earned by it from the activity indicated by the new name.

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

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

- (i) the issuer shall be intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition.
- (ii) the net worth of the SR shareholder, as determined by a registered valuer, shall not be more than INR 1000 crores.

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

- (iii) The SR shares were issued only to the promoters/founders who hold an executive position in the issuer company;
- (iv) The issue of SR equity shares had been authorized by a special resolution passed at a general meeting of the shareholders of the issuer, where the notice calling for such general meeting specifically provided for –
 - (a) the size of issue of SR equity shares,
 - (b) ratio of voting rights of SR equity shares *vis-à-vis* the ordinary shares,
 - (c) rights as to differential dividends, if any
 - (d) sunset provisions, which provide for a time frame for the validity of such SR equity shares,
 - (e) matters in respect of which the SR equity shares would have the same voting right as that of the ordinary shares.
- (v) The SR equity shares have been issued prior to the filing of draft red herring prospectus and held for a period of at least 3 months prior to the filing of the red herring prospectus;
- (vi) The SR equity shares shall have voting rights in the ratio of a minimum of 2:1 upto a maximum of 10:1 compared to ordinary shares and such ratio shall be in whole numbers only;

- (vii) The SR equity shares shall have the same face value as the ordinary shares;
- (viii) The issuer shall only have one class of SR equity shares;
- (ix) The SR equity shares shall be equivalent to ordinary equity shares in all respects, except for having superior voting rights.

II. Entities not eligible to make an initial public offer

An issuer shall not be eligible to make an initial public offer if: (a) the issuer, any of its promoters, promoter group or directors or selling shareholders are debarred from accessing the capital market by SEBI; (b) any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by SEBI; (c) the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower; or (d) any of its promoters or directors is a fugitive economic offender.

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

Provided that the above shall not apply to:

- a) outstanding options granted to employees, whether currently an employee or not, pursuant to an employee stock option scheme framed in accordance with the Companies Act, 2013, relevant guidance note or accounting standards, if any, issued by the Institute of Chartered Accountants of India or pursuant to the Companies Act, 2013, in this regard;
- b) fully paid-up outstanding convertible securities which are required to be converted on or before the date of filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case may be.

III. Allotment procedure and basis of allotment

1. An issuer company shall not make an allotment pursuant to a public issue in terms of the ICDR Regulations if the number of prospective allottees is less than 1000 (one thousand).

2. An issuer shall not make any allotment in excess of the specified securities offered through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the designated stock exchange. Provided that in case of oversubscription, an allotment of not more than one per cent, of the net offer to public may be made for the purpose of making allotment in minimum lots.
3. The allotment of specified securities to applicants other than to the retail individual investors, non-institutional investors and anchor investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed in the offer document.

Provided that the value of specified securities allotted to any person, except in case of employees, in pursuance of reservation made under clause (a) of sub-regulation (1) or clause (a) of subregulation (2) of regulation 33 of the ICDR Regulations, shall not exceed INR 2,00,000 (Indian Rupees Two Lakhs) for retail investors or up to INR 5,00,000 (Indian Rupees Five Lakhs) for eligible employees.

4. The allotment of specified securities to each retail individual investor shall not be less than the minimum bid lot, subject to the availability of shares in retail individual investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.
5. The allotment of specified securities to each non-institutional investor shall not be less than the minimum application size, subject to the availability of shares in non-institutional investors' category, and the remaining shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the ICDR Regulations.
6. The authorised employees of the designated stock exchange, along with the lead manager(s) and registrars to the issue, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure as specified in Part A of Schedule XIV of ICDR Regulations.

IV. *Pricing*

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

- a) The fixed price route of pricing is that under which the issuer company in consultation with the lead manager, arrives at a price and the securities are offered to the public at this fixed price;
- b) The book building route of pricing is where the issuer company appoints a merchant banker who acts as a “Lead Manager” for a book building period, and accepts bids from qualified bidders in a price band determined by the issuer company in consultation with the Lead Manager. This mechanism enables the issue to discover the price that the market is willing to pay for the shares of the issuer company. At the end of the book-building period, the issue of shares is made at the best bid price obtained by the issuer company in consultation with the Lead Manager.

V. *Promoters Contribution and Lock-in Restrictions:*

SEBI has stipulated that promoters must retain a certain minimum certified holding of the equity capital issued by the company. For the purposes of these disclosures, the term “promoter” includes the person who (a) has been named as such in the draft offer document or offer document and/or is identified by the issuer in the annual return referred to in section 92 of the Companies Act; or (b) has overall control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or (c) in accordance with whose advice, directions and instructions the board of directors of the issuer is accustomed to act.

VI. *Minimum promoter contribution*

SEBI has stipulated that promoters must retain a certain minimum certified holding of the equity capital issued by the company. For the purposes of these disclosures, the term “promoter” includes the person who (a) has been named as such in the draft offer document or offer document and/or is identified by the issuer in the annual return referred to in section 92 of the Companies Act; or (b) has overall control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or (c) in accordance with whose advice, directions and instructions the board of directors of the issuer is accustomed to act.

- (i) Regulation 14 of the ICDR Regulations prescribe that a minimum of 20% (twenty percent) of the post issue capital of the issuer company is required to be held by the promoters. In case the post issue shareholding of the promoters is less than 20% (twenty percent), then AIFs or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India may contribute for the purpose of meeting the shortfall in minimum contribution as specified for promoters, subject to a maximum of 10% (ten percent) of the post issue capital without being identified as promoters. Provided further that the requirement of minimum promoters’ contribution shall not apply in case an issuer does not have any identifiable promoter.

- (ii) Such promoters' contribution (including contribution made by AIFs or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India in the manner prescribed hereinabove) cannot be disposed of until the expiry of 3 (three) years from the date of allotment in the public issue (in case majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure) or until the expiry of 18 (eighteen) months from the date of allotment in the public issue (in other cases). In the event the promoters hold specified securities in excess of the minimum promoter's contribution, this excess shall be locked in for a period of 1 (one) year (in case majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure) or for a period of 6 (six) months (in other cases).
- (iii) The SR equity shares (equity shares of an issuer having superior voting rights compared to all other equity shares issued by that issuer) shall be under lock-in until conversion into equity shares having voting rights same as that of ordinary shares or shall be locked-in for a period as specified in clause (ii) above, whichever is later.
- (iv) However, inter se transfer of promoters' holding is possible, except SR shares, subject to: (a) such transfer being made to another promoter or any person of the promoter group or a new promoter; and (b) the lock-in provisions prescribed under the ICDR Regulations being made applicable to the transferees for the remaining period of the lock-in. The term "promoter" has been broadly defined to mean person(s) who are named as such in a draft offer document or offer document or in the annual return of the issuer company or in control of the issuer company or the person/s who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public or the person/s named in the offer document as promoters.
- (v) The ICDR Regulations prescribe lock-in restrictions on the pre-issue share capital of the issuer company held by persons other than promoters as provided below:
 - a) The entire pre-issue share capital of any persons other than the promoter shall be locked-in for a period of 6 (six) months from the date of allotment in the proposed public issue.
 - b) This lock-in period of 6 (six) months is not applicable to:
 - i. the equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures as prescribed in Part A of Schedule VI of the ICDR Regulations;

- ii. equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not;

Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021.

- iii. equity shares held by a venture capital fund or AIFs of Category I or of Category II or a foreign venture capital investor;

Provided that such equity shares shall be locked in for a period of at least 6 (six) months from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

For the purpose of clause (v) (b) (iii) above, in case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of aforementioned 6 (six) months period and convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid and no further consideration is payable at the time of their conversion. In case such equity shares have resulted pursuant to a bonus issue, then the holding period of such equity shares against which the bonus issue is made as well as holding period of resultant bonus equity shares together shall be considered for the purpose of calculation of 6 months period, subject to the following: (a) that the bonus shares being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with SEBI; and (b) that the bonus shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.

- iv. Only such fully paid-up equity shares may be offered for sale to the public, which have been held by the sellers for a period of at least one year prior to the filing of the draft offer document. Such requirement of holding equity shares for a period of 1 (one) year does not apply: (a) to an offer for sale of a government company or statutory authority or corporation or any special purpose vehicle set up and controlled by any one or more of them, which is engaged in infrastructure sector; (b) if the equity shares offered for sale have been acquired pursuant to a scheme approved by a High Court under or approved by a tribunal or the Central Government under sections 230 to 234 of the Companies Act, 2013, as applicable, in lieu of business and invested capital that had been in existence for a period of more than one year prior to such approval; (c) if the equity shares offered for sale were issued under a bonus issue on securities held for a period of at least one year prior to the filing of the draft offer document with SEBI and further subject to the following: (i) such specified securities being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with

SEBI; and (ii) such equity shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.

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

A issuer making IPO shall ensure that:

- (i). it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of Schedule XIX of the ICDR Regulations;
- (ii). it has entered into an agreement with a depository for dematerialisation of the specified securities already issued and proposed to be issued;
- (iii). all its specified securities held by the Promoters are in dematerialised form prior to filing of the offer document;
- (iv). all its specified securities held by the promoters are in dematerialised form prior to filing of the offer document;
- (v). all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited; and
- (vi). it has made firm arrangements of finance through verifiable means towards 75% (seventy-five percent) of the stated means of finance for a specific project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public issue or through existing identifiable internal accruals.

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

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

Preferential Issue – Requirements

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

- a) all equity shares allotted by way of preferential issue shall be made fully paid up at the time of the allotment;
- b) a special resolution has been passed by its shareholders;

- c) all equity shares held by the proposed allottees in the issuer are in dematerialised form prior to an application for in-principle approval is made;
- d) the issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the stock exchange where the equity shares of the issuer are listed and the SEBI (Listing Obligations and Disclosure Requirements), 2015, as amended, and any circular or notification issued by SEBI thereunder;
- e) the issuer has obtained the permanent account numbers of the proposed allottees, except those allottees which may be exempt from specifying their permanent account number for transacting in the securities market by SEBI prior to an application for in-principle approval is made to the stock exchange where the equity shares are listed;
- f) the issuer has made an application seeking in-principle approval to the stock exchange(s), where its equity shares are listed, on the same day when the notice has been sent in respect of the general meeting seeking shareholders' approval by way of special resolution.

All issues of capital by listed companies in the form of shares or convertible securities by means of preferential allotment are subject to the pricing guidelines provided under the ICDR Regulations.

a. Pricing of frequently traded shares

- 1) In case of frequently traded shares, the price of the equity shares to be allotted pursuant to the preferential issue shall be determined by clause (2) or clause (3), as opted for.
- 2) The price of the equity shares to be allotted pursuant to the preferential issue shall not be less than the higher of the following: (a) the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the 12 (twelve) weeks preceding the relevant date; or (b) the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the 2 (two) weeks preceding the relevant date.
- 3) If the equity shares of a company have been listed on a recognized stock exchange for a period of 90 trading days or more as on the relevant date, the issue of shares on preferential basis, shall be made at a price not less than higher of the following:
 - i. The 90 trading days' volume weighted average prices of the related equity shares quoted on the recognized stock exchange preceding the relevant date;

OR

- ii. The 10 trading days' volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under the ICDR Regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

- 4) If the equity shares of a company have been listed on a recognized stock exchange for a period of less than 90 trading days as on the relevant date, the issue of equity shares can be made at a price not less than the higher of the following:
 - i. The price at which equity shares were issued by the company in its IPO or the value per share arrived at in a scheme of arrangement under sections 230 to 234 of the Companies Act, 2013, pursuant to which the equity shares of the company were listed, as the case may be;

OR

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

OR

- iii. The average of the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under ICDR Regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

- 5) A preferential issue of specified securities on to qualified institutional buyers not exceeding 5 (five) in number shall be made at a price not less than the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

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

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

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

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

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

b. Pricing of Infrequently traded shares

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

- 1) If warrants are issued on a preferential basis with an option to apply for and be allotted shares, the issuer company shall determine the price of the resultant shares as aforementioned, and an amount equivalent to at least 25% (twenty five percent) of the price so fixed shall become payable for the warrants on the date of their allotment, which shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose. However, if the option to acquire shares is not exercised then the amount paid on allotment gets forfeited.
- 2) If Partly Convertible Debentures (“PCDs”), Fully Convertible Debentures (“FCDs”) or other convertible instruments, are issued on a preferential basis, providing for the issuer to allot shares at a future date, the issuer shall determine the price at which the shares could be allotted in the same manner as specified for pricing of shares allotted in lieu of warrants as indicated in paragraph (1) above.
- 3) The tenure of the instruments such as warrants, PCDs, FCDs or any other financial instrument with a provision for the allotment of equity shares at a future date, either through conversion or otherwise, shall not exceed beyond 18 (eighteen) months from the date of issue of the relevant instrument.

- 4) The instruments allotted on a preferential basis to the promoter or the promoter group and the shares allotted pursuant to exercise of options attached to such warrants, shall be subject to lock-in of 18 (eighteen) months from the date of trading approval granted for the specified securities or equity shares allotted pursuant to exercise of the option attached to warrant, as the case may be. Provided that not more than 20 per cent. of the total capital of the issuer shall be locked-in for 18 months from the date of trading approval and provided further that equity shares allotted in excess of the 20 per cent. shall be locked-in for 6 months from the date of trading approval pursuant to exercise of options or otherwise, as the case may be. The instruments allotted on preferential basis to persons other than promoter and promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis to such persons shall be locked in for a period of 6 (six) months from the date of trading approval.
- 5) The allotment should be completed within a period of 15 (fifteen) days from the date of passing of the shareholders resolution granting consent for preferential issues of any financial instrument. However, where any application for exemption from the applicability of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen days will be counted from the date of order on such application or the date of approval or permission, as the case may be.

Offer for Sale: Subject to the terms contained under the ICDR Regulations, the Fund may act as the selling shareholder and may sell the specified securities held by it to the public by way of an offer for sale (as a part of an initial public offer/further public offer by the issuer company). A company whose equity shares are offered through an “offer for sale” must comply with the conditions described in the ICDR Regulations. Additionally, only those equity shares which are held by the offeror for a period of at least 1 year at the time of filing the draft offer document with the SEBI can be offered to the public through an “offer for sale.”

Qualified Institutions Placement (QIP) – Requirements

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

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

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

Provided that no shareholders' resolution will be required in case the qualified institutions placement is through an offer for sale by promoters or promoter group for compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

2. The equity shares of the same class, which are proposed to be allotted through QIP or pursuant to conversion or exchange of eligible securities offered through QIP, have been listed on a stock exchange for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution;
3. The Company has to comply with the Securities Contract (Regulation) Rules, 1957, if applicable;
4. An issuer shall be eligible to make a qualified institutions placement if any of its promoters or directors is not a fugitive economic offender.
5. All eligible securities issued through a qualified institutional placement shall be listed on the recognised stock exchange where the equity shares of the issuer are listed. Provided that the issuer shall seek approval under rule 19(7) of the Securities Contract (Regulations) Rules, 1957, if applicable.
6. The issuer shall not make any subsequent qualified institutions placement until the expiry of 2 (two) weeks from the date of the prior qualified institutions placement made pursuant to one or more special resolutions.
7. "Relevant Date" means –
 - (i) in case of allotment of equity shares, the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the proposed issue;
 - (ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.
8. Pricing:

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

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

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

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

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

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

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

- (i) two, where the issue size is less than or equal to INR 250 crores;
- (ii) five, where is the issue size is greater than INR 250 crores.

Provided that no single allottee shall be allotted more than fifty percent of the issue size.

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

13. Lock-in of eligible securities for 1 (one) year, except sold on the stock exchange.

VIII. Exit Opportunity to Dissenting Shareholders:

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

Further, investments in listed securities would be subject to SEBI regulations pertaining to (a) SEBI (Prohibition of Insider Trading) Regulations, 2015; and (b) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

IX. Promoter being a wilful defaulter or fraudulent borrower or a fugitive economic offender:

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

Takeover Regulations

On September 23, 2011, SEBI announced its new takeover code, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Code**”) which came into effect on October 22, 2011, and replaced the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Once the Portfolio Entities in which the Fund has invested are listed or if the Fund invests in securities of a listed company, the Takeover Code may apply to the Trust. However, it is to be noted that the Takeover Code does not apply to acquisition of shares or voting rights or control over a company listed on the Innovators Growth Platform of a recognised stock exchange in the absence of a public issue.

Under the provisions of the Takeover Code, any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company or acquires or agrees to acquire control over a company,

either by himself, or through, or with any person acting in concert) who acquires shares or voting rights aggregating to 5% (five percent) or more of the shares of a listed public Indian company is required to notify to the company at its registered office and each of the stock exchanges on which the shares of such company are listed about its aggregate shareholdings and voting rights within 2 (two) days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights.

Furthermore, any person, who together with the persons acting in concert with him, holds shares or voting rights entitling them to 5% (five percent) or more of the shares or voting rights in a target company is required to inform the company at its registered office and the stock exchange about any change in its holdings representing more than 2% (two percent) of the shares or voting rights of the company within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition or disposal of shares or voting rights. Acquisition beyond five per cent but up to ten per cent of the voting rights in the target company shall be permitted for the financial year 2020-21 only in respect of acquisition by a promoter pursuant to preferential issue of equity shares by the target company. It is to be noted that, in case of listed entity which has listed its specified securities on Innovators Growth Platform, any reference to “five per cent” is to be read as “ten per cent” and any reference to “two per cent” is to be read as “five per cent.”

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

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

relating to timing, pricing and other compliance requirements for the open offer relating to direct acquisition shall apply accordingly.

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

The acquirer shall be responsible to pursue all statutory approvals required by the acquirer in order to complete the open offer without any default, neglect or delay. In case the acquirer is unable to make payment to the shareholders who have accepted the open offer within such period, the acquirer shall pay interest for the period of delay to all such shareholders whose shares have been accepted in the open offer, at the rate of 10 (ten) per cent per annum.

Exemptions from making Open Offer

SEBI has the power to grant exemption or relaxation from the requirements of the open offer under the Takeover Code in the interest of investors and the securities market. Such relaxations or exemptions can be sought by the acquirer by making an application to SEBI. Some instances of acquisition of shares exempted by the Takeover Code which may apply to the Trust are as follows:

- Allotment pursuant to rights issue, (i) to the extent of his entitlement; and (ii) up to the percentage specified in Regulation 11;
- Acquisition pursuant to inter-se transfer of shares amongst qualifying persons;
- Acquisition pursuant to inter-se transfer of shares amongst qualifying persons, being (i) immediate relatives; (ii) persons named as promoters in the shareholding pattern filed by the target company; (iii) a company, its subsidiaries, its holding company, other subsidiaries of such holding company, personal holding not less than fifty percent of the equity shares of such company or other company in which such person holds not less than fifty per cent; (iv) persons acting in concert for not less than three years prior to the proposed acquisition and (v) shareholders of a target company who have been persons acting in concert for a period of not less than three years prior to the proposed acquisition;
- Acquisition of shares in the ordinary course of business by (i) an underwriter registered with SEBI by way of allotment pursuant to an underwriting agreement in terms of SEBI (Issuer of Capital and Disclosure Requirements) Regulations, 2009; (ii) a registered stock-broker of a stock exchange on behalf of clients; (iii) a merchant banker registered with SEBI or a nominated investor in the process of market making or

subscription to the unsubscribed portion of issuer in terms of Chapter XB of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009; (iv) a registered market maker of a stock exchange in respect of shares for which he is the market maker, during the course of market making; (v) by a Scheduled Commercial Bank, acting as an escrow agent; (vi) by banks and public financial institutions as pledgees, etc.

- Acquisitions at subsequent stages pursuant to an agreement of disinvestment;
- acquisition pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- acquisition pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- Acquisition pursuant to a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016;
- acquisition of voting rights or preference shares carrying voting rights arising out of the operation of sub-section (2) of section 47 of the Companies Act, 2013 (18 of 2013).
- acquisition of shares by the lenders pursuant to conversion of their debt as part of a debt restructuring.
- acquisition of shares pursuant to a scheme – (i) framed under Section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985; (ii) of arrangement or reconstruction including amalgamation or merger or demerger under any law or regulation, Indian or foreign acquisition of shares in companies whose shares are not listed on any stock exchange;
- according to the Takeover Code, an increase in the voting rights of any shareholder beyond the threshold limits without the acquisition of control, shall be exempted from the obligation to make an open offer if the SR equity shares have been converted into ordinary equity shares.
- any acquisition of shares or voting rights or control of the target company by way of preferential issue shall be exempt from the obligation to make an open offer.

The above exemption from open offer shall also apply to the target company with infrequently traded shares. An increase in voting rights in a target company of any shareholder beyond the limit attracting an obligation to make an open offer pursuant to buy-back of shares by the target company shall be exempt from the obligation to make an open offer provided such shareholder reduces his shareholding such that his voting rights fall to below the threshold within 90 (ninety) days from the date of the closure of the said buy-back offer.

SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

SEBI (Prohibition of Insider Trading) Regulations, 2015, (“**Insider Trading Regulations**”) have been notified by SEBI and came into force with effect from May 15, 2015. The Insider Trading Regulations replaced the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Insider Trading Regulations prohibit an “insider” and a “connected person” from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of “unpublished price sensitive information” which is distinguished from “generally available information”. When a person who has traded in securities has been in possession of “unpublished price sensitive information”, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The terms “insider”, “connected person”, “unpublished price-sensitive information” and “generally available information” are defined in the Insider Trading Regulations.

The insider is prohibited from communicating, counselling, causing or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price-sensitive information is prohibited from dealing in securities except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations and in furtherance in the interest of the company. Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of the Insider Trading Regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with the Insider Trading Regulations.

In the case of “connected persons” the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on SEBI. However proof of innocence can be established by an insider if (a) the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information; (b) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information; (c) the transaction was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction; (d) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations; (e) in the case of non-individual insiders; (i) the individuals in possession of unpublished price sensitive information were different from individuals taking trading decisions and such decision making individuals were not in possession of unpublished price sensitive information when they took the decision to trade; and (ii) appropriate and adequate arrangements were in place to ensure that the provisions are not violated and no unpublished price sensitive

information was communicated by individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached; and (f) the trades were pursuant to a trading plan set up in accordance with the Insider Trading Regulations. The Insider Trading Regulations also provides for disclosures to be made by certain person and such disclosures shall include those relating to trading by such person's immediate relatives and by any other person for whom such person takes trading decisions.

The Insider Trading Regulations make it compulsory for listed companies and the board of directors or head(s) of the organisation of every intermediary to ensure that the chief executive officer or managing director establishes an internal code of conduct to prevent insider-trading deals and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimize misuse of such information. The Insider Trading Regulations provides a model code of conduct. Further, the Insider Trading Regulations specify a code of fair disclosure practices to prevent insider trading, which must be implemented by all listed companies and intermediaries. The Insider Trading Regulations requires appointment of a compliance officer to administer the code of conduct and other requirements under the Insider Trading Regulations.

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

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

The terms “promoter” and “promoter group” shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

Any company whose securities are listed on a stock exchange may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the company in order to monitor compliance with the Insider Trading Regulations. The chief executive officer, managing director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the Insider Trading Regulations to prevent insider trading.

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

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

ANTI-MONEY LAUNDERING LEGISLATION

Prevention of Money Laundering Act, 2002 ("**PML Act**") came into effect from July 1, 2005. Further, SEBI *vide* its master circular no. SEBI/ HO/ MIRSD/ MIRSD-SEC-5/ CIR/ 2023/022 dated February 3, 2023 read with SEBI Circular bearing no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 dated June 16, 2023 has mandated that all intermediaries should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures, policy for acceptance of clients and also to adopt a Know Your Customer ("**KYC**") policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI has further issued master circular no. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/16 dated October 12, 2023 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring, *inter alia*, maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). The PML Act, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'. The Fund as an AIF would have to ensure that the overall client due diligence process is followed and that the amount invested by the Contributors is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the ITA, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

Further, SEBI had extended the 'Uniform Know Your Client (KYC) Requirements for the Securities Markets' *vide* SEBI Circular MIRSD/SE/Cir-21/2011 dated October 5, 2011 to Venture Capital Funds (VCFs) and thereby to AIFs and advised them to meet certain basic uniform requirements that have been prescribed by SEBI for Customer Due Diligence (CDD) or KYC. The Finance (No. 2) Act, 2019 has further amended the Prevention of Money-Laundering Act, 2002 to introduce the process to carry out digital KYC by the reporting entity. Moreover, SEBI *vide* its circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated April 24, 2020, has enabled online KYC processes with a view to

achieve ease of doing business in the securities market, which may be completed through online / application-based KYC, in-person verification through video, online submission of officially valid document / other documents.

The Fund shall require the investors / contributors to produce reliable, independent source documents or produce such information as may be required from time to time for verification of the details. The Fund shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the PML Laws.

WEAPONS OF MASS DESTRUCTION AND THEIR DELIVERY SYSTEMS (PROHIBITION OF UNLAWFUL ACTIVITIES) ACT, 2005

Ministry of Finance has issued an order dated January 30, 2023, detailing the procedure for implementation of Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (“WMD Act”). The WMD Act seeks to prohibit unlawful manufacture, transport, or transfer of WMD (chemical, biological and nuclear weapons) and their means of delivery. Under the amendments of 2022, the scope of the WMD Act has been enhanced to include the financing of such banned activity.

Pursuant to the order dated January 30, 2023, SEBI has issued a circular dated April 26, 2023, providing directions to SEBI registered Intermediaries, restricting onboarding and freezing assets of any investor which is :

- a) owned or controlled, wholly or jointly, directly or indirectly, by such person; or
- b) held by or on behalf of, or at the direction of, such person; or
- c) derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person.

COMPANIES ACT, 2013

The Companies Act 2013 (“**Companies Act**”) came into effect on September 12, 2013 and replaced the Companies Act, 1956. Companies Act shall govern the portfolio companies in which the AIF shall invest. Under the Companies Act, a member (as defined under section 2(55) of the Companies Act) may be issued shares or debentures as per the agreement executed between them. The company shall issue shares to its members as per the provisions of section 42 and 62 of the Companies Act and rules prescribed thereunder. Equity shares issued by the company shall have voting rights or differential rights which may include dividend, voting or such other rights as may be provided under The Companies (Share Capital and Debentures) Rules, 2014. A company may issue debentures (under section 71 of the Companies Act and rules provided thereunder) with an option to convert such debentures into shares, either wholly or partly at the time of redemption. The debentures may be secured or non-secured. In the event of issue of secured debentures, the company shall comply with the provisions of rule 18 of The Companies (Share Capital and Debentures) Rules, 2014.

FOREIGN INVESTMENT LAWS

Foreign Investment in AIFs

The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (“**FEMA Rules**”) provides as follows:

Rule 2 (ae) of the FEMA Rules defines a ‘investment vehicle’ to mean an entity registered and regulated under relevant regulations framed by SEBI or any other authority designated for that purpose and shall include Real Estate Investment Trusts governed by the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, Infrastructure Investment Trusts governed by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and AIFs governed by the Regulations.

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

“Explanation - For the purposes of this Rule 2(aq), unit shall include unit that has been partly paid up, which is permitted under the regulations framed by the SEBI, in consultation with Government of India.

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

- a) A person resident outside India who has acquired or purchased units in accordance with Schedule VIII of the FEMA Rules may sell or transfer in any manner or redeem the units as per regulations framed by SEBI or directions issued by RBI.
- b) An investment vehicle may issue its units to a person resident outside India against swap of capital instruments of a special purpose vehicle proposed to be acquired by such Investment Vehicle.
- c) Investment made by an investment vehicle into an Indian entity shall be reckoned as indirect foreign investment for the investee Indian entity if the sponsor or the manager or the investment manager (i) is not owned and not controlled by resident Indian citizens or (ii) is owned or controlled by persons resident outside India.

Provided that for sponsors or managers or investment managers organized in a form other than companies or LLPs, SEBI shall determine whether the sponsor or manager or investment manager is foreign owned and controlled.

Explanation: ‘Control’ of the AIF should be in the hands of ‘sponsors’ and ‘managers/ investment managers’, with the general exclusion to others. In case the ‘sponsors’ and ‘managers/ investment managers’ of the AIF are

individuals, for the treatment of downstream investment by such AIF as domestic, 'sponsors' and 'managers/ investment managers' should be resident Indian citizens.

- d) An Alternative Investment Fund Category III which has received any foreign investment shall make portfolio investment in only those securities or instruments in which a FPI is allowed to invest under FEMA, and rules or regulations made thereunder.
- e) The amount of consideration shall be paid as inward remittance from abroad through banking channels or by way of swap of shares of a special purpose vehicle or out of funds held in NRE or FCNR (B) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. The sale/maturity proceeds (net of taxes) of the units may be remitted outside India or may be credited to the NRE or FCNR (B) account of the person concerned.

In terms of Schedule IV to the FEMA Rules, a Non-resident Indian (NRI) including a company, a trust and a partnership firm incorporated outside India and owned and controlled by NRIs may purchase/ contribute on non-repatriation basis, the units issued by an investment vehicle without any limit, either on the stock exchange or outside it. Any such investment shall be deemed to be domestic investment at par with the investment made by residents.

SEBI *vide* Chapter 4 of the SEBI Master Circular, has prescribed guidelines for foreign investment in alternative investment funds. As per the SEBI Master Circular, at the time of onboarding investors, the Investment Manager must ensure the following:

- a. Foreign investor of the Fund is a resident of the country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI.
- b. The investor, or its beneficial owners as determined in terms of sub-rule (3) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, are not the persons mentioned in the Sanctions List notified from time to time by the United Nations Security Council and is not a resident in the country identified in the public statement of Financial Action Task Force as –
 - (i). a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
 - (ii). a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

Foreign investment laws in general

If the Fund is foreign owned or controlled, then the following provisions shall be applicable:

An Indian entity which has received indirect foreign investment shall comply with the entry route, sectoral caps, pricing guidelines and other attendant conditions as applicable for foreign investment.

Downstream investment that is treated as indirect foreign investment for the investee entity shall be subject to the following conditions, namely:-

- a. downstream investment shall have the approval of the board of directors as also a shareholders' agreement, if any;
- b. for the purpose of downstream investment, the Indian entity making the downstream investment shall bring in requisite funds from abroad and not use funds borrowed in the domestic markets and the downstream investments may be made through internal accruals and for this purpose, internal accruals shall mean profits transferred to reserve account after payment of taxes. Further raising of debt and its utilisation shall be in compliance with FEMA and rules or regulations made thereunder.

Equity instrument of an Indian company held by another Indian company which has received foreign investment and is not owned and not controlled by resident Indian citizens or is owned or controlled by persons resident outside India may be transferred to,

- a. a person resident outside India, subject to the reporting requirements as specified by the RBI.
- b. a person resident in India subject to adherence to pricing guidelines;
- c. an Indian company which has received foreign investment and is not owned and not controlled by resident Indian citizens or owned or controlled by persons resident outside India.

The first level Indian company making downstream investment shall be responsible for ensuring compliance with the provisions of these rules for the downstream investment made by it at second level and so on and so forth and such first level company shall obtain a certificate to this effect from its statutory auditor on an annual basis and such compliance of these rules shall be mentioned in the director's report in the annual report of the Indian company. In case statutory auditor has given a qualified report, the same shall be immediately brought to the notice of the regional office of the RBI in whose jurisdiction the registered office of the company is located and shall also obtain acknowledgement from the registered office.

OTHER REGULATORY CONSIDERATIONS

The Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (“**Insolvency Code**”) seeks to provide for insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders.

Part II of the Insolvency Code applies to matters relating to insolvency and liquidation of corporate debtors where the minimum default is INR 1,00,00,000 (Indian Rupees One Crore). The Insolvency Code defines a corporate debtor as a corporate person who owes a debt to any person.

The Insolvency Code proposes 2 (two) processes for insolvency resolution (a) the insolvency resolution process, and (b) liquidation process. A financial creditor, an operational creditor or the corporate debtor itself, may apply for initiating corporate insolvency resolution process before the adjudicating authority in respect of the corporate debtor. The adjudicating authority shall within a period of 14 (fourteen) days of receipt of the application, either admit or reject the application for corporate insolvency process. Upon admission of the corporate insolvency process, the adjudicating authority shall appoint an interim resolution professional for the management of the affairs of the corporate debtor as specified in the Insolvency Code. The interim resolution professional shall constitute a committee of creditors, amongst other things. The interim resolution professional shall convene a meeting of the committee of creditors after collating all claims received against the corporate debtor. The committee of creditors shall appoint the resolution professional in the first meeting.

The resolution professional shall conduct the corporate insolvency resolution process in accordance with the procedure specified in the Insolvency Code. In the event, the adjudicating authority does not receive a resolution plan before the expiry of the insolvency resolution process period or rejects the resolution plan for non-compliance with the requirements set out in the Insolvency Code, the adjudicating authority shall pass an order for the liquidation of the corporate debtor. The adjudicating authority for corporate insolvency resolution process would be the NCLT.

The Insolvency Code also provides for a fast-track corporate insolvency resolution process for corporate debtors with assets and income below a level as may be notified by the Central Government or with such class of creditors or such amount of debt as may be notified by the Central Government or such other category of corporate persons as may be notified by the Central Government. Such fast track corporate insolvency resolution process shall be completed within a period of 90 (ninety) days from the date of admission of an application for initiating corporate insolvency resolution process by the NCLT. Such times lines may be extended in accordance with the process laid down under the Insolvency Code. Further such extension of timelines will not be granted more than once.

The Competition Act, 2002

The Competition Act, 2002 (“**Competition Act**”) provides for the establishment of a ‘Commission’ to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade carried on by other participants in markets, in India. As per the provisions of the Competition Act, no enterprise or association of enterprises or person or association of persons shall enter into any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse effect on competition within India. Further, presence of appreciable adverse effect on competition shall be presumed where any agreement entered into between enterprises or associations of enterprises or persons or associations of persons or between any person and enterprise or practice carried on, or decision taken by, any association of enterprises or association of persons, including cartels, engaged in identical or similar trade of goods or provision of services, which:

- a. directly or indirectly determines purchase or sale prices;
- b. limits or controls production, supply, markets, technical development, investment or provision of services;
- c. shares the market or source of production or provision of services by way of allocation of geographical area of market, or type of goods or services, or number of customers in the market or any other similar way;
- d. directly or indirectly results in bid rigging or collusive bidding, shall be presumed to have an appreciable adverse effect on competition.

Provided that nothing contained under section 3(3) of the Competition Act shall apply to any agreement entered into by way of joint ventures if such agreement increases efficiency in production, supply, distribution, storage, acquisition or control of goods or provision of services.

Provided further that our enterprise or association of enterprise or a person or association of persons though not engaged in individual or similar trade shall also be presumed to be a part of the agreement under section 3(3) of the Competition Act if it participates or intends to participate on the furtherance of such agreement.

The Digital Personal Data Protection Act, 2023

The Digital Personal Data Protection Act, 2023 has been notified on August 11, 2023, and seeks to protect personal data of an individual. The Investment Manager including its service providers shall be subject to the norms specified in the said Act, including but not limited to seeking consent, purpose for seeking such personal data, roles and responsibilities of data fiduciary and data processor etc. The individuals (referred to as data principal) have been granted inter alia following rights:

- a) Right to receive information on summary of personal data being processed and various processing activities being undertaken;
- b) Identifying all data fiduciary and data processor with whom person data shall be shared;
- c) Right to correction and erasure of personal data;
- d) Right of grievance redressal; and

e) Right to nominate

Various rules providing operational clarity including setting up of Data Protection Board of India shall be notified shortly.

THE INFORMATION PRESENTED ABOVE IS A BROAD DISCUSSION ON THE IMPORTANT LEGAL AND REGULATORY CONSIDERATIONS APPLICABLE TO THE FUND, THE INVESTMENT MANAGER AND/OR SPONSOR AND THE INVESTOR. FOR A COMPREHENSIVE UNDERSTANDING OF THE POSITION OF LAW, THE READER IS DIRECTED TO THE ORIGINAL TEXT OF THE STATUTES, REGULATIONS, RULES OR GUIDELINES MENTIONED ABOVE AND TO SEEK APPROPRIATE LEGAL COUNSEL IN CONNECTION THEREWITH

1. Taxation of the Fund

IT IS THE RESPONSIBILITY OF ALL PROSPECTIVE INVESTORS TO INFORM THEMSELVES AS TO ANY INCOME OR OTHER TAX CONSEQUENCES ARISING IN THE JURISDICTIONS IN WHICH THEY ARE RESIDENT OR DOMICILED OR HAVE ANY OTHER PRESENCE FOR TAX PURPOSES, WHICH ARE RELEVANT TO THEIR PARTICULAR CIRCUMSTANCES IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSAL OF THE UNITS.

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

IN VIEW OF THE PARTICULARISED NATURE OF TAX CONSEQUENCES, EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES ARISING DUE TO INVESTMENT IN THE FUND. THE FOLLOWING IS A SUMMARY OF THE KEY TAX IMPLICATIONS FOR INVESTORS INVESTING INTO THE FUND.

IN ADDITION, THE COMMENTS HEREIN ARE NOT BINDING ON THE INDIAN TAX AUTHORITIES AND THERE CAN BE NO ASSURANCE THAT THE AUTHORITIES WILL NOT TAKE A POSITION CONTRARY TO ANY OF THE COMMENTS HEREIN.

THE FOLLOWING SUMMARY IS BASED ON THE LAW AND PRACTICE OF THE INDIAN INCOME TAX ACT, 1961 ("ACT") READ WITH INCOME TAX RULES, 1962 ("RULES"). THE ACT IS AMENDED EVERY YEAR BY FINANCE ACT OF RELEVANT YEAR.

THE TAX RATES AND PROVISIONS MENTIONED IN THIS CHAPTER ARE THE RATES AND PROVISION WHICH ARE IN FORCE FOR FINANCIAL YEAR 2025-26 I.E. ASSESSMENT YEAR 2026-27.

The tax rates mentioned in this chapter are exclusive of applicable surcharge and health & education cess, unless otherwise specified and are in accordance with Finance Act, 2025. The rates of surcharge and health & education cess are as follows:

- *Surcharge applicable to income generated by resident companies for the financial year 2025-2026 is 7% where the income exceeds INR 10 million but does not exceed INR 100 million and 12% where the income exceeds INR 100 million.*

- *Surcharge applicable to income generated by resident firm for the financial year 2025-2026 is 12% where the income exceeds INR 10 million.*
- *Surcharge applicable to income generated by resident and non-resident individual assesses for the financial year 2025-2026 is 10% where the income exceeds INR 5 million but does not exceed INR 10 million; 15% where the income exceeds INR 10 million but does not exceed INR 20 million; 25% where the income exceeds INR 20 million but does not exceed INR 50 million and 37% where the income exceeds INR 50 million;*

Provided that where the income of such person is chargeable to tax under new tax regime provided under section 115BAC² of the Income-tax Act, the rate of surcharge shall not exceed twenty-five per cent.;

- *Surcharge applicable to income generated by companies other than domestic companies, for the financial year 2024-2025 is 2% where the income exceeds INR 10 million but does not exceed INR 100 million and 5% where the income exceeds INR 100 million.*

Further in case where the total income includes any income by way of dividend or income chargeable under sections 111A, 112 and 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax deducted in respect of that part of income shall not exceed 15%.;

Please note that a health and education cess is levied on all incomes at the rate of 4% on tax payable and surcharge

A. General

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

B. Tax pass-through status of Fund

The Fund has been set up in the form of a determinate contributory trust under the Indian Trusts Act, 1882 and is registered with SEBI as a Category I AIF under AIF Regulations.

^{2 2} The Finance Act 2023 has amended section 115BAC of the IT Act to provide for the new default tax regime whereby an individual, HUF, AOP (other than a co-operative society), BOI and AJP will be taxed on its total income at the reduced income-tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions. However, such person will have the option to be taxed on its total income as per the tax rates under the existing regime. The option is required to be exercised – (i) on or before the due date specified under section 139(1) of the IT Act for furnishing the return of income for such assessment year, in case of a person having income from business or profession and such option once exercised shall apply to subsequent assessment years; or (ii) along with the return of income to be furnished under section 139(1) of the IT Act for such AY in case of a person not having income referred to in clause (i). A person having income from business or profession who has exercised the option of opting out of the new regime shall thereafter never be eligible to exercise the option of opting back to the new tax regime prescribed under section 115BAC of the IT Act. However, a person not having income from business or profession shall be able to exercise this option every year

The taxability of Category I AIF is governed by provisions of section 10(23FBA), section 10 (23FBB), section 194LBB and section 115UB (Chapter XII – FB - *Special Provisions Relating to Tax on Income of Investment Funds and Income Received from such Funds*) of the Act.

As per section 10(23FBA) of the Act, income of an investment fund, other than income chargeable under the head profit and gains from business and profession, shall be exempt from tax in its hands. Further, as per section 115UB (1) of the Act, any income accruing or arising to, or received by an investor of an investment fund, out of investments made in the investment fund, shall be chargeable to income-tax in the same manner as if it were income accruing or arising to, or received by such person, had the investments made by the investment fund been made directly by the investor.

Further, in terms of section 197A (1F) of the Act, any income receivable / received by the fund from investments made in Portfolio Entities shall be exempt from withholding tax provisions and the Portfolio Entities would not be required to withhold taxes at the time of credit or payment whichever is earlier, on such income to the fund.

The fund would mandatorily be required to file its return of income and also furnish details of various components of income etc. in a prescribed form to investors and tax authorities.

C. Taxation at fund level – Profits and gains of business and profession

As per section 10(23FBA) and section 10(23FBB) of the Act, income chargeable under the head ‘profits and gains of business and profession’ will be taxed at fund level and tax obligation will not pass through to the investors of the fund. Such business income shall be exempt in the hands of investors on distribution by the fund.

As per section 115UB(4)(ii) of the Act, business income of an investment fund, which is neither set up as a company, nor as a firm, will be taxed at maximum marginal rate (“MMR”) in the hands of fund. MMR is defined as the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income in case of an individual, association of persons or, as the case may be, body of individuals as specified in the Finance Act of the relevant year. The rate of tax specified currently is 30% (thirty per cent) (exclusive of surcharge and health and education cess).

D. Withholding Tax at fund level

As per section 194LBB of the Act, at the time of distribution by the fund to its investors, by way of credit / payment in cash / issue of a cheque or draft / by any other mode, of any income other than that proportion of income which is chargeable to the fund under the head ‘profits and gains of business and profession’, tax will be deducted by the person responsible for making payment (on behalf of the fund). The rate at which the tax is to be deducted would be 10% where payee investor is a resident and at rates in force where the payee investor is a non-resident.

Investors can obtain Nil/ lower withholding certificates from the tax authorities to receive income from the fund at NIL/ lower tax rate. Further, requirement to deduct tax under section 194LBB is also extended to scenarios where income is not actually paid or actually credited but only deemed to be credited (as explained below).

It is expected that Fund’s income will mainly consist of dividends, interest and gains on sale of securities in India. Tax implications of such incomes are described in the ensuing paragraphs.

E. Carry forward of loss under any head of income of the fund

As per section 115UB(2) of the Act, where total income of fund in a given previous year (before making adjustments under section 10(23FBA) of the Act), is a loss under any head of income and such loss cannot be, or is not wholly, set-off against income under any other head of income of the said financial year, then out of such loss, the loss arising to the investment fund as a result of the computation under the head "Profits and gains of business or

profession", shall be allowed to be carried forward and it shall be set off by the investment fund in accordance with the provisions of Chapter VI of the Act.

Any losses other than the loss under head "Profits and gains of business or profession" shall be ignored if such loss has arisen in respect of a unit which has not been held by the unit holder for a period of at least twelve months.

F. Deemed credit of income

As per section 115UB (6) of the Act, if income of Fund in a given previous year is not paid or credited to its investors during the previous year, such income shall be deemed to have been credited to the account of its investors on last day of previous year in the same proportion in which the investors would have been entitled to receive the income, had it been paid in the previous year.

G. Characterization of income

It is expected that the investors' income will mainly consist of dividends, interest and gains on sale of securities in India. Tax implications of such incomes are discussed below:

- Dividend income.
- Interest income.
- Gains on transfer / conversion of shares / debentures of companies.
- Gains on buy-back of unlisted shares of companies.
- Gains on sale of units of fund.
- Deemed income on investment in shares of unlisted Indian company.

Please note that a non-resident investor will be subject to taxes in India, only if such non-resident is a tax resident of India, or, if, as a non-resident, it derives Indian source income through a permanent establishment or a business connection in India, or, receives income, including accrued income in India or transfers a capital asset situated in India or has any other income which accrues or arises or is deemed to accrue or arise in India.

The taxation of non-residents is governed by provisions of Act, read with provisions of Double Taxation Avoidance Agreement between India and the country of residence of such non-resident ("Treaty"). As per section 90(2) of the Act, the provisions of Act would apply to the extent they are more beneficial than provisions of Treaty.

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

The taxability of income of non-resident investors, in absence of Treaty benefits, would be as per the provisions of the Act. Also, taxability of income of non-resident investors, from a country with which India has no Treaty, would be as per the provisions of the Act. Further, taxability under the Treaty depends on the provisions under the Treaty. The Indian income tax implications under the Act (subject to availability of treaty benefits) in the hands of non-resident investors have been discussed in the ensuing paragraphs.

i. Dividends

Any dividends declared by Indian portfolio companies shall be taxable in the hands of the investors as a normal income based on their applicable slab rate increased by applicable surcharge and cess. Indian Portfolio Entities declaring such dividend shall not be liable to deduct dividend distribution tax with respect to such dividend distribution.

Dividend income being regarded as income from other sources, subject to tax in the hands of domestic investors at an effective rate of 25.17% (this figure is inclusive of applicable surcharge of 10% and health and education cess of 4%) for investors who are domestic companies and satisfies conditions mentioned under Section 115BAA of the Act and at an effective rate of 17.16% (this figure is inclusive of applicable surcharge and health and education

cess), in case income of domestic companies incorporated on or after October 01, 2019 and is engaged in the business of manufacture or production of any article or thing, and research in relation to such article or thing and satisfies conditions mentioned under Section 115BAB of the Act.

In case of firms having income exceeding INR 10 million, interest income would be subject to tax at the rate of 34.94% (this figure is exclusive of applicable surcharge and health and education cess)

Such dividend income would be taxable as per applicable slab rates in case of resident individuals, maximum being at an effective rate of 35.88% (this figure is inclusive of applicable surcharge and health and education cess).

Such dividend income would be subject to tax at an effective rate of 21.84% (this figure is inclusive of applicable surcharge and cess) in the hands of investors who are foreign companies having income exceeds INR 100 million and at the rate of 23.92% (this figure is inclusive of applicable surcharge and cess) in case of Non-resident Indian. However, as per section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the Treaty.

ii. Interest Income

Classification of interest income is a matter of dispute with contradicting judicial precedents. Whether interest income would be assessable as business income or income from other sources would depend upon the nexus it has, with fund's activities.

Where interest income is characterized as income from other sources:

Interest income, if classified as income from other sources, would be subject to tax in the hands of domestic investors at an effective rate of 25.17% (this figure is inclusive of applicable surcharge of 10% and health and education cess of 4%) for investors who are domestic companies and satisfies conditions mentioned under Section 115BAA of the Act and at an effective rate of 17.16% (this figure is inclusive of applicable surcharge and health and education cess), in case income of domestic companies incorporated on or after October 01, 2019 and is engaged in the business of manufacture or production of any article or thing, and research in relation to such article or thing and satisfies conditions mentioned under Section 115BAB of the Act.

Interest income, if classified as income from other sources, would be subject to tax at the rate of 34.94% (this figure is exclusive of applicable surcharge and health and education cess) for investors who are firms having income exceeding INR 10 million.

Such interest income would be taxable as per applicable slab rates in case of individuals, maximum being at an effective rate of 39% (this figure is inclusive of applicable surcharge and health and education cess) in case the individual has opted for the tax under new regime.

Such interest income would be subject to tax at an effective rate of 37.13% (this figure is inclusive of applicable surcharge and cess) in the hands of investors who are foreign companies having income exceeding INR 10 million but not exceeding INR 100 million and at an effective rate of 38.22% (this figure is inclusive of applicable surcharge and cess) in case the income of foreign companies exceeds INR 100 million. However, as per section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the Treaty.

If interest income is characterized as business income:

If the interest income is characterized as business income, such income shall be taxable in the hands of fund at maximum marginal rate.

iii. Gains on transfer of securities

Gains arising from the transfer of securities held in Portfolio Entities may be taxed either as "capital gains" or as "business income", depending upon whether such securities were held as a capital asset or trading asset (i.e. stock-in-trade).

Traditionally, issue of characterization of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the tax authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as "business profits" or as "capital gains". However, these

pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case.

Central Board of Direct Taxes (“CBDT”) has issued Circular 6 of 2016 dated February 29, 2016 and Circular dated May 2, 2016 in respect of listed shares/ securities and unlisted shares respectively, dealing with treatment of surplus arising on the transfer of such securities with a view to reduce litigation and maintain consistency in approach.

Unlisted shares

CBDT in its circular on unlisted shares has provided that income arising from transfer of unlisted shares would be considered under the head ‘capital gains’, irrespective of period of holding except in the following situations where the Assessing Officer would take an appropriate view:

- the genuineness of transactions in unlisted shares itself is questionable.
- the transfer of unlisted shares is related to issue pertaining to lifting of corporate veil.
- the transfer of unlisted shares is made along with the control and management of underlying business.

Further, CBDT has issued a clarification dated January 24, 2017 stating that the exception regarding transfer of unlisted shares along with ‘control and management of the underlying business’ shall not be applicable to Category I and Category II AIFs.

The Finance Act, 2025 has also amends the definition of "capital asset" in section 2(14) to include securities held by investment funds referred to in section 115UB, i.e., Category I and Category II Alternative Investment Funds regulated under the SEBI (AIF) Regulations, 2012. As a result, the transfer of these securities will now be treated as capital gains, and the income derived from the transfer will be passed through to the unit holders, who will be taxed on it instead of the investment fund. This change ensures that the income from the transfer of securities by Investment Funds is taxed as capital gains.

The fund intends to organize itself in a manner that it complies with the conditions and parameters mentioned in the CBDT circular and instructions, such that the income from sale of shares in the Indian companies should be categorized as capital gains. However, probability of tax authorities seeking to treat such income as business income cannot be ruled out.

If gains are characterized as capital gains, taxability will be as follows:

As per Section 45 of the Act, any profits or gains arising from the transfer of capital assets are chargeable to income tax under the head ‘capital gains’. Section 48 of the Act provides that income chargeable as capital gains is the difference between full value of consideration received or accrued through transfer, on one hand, and cost of acquisition / indexed cost of acquisition (as applicable) of such asset plus expenditure incurred wholly and exclusively in connection with such transfer, on the other.

Depending on the period for which the securities are held, the gains would be taxable as short-term capital gains or long-term capital gains.

Period of holding

Type of instrument	Period of holding immediately preceding the date of transfer	
Listed shares and units of REIT/InVIT	More than 12 months	Long-term Capital Asset
	12 months or less	Short-term Capital Asset

Unlisted shares and securities including LLP Interest, CCPS and CCDs	More than 24 months	Long-term Capital Asset
	24 months or less	Short-term Capital Asset

Tax Rates in case of residents and non-residents (including SEBI registered foreign institutional investors) for FY 2025-26

Nature of Income	Tax rate for investors who are resident companies	Tax rate for any other resident investors
	%	%
Short-term capital gains on transfer of (i) listed equity shares on a recognized stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid	20%	20%
Other short-term capital gains	As per the applicable slab rate	As per the applicable slab rate
Long-term capital gains exceeding INR 1.25 lakhs on transfer of (i) listed equity shares on a recognized stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid. Further, the Finance Act, 2018 provides that the exemption will be available only if STT has been paid, both, at the time of sale and purchase of the equity shares except in cases of certain notified acquisitions (Refer ## below).	12.50%	12.50%
Long-term capital gains on transfer of listed bonds or listed debentures	12.50%	12.50%
Long-term capital gains on transfer of listed securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid	12.50%	12.50%
Long-term capital gains on transfer of units of debt oriented	As per the slab rate	As per the slab rate

mutual fund and Market Linked Debentures		
Long-term and Short-Term capital gains on transfer of unlisted bonds or unlisted debentures	As per the applicable slab rate	As per the applicable slab rate
Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures)	12.50%	12.50%
Short-term capital gains on transfer of unlisted securities including LLP Interest	As per the applicable slab rate	As per the applicable slab rate

Note:

(1) The slab rate applicable in relation to below mentioned categories of investors are as follows:

<i>For Individual (Resident or Non-Resident) less than 60 years of age anytime during the previous year</i>			
<i>Income Tax Slab</i>	<i>Not opting for new regime under section 115BAC</i>	<i>Income Tax Slab</i>	<i>Opting for new regime under section 115BAC</i>
<i>Up to INR 2,50,000</i>	<i>Nil</i>	<i>Up to INR 3,00,000</i>	<i>Nil</i>
<i>INR 2,50,001 - INR 5,00,000</i>	<i>5% above INR 2,50,000</i>	<i>INR 3,00,000 – INR 7,00,000</i>	<i>5% above INR 3,00,000</i>
<i>INR 5,00,001 - INR 10,00,000</i>	<i>INR 12,500 + 20% above INR 5,00,000</i>	<i>INR 7,00,000 – INR 10,00,000</i>	<i>INR 20,000 + 10% above 7,00,000</i>
<i>Above INR 10,00,000</i>	<i>INR 1,12,500 + 30% above INR 10,00,000</i>	<i>INR 10,00,000 – INR 12,00,000</i>	<i>INR 50,000 + 15% above INR 10,00,000</i>
		<i>INR 12,00,000 – INR 15,00,000</i>	<i>INR 80,000 + 20% above INR 12,00,000</i>
		<i>Above INR 15,00,000</i>	<i>INR 1,40,000 + 30% above INR 15,00,000</i>

<i>For Individual (Resident or Non-Resident) more than 60 years but less than 80 years of age anytime during the previous year</i>
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<i>Income Tax Slab</i>	<i>Not opting for new regime under section 115BAC</i>	<i>Income Tax Slab</i>	<i>Opting for new regime under section 115BAC</i>
<i>Up to INR 3,00,000</i>	<i>Nil</i>	<i>Up to INR 3,00,000</i>	<i>Nil</i>
<i>INR 3,50,001 - INR 5,00,000</i>	<i>5% above INR 3,00,000</i>	<i>INR 3,00,001 – INR 7,00,000</i>	<i>5% above INR 3,00,000</i>
<i>INR 5,00,001 - INR 10,00,000</i>	<i>INR 10,000 + 20% above INR 5,00,000</i>	<i>INR 7,00,001 – INR 10,00,000</i>	<i>INR 20,000 + 10% above 7,00,000</i>
<i>Above INR 10,00,000</i>	<i>INR 1,10,000 + 30% above INR 10,00,000</i>	<i>INR 10,00,001 – INR 12,00,000</i>	<i>INR 50,000 + 15% above INR 10,00,000</i>
		<i>INR 12,00,001 – INR 15,00,000</i>	<i>INR 80,000 + 20% above INR 12,00,000</i>
		<i>Above INR 15,00,000</i>	<i>INR 1,40,000 + 30% above INR 15,00,000</i>

<i>For Individual (Resident or Non-Resident) more than 80 years of age anytime during the previous year</i>			
<i>Income Tax Slab</i>	<i>Not opting for new regime under section 115BAC</i>	<i>Income Tax Slab</i>	<i>Opting for new regime under section 115BAC</i>
<i>Up to INR 5,00,000</i>	<i>Nil</i>	<i>Up to INR 3,00,000</i>	<i>Nil</i>
<i>INR 5,00,001 - INR 10,00,000</i>	<i>20% above INR 5,00,000</i>	<i>INR 3,00,001 – INR 7,00,000</i>	<i>5% above INR 3,00,000</i>
<i>Above INR 10,00,000</i>	<i>INR 1,00,000 + 30% above INR 10,00,000</i>	<i>INR 7,00,001 – INR 10,00,000</i>	<i>INR 20,000 + 10% above 7,00,000</i>
		<i>INR 10,00,001 – INR 12,00,000</i>	<i>INR 50,000 + 15% above INR 10,00,000</i>
		<i>INR 12,00,001 – INR 15,00,000</i>	<i>INR 80,000 + 20% above INR 12,00,000</i>
		<i>Above INR 15,00,000</i>	<i>INR 1,40,000 + 30% above INR 15,00,000</i>

<i>For HUF/AOP/BOI</i>

<i>Income Tax Slab</i>	<i>Not opting for new regime under section 115BAC</i>	<i>Income Tax Slab</i>	<i>Opting for new regime under section 115BAC</i>
<i>Up to INR 2,50,000</i>	<i>Nil</i>	<i>Up to INR 3,00,000</i>	<i>Nil</i>
<i>INR 2,50,001 - INR 5,00,000</i>	<i>5% above INR 2,50,000</i>	<i>INR 3,00,001 – INR 7,00,000</i>	<i>5% above INR 3,00,000</i>
<i>INR 5,00,001 - INR 10,00,000</i>	<i>INR 12,500 + 20% above INR 5,00,000</i>	<i>INR 7,00,001 – INR 10,00,000</i>	<i>INR 20,000 + 10% above 7,00,000</i>
<i>Above INR 10,00,000</i>	<i>INR 1,12,500 + 30% above INR 10,00,000</i>	<i>INR 10,00,001 – INR 12,00,000</i>	<i>INR 50,000 + 15% above INR 10,00,000</i>
		<i>INR 12,00,001 – INR 15,00,000</i>	<i>INR 80,000 + 20% above INR 12,00,000</i>
		<i>Above INR 15,00,000</i>	<i>INR 1,40,000 + 30% above INR 15,00,000</i>

<i>For Body Corporates</i>	
<i>Income Tax Slab</i>	<i>Income Tax Rate</i>
<u>Domestic Company</u>	
A. Total Turnover or Gross Receipts during previous year 2020-21 does not exceed ₹ 400 crores	<u>25%</u>
B. If opted for Section 115BA	<u>25%</u>
C. If opted for Section 115BAA	<u>22%</u>
D. If opted for Section 115BAB	<u>15%</u>
E. Any other Domestic Company	<u>30%</u>
Foreign Company	<u>35%</u>
Partnership firm and Limited Liability Partnership	<u>30%</u>

(2) Finance Act, 2024 levies tax on long-term capital gains exceeding INR 125,000 on sale of listed equity shares, units of an equity oriented mutual fund and units of an Infrastructure Investment Trust or Real Estate

Investment Trust with effect from 23rd July 2024 at 12.50% (plus applicable surcharge and health and education cess), on which STT is paid.

(3) With effect from July 23, 2023, the indexation benefit and foreign currency conversion benefit available under Section 48 of the Income Tax Act for the computation of Long-Term Capital Gain has been abolished.

CBDT has issued a clarification dated 4 February 2018, stating that certain modes of acquisition of equity shares shall be exempt from condition of payment of STT. Such modes of acquisition have been provided via notification no. 43/2017 dated 5th June 2017, which provides that all transactions except the below will be considered as exempt from condition of payment of STT:

(a) where acquisition of existing listed equity shares in a company whose equity shares are not frequently traded in a recognized stock exchange of India is made through a preferential issue:

Provided that nothing contained in this clause shall apply to acquisition of listed equity shares in a company: —

(i) which has been approved by the Supreme Court, High Court, National Company Law Tribunal, Securities and Exchange Board of India or Reserve Bank of India in this behalf.

(ii) by any non-resident in accordance with foreign direct investment guidelines issued by the Government of India

(iii) by an investment fund referred to in clause (a) of Explanation 1 to section 115UB of the Act or a venture capital fund referred to in clause (23FB) of section 10 of the Act or a Qualified Institutional Buyer.

(iv) through preferential issue to which the provisions of chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not apply.

(b) where transaction for acquisition of existing listed equity share in a company is not entered through a recognized stock exchange of India:

Provided that nothing contained in this clause shall apply to the following acquisition of listed equity shares in a company made in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), if applicable,

(i) acquisition through an issue of share by a company other than the issue referred to in clause (a).

(ii) acquisition by scheduled banks, reconstruction or securitization companies or public financial institutions during their ordinary course of business.

(iii) acquisition which has been approved by the Supreme Court, High Courts, National Company Law Tribunal, Securities and Exchange Board of India or Reserve Bank of India in this behalf.

(iv) acquisition under employee stock option scheme or employee stock purchase scheme framed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(v) acquisition by any non-resident in accordance with foreign direct investment guidelines of the Government of India.

(vi) where acquisition of shares of company is made under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

(vii) acquisition from the Government.

(viii) acquisition by an investment fund referred to in clause (a) to Explanation 1 to section 115UB of the Act or a venture capital fund referred to in clause (23FB) of section 10 of the Act or a Qualified Institutional Buyer.

(ix) acquisition by mode of transfer referred to in sections 47 or 50B of the Act, if the previous owner of such shares has not acquired them by any mode referred to in clause (a) or clause (b) or clause (c) [other than the transactions referred to in the proviso to clause (a) or clause (b)].

(c) acquisition of equity share of a company during the period beginning from the date on which the company is delisted from a recognized stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognized stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 read with Securities and Exchange Board of India Act, 1992 and the rules made thereunder

“Frequently traded shares” are defined as shares of a company, in which the traded turnover on a recognized stock exchange during the twelve calendar months preceding the calendar month in which the acquisition and transfer is made, is at least ten per cent. of the total number of shares of such class of the company.

Provided that where the share capital of a particular class of shares of the company is not identical throughout such period, the weighted average number of total shares of such class of the company shall represent the total number of shares.

If gains are characterized as business income:

If gains arising from the transfer of securities held in the portfolio companies are categorized as business income of the fund, such income of fund (net of eligible expenses) shall be taxable at maximum marginal rate.

Tax implications on conversion of convertible debentures / preference shares

(a) Conversion of convertible debentures

Conversion of debentures of a company into shares of that company is not regarded as transfer under the Act. Hence, no capital gains would arise in the hands of the Fund on conversion of convertible debentures of a portfolio company into equity shares. At the time of transfer of the converted equity shares, the cost of acquisition of a convertible debenture would be deemed to be the cost of acquisition of such equity shares.

In computing period of holding of a share or debenture of a company, received on conversion of a bond or debenture, debenture-stock or deposit certificate of that company which is exempt as per the provisions of section 47(x) of the Act, the period for which such convertible instrument was held by the taxpayer prior to the conversion shall also be included.

(b) Conversion of convertible preference shares

Conversion of preference shares into equity shares will not be regarded as transfer under the Act. Hence, no capital gains would arise in the hands of the fund/ investors on conversion of convertible preference shares of a portfolio company into equity shares of that company. At the time of transfer of equity shares received on conversion, the cost of acquisition of the convertible preference shares would be deemed to be the cost of acquisition of such equity shares. Further, while computing the period of holding of the equity shares, the period for which the convertible preference shares were held prior to the conversion shall also be included.

iv. Tax on income distributed by company by way of buy-back of shares

Finance Act 2024 has abolished of buyback tax with effect from October 01, 2024. As per the amended provisions, any distribution of income by way of buy-back of shares of a portfolio company, shall be treated as dividend in the hands of the shareholders and be taxable at applicable rates provided under the paragraph detailing taxation of Dividend above.

Further, no deduction for expenses shall be available against such dividend income while determining income from other sources

The cost at which such shares which are brought back shall be available as capital loss in the hand of the shareholders and will be available for set off in accordance with the provisions of the Income Tax Act, 1961.

The Portfolio Company shall be exempt from the deduction of buy back tax with effect from October 01, 2024.

v. Gains from sale of Units of the fund

Gains on sale of Units of the Fund may be taxable directly in the hands of investors. The Indian income-tax implications shall depend on the characterization of the gains as “capital gains” or “business income”. The tax rates mentioned above in case of capital gains and business income would apply in such cases.

vi. Deemed income on investment in shares of an unlisted Indian company

The fund may acquire shares / securities of an unlisted Indian company for a consideration which is lower than the fair market value (“FMV”) or without consideration. Such an acquisition could trigger tax implications in the hands of the fund which are discussed in the subsequent paragraphs.

As per the provisions of section 56(2)(x) of the Act, where any person receives any property for a consideration which is lower than the FMV by more than INR 50,000 or without consideration, the difference is taxable in the hands of the acquirer under the head “Income from Other Sources” (“Other Income”). The CBDT has issued rules, which provide the manner in which FMV should be ascertained.

The Finance Act, 2017 has introduced an amendment whereby in case of transfer of unlisted shares of a company at a value lesser than the FMV, the FMV would be deemed to be the full value consideration for computing capital gains. As per section 50CA of the Act, the difference between the fair market value and actual consideration shall be notionally charged to tax.

The CBDT has issued rules, which provide manner in which FMV would be ascertained. Where actual sales consideration is disregarded and FMV, as computed under section 50CA read with the rules is considered for determination of capital gains, the investors may be taxable on an amount that may be greater than gains actually realized.

Further the Finance Act 2024 has abolished 56(2)(viib) of the Act i.e. Angel Tax. Resultantly, where an unlisted private company receives, in any previous year from any person any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall not be taxable in the hands of the Investee Company under the head ‘Income from other sources.

H. Tax Residency Certificate (“TRC”)

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

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

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

The details required to be furnished are as follows:

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

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

The assessee (i.e. non-resident) shall be required to keep and maintain the documents that are necessary to substantiate the above information. Further, an income-tax authority may ask for the said documents from the assessee in relation to a claim of benefit under the tax treaty.

I. Other tax provisions

a) Minimum Alternate Tax (MAT)

A resident investor being a company may need to include, its share of income / distribution proceeds received from the fund (in its capacity as a beneficiary of the fund) as part of its book profits liable to MAT depending upon the method of accounting, etc. As per the Act, if the tax payable by any company is less than 15% of its book profits, it will be required to pay MAT which will be deemed to be 15% (excluding currently applicable surcharge and health & education cess) of such book profits. Long-term capital gains on the sale of listed securities are included in the definition of “book profits” for the purposes of calculation MAT. Accordingly, a domestic company may be subject to MAT on such distribution proceeds / its share of income even if the fund had already paid taxes in the capacity of representative assessee for and on behalf of the beneficiaries.

Further, the Finance Act, 2016 has amended section 115JB of the Act, with retrospective effect from April 1, 2001, to exempt foreign companies from the provisions of MAT in cases where:

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

The Finance Act, 2019 (No. 2) has further amended section 115JB of the Act, to exempt a domestic company who has exercised the option of availing lower rate of 15% or 22% (this rate is exclusive of applicable surcharge and health & education cess) provided under section 115BAA or section 115BAB of the Act.

b) Alternate Minimum Tax (AMT)

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

The Finance Act, 2020 has further proposed to amend section 115JC of the Act, to exempt a non-corporate entity who has exercised the option of availing lower tax rate provided under section 115BAC or section 115BAD of the Act.

c) Expenditure incurred in relation to income not includible in the total income

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

d) Specific points on tax withholding

The Act provides that where a recipient of income (which is subject to withholding tax) does not have a PAN, then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the Act, or rates in force or at 20% (twenty per cent). The Act provides that provisions of section 206AA shall not apply to non-residents in respect of payment of interest on long-term bonds under section 194LC and any other payment subject to such conditions as may be prescribed.

Rule 37BC of the Rules states that the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:

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

e) General Anti Avoidance Rules

General Anti Avoidance Rules (“GAAR”) were introduced by Finance Act, 2012, with the objective of dealing with aggressive tax planning through the use of sophisticated structures and codifying the doctrine of ‘substance over form’ where the real intention of the parties and effect of transactions and purpose of an arrangement is taken into account for determining the tax consequences, irrespective of the legal structure that has been superimposed to camouflage the real intent and purpose. The GAAR provisions were initially introduced to be effective from 1 April 2013. However, the applicability of the provisions was deferred by the Finance Act, 2013, to 1 April 2015, and subsequently, to 1 April 2017, by the Finance Act, 2015. Further, the CBDT, *vide* its notification dated 22 June 2016, has amended the Rules, to provide that GAAR provisions shall not apply to income from transfer of investments which were made before 1 April 2017. Additionally, GAAR will apply only on tax benefits obtained from arrangements on or after 1 April 2017.

As per the provisions of Act, Indian tax authorities have been granted wide powers to tax ‘impermissible avoidance arrangements’ including the power to disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa. The GAAR provisions are potentially applicable to any transaction or any part thereof.

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

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

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

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

- the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or
- it involves or includes:
 - a) round trip financing.
 - b) an accommodating party.
 - c) elements that have effect of offsetting or cancelling each other; or

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

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

f) Stamp duty

The Finance Act 2019, by way of insertion of a separate entry in Schedule I of the Indian Stamp Act, 1899 provided for the stamp duty payable in relation to the issue, transfer of securities. The extracts of stamp duty rates applicable in relation to the transfer and issue of securities other than Debentures are reproduced as below:

Particulars	Rate (%)
56A. SECURITY OTHER THAN DEBENTURES	
(a) issue of security other than debenture;	0.005%
(b) transfer of security other than debenture on delivery basis;	0.015%
(c) transfer of security other than debenture on non-delivery basis;	0.003%
(d) derivatives—	
(i) futures (equity and commodity)	0.002%
(ii) options (equity and commodity)	0.003%
(iii) currency and interest rate derivatives	0.0001%
(iv) other derivatives	0.002%
(e) Government securities	0%
	0.00001
(f) repo on corporate bonds	%

The stamp duty payable on issue of debentures will be 0.005% and in case re-issue it will be 0.0001%.

The Finance Act, 2019 has also amended section 8A of Indian Stamp Act, 1899 thereby widening the ambit of Stamp Duty Act to cover the transfer of dematerialized securities (including the mutual fund units being transferred in dematerialized form) among the beneficial owners. Pursuant to the aforesaid amendment, any transfer of securities held in dematerialized form shall be subject to stamp duty at the rate provided above.

g) GST

GST law has been made effective by the Government of India and State governments from 1 July 2017. GST law, from its date of effect replaces the existing indirect tax legislation governing levy of central excise, service tax, VAT and other taxes.

GST is a destination-based tax on consumption of goods and services. The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

A dual GST model has been implemented with the Centre and States simultaneously levying GST on a common tax base. The GST to be levied by the Centre on intra-state supply of goods and/ or services is called Central GST (CGST) and that to be levied by the States/ Union Territories is known as State GST (SGST)/ Union Territory GST (UTGST). Similarly, Integrated GST (IGST) is levied and administered by Centre on every inter-state supply of goods and services. Under the GST Act, a supply where the location of the supplier and the place of supply is in the same state, shall qualify as in intrastate supply and in all other cases it shall qualify as an interstate supply.

All supplies are leviable to GST except those specifically exempt under the Act.

Fund management service and Trustee services received by the fund qualify as 'supply' under the GST Act and are not exempt from GST. The place of supply of fund management services and Trusteeship service shall be the location of the fund. Accordingly, CGST + SGST shall be leviable where the supplier, being the Investment Manager and Trustee, supply services from the same state as of the fund and IGST shall be leviable in all other cases at applicable rates, on the Management Fee and Trusteeship fee payable by the Fund. GST rate on such services is currently 18%. As is customary, GST shall be passed on to the service recipient which would be the fund in this case.

IMPORTANT QUALIFICATION

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

SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES

**Fees and Expenses
applicable to various
Classes of Units as
stated under the
Memorandum:**

Sr . N o.	Particulars	Class E1 Units	Class E2 Units	Class E3 Units	Class E5 Units	Class E10 Units	Class E25 Units	Class E50 Units	Class R Units	Class S Units (Sponsor)	Class M Units (Investment Manager and Employees of Investment Manager)	Class P Units (Strategic Investors)	Total
A	Capital Raised												
1	Total Capital Contribution (A)	1.00	2.00	3.00	5.00	10.00	25.00	50.00	1.00	1.00	1.00	1.00	100.00
B	Fees and charges for year 1												
1	One time fees / charges												
(i)	Set up cost shall be charged shall be charged at the below mentioned rate on aggregate Capital Commitment (plus applicable GST) Class E1 Units Up to 0.50% (Point Five Zero Percent) Class E2 Units Up to 0.25% (Point Two Five Percent) Class E3 Units Nil Class E5 Units Nil Class E10 Units Nil Class E25 Units Nil Class E50 Units	0.01	0.01	-	-	-	-	-	-	-	-	0.02	0.04

	Nil Class M Units Nil Class S Units Nil Class R Units Nil Class P Units Up to 2% (Two Percent)												
2	Annual fees / charges												
(ii)	Management fees shall be charged at the below mentioned rate on aggregate Capital Contribution (plus applicable GST) Class E1 Units Up to 2% (Two Percent) p.a. Class E2 Units Up to 2% (Two Percent) p.a. Class E3 Units Up to 2% (Two Percent) p.a. Class E5 Units Up to 1.75% (One Point Seven Five Percent) p.a. Class E10 Units Up to 1.50% (One Point Five Zero Percent) p.a. Class E25 Units Up to 1.25% (One Point Two Five Percent) p.a. Class E50 Units Up to 1.00% (One Point Percent) p.a. Class M Units Nil	0.0 2	0.0 5	0.0 7	0.1 0	0.1 8	0.3 7	0.5 9	0.0 2	-	-	0.02	1.43

	Class S Units Nil Class R Units Up to 2% (Two Percent) p.a. Class P Units Up to 2% (Two Percent) p.a.												
(ii i)	Operating expenses shall be allocated to the holders at the below mentioned rate on aggregate Capital Contribution (plus applicable GST) Class E1 Units 0.10% (Zero Point Ten Percent) p.a. Class E2 Units 0.10% (Zero Point Ten Percent) p.a. Class E3 Units 0.10% (Zero Point Ten Percent) p.a. Class E5 Units 0.10% (Zero Point Ten Percent) p.a. Class E10 Units 0.10% (Zero Point Ten Percent) p.a. Class E25 Units 0.10% (Zero Point Ten Percent) p.a. Class E50 Units 0.10% (Zero Point Ten Percent) p.a. Class M Units 0.10% (Zero Point Ten Percent) p.a.	0.00 0	0.00 0	0.00 0	0.01 1	0.01 1	0.03 3	0.06 6	0.00 0	-	0.00	0.01	0.13

	Class S Units Nil Class R Units 0.10% (Zero Point Ten Percent) p.a. Class P Units 1% (One Percent) p.a.												
C	Fees and charges year 2 - 10												
1	Annual fees / charges												
(i)	Management fees shall be charged at the below mentioned rate on aggregate Capital Contribution (plus applicable GST) Class E1 Units Up to 2% (Two Percent) p.a. Class E2 Units Up to 2% (Two Percent) p.a. Class E3 Units Up to 2% (Two Percent) p.a. Class E5 Units Up to 1.75% (One Point Seven Five Percent) p.a. Class E10 Units Up to 1.50% (One Point Five Zero Percent) p.a. Class E25 Units Up to 1.25% (One Point Two Five Percent) p.a. Class E50 Units Up to 1.00%	0.2 4	0.4 7	0.7 1	1.0 3	1.7 7	3.6 9	5.9 0	0.2 4	-	-	0.24	14.2 8

	(One Point Percent) p.a. Class M Units Nil Class S Units Nil Class R Units Up to 2% (Two Percent) p.a. Class P Units Up to 2% (Two Percent) p.a.												
(ii)	Operating expenses shall be allocated to the holders at the below mentioned rate on aggregate Capital Contribution (plus applicable GST) Class E1 Units 0.10% (Zero Point Ten Percent) p.a. Class E2 Units 0.10% (Zero Point Ten Percent) p.a. Class E3 Units 0.10% (Zero Point Ten Percent) p.a. Class E5 Units 0.10% (Zero Point Ten Percent) p.a. Class E10 Units 0.10% (Zero Point Ten Percent) p.a. Class E25 Units 0.10% (Zero Point Ten Percent) p.a. Class E50 Units 0.10% (Zero Point Ten Percent) p.a. Class M Units 0.10% (Zero Point Ten Percent) p.a.	0.01	0.02	0.04	0.06	0.12	0.30	0.59	0.01	-	0.01	0.12	1.27

	Class S Units Nil Class R Units 0.10% (Zero Point Ten Percent) p.a. Class P Units 1% (One Percent) p.a.												
D	Total Fees and Charges												
1	One time fees / charges												
(i)	Set up cost shall be charged shall be charged at the below mentioned rate on aggregate Capital Commitment (plus applicable GST) Class E1 Units Up to 0.50% (Point Five Zero Percent) Class E2 Units Up to 0.25% (Point Two Five Percent) Class E3 Units Nil Class E5 Units Nil Class E10 Units Nil Class E25 Units Nil Class E50 Units Nil Class M Units Nil Class S Units Nil Class R Units Nil Class P Units Up to 2% (Two Percent)	0.0 1	0.0 1	-	-	-	-	-	-	-	-	0.02	0.04

2	Annual fees / charges												
(i)	Management fees shall be charged at the below mentioned rate on aggregate Capital Contribution (plus applicable GST) Class E1 Units Up to 2% (Two Percent) p.a. Class E2 Units Up to 2% (Two Percent) p.a. Class E3 Units Up to 2% (Two Percent) p.a. Class E5 Units Up to 1.75% (One Point Seven Five Percent) p.a. Class E10 Units Up to 1.50% (One Point Five Zero Percent) p.a. Class E25 Units Up to 1.25% (One Point Two Five Percent) p.a. Class E50 Units Up to 1.00% (One Point Percent) p.a. Class M Units Nil Class S Units Nil Class R Units Up to 2% (Two Percent) p.a. Class P Units Up to 2% (Two Percent) p.a.	0.26	0.52	0.78	1.14	1.95	4.06	6.49	0.26	-	-	0.26	15.71
(ii)	Operating expenses shall be allocated to the holders at the below mentioned rate on aggregate Capital Contribution	0.01	0.03	0.04	0.06	0.13	0.32	0.65	0.01	-	0.01	0.13	1.40

	(plus applicable GST) Class E1 Units 0.10% (Zero Point Ten Percent) p.a. Class E2 Units 0.10% (Zero Point Ten Percent) p.a. Class E3 Units 0.10% (Zero Point Ten Percent) p.a. Class E5 Units 0.10% (Zero Point Ten Percent) p.a. Class E10 Units 0.10% (Zero Point Ten Percent) p.a. Class E25 Units 0.10% (Zero Point Ten Percent) p.a. Class E50 Units 0.10% (Zero Point Ten Percent) p.a. Class M Units 0.10% (Zero Point Ten Percent) p.a. Class S Units Nil Class R Units 0.10% (Zero Point Ten Percent) p.a. Class P Units 1% (One Percent) p.a.												
3	Total (D)	0.28	0.55	0.82	1.20	2.08	4.38	7.14	0.27	-	0.01	0.41	17.14
E	Investment made in portfolio entity (A - D) or Investible Fund	0.72	1.45	2.18	3.80	7.92	20.62	42.86	0.73	1.00	0.99	0.59	82.86

SECTION XIII: DISTRIBUTION WATERFALL

Assumptions	
S.no.	Particulars
1	The term of the Fund is assumed to be terminated on expiry of 10 (Ten) years.
2	The rates on which the above Fees/Charges are computed are the maximum permissible under the Material Documents. Some of these fees/charges may vary from investor to investor.
3	The entire capital would be drawn down and invested in the end of the First closing . Thus, the Capital Commitment and Capital Contribution would be the same.
4	For ease of computation, it has been assumed that the realization of investment proceeds and distributions to the unitholders happens at the termination of Fund
5	The Hurdle Rate of Return (pre-tax annually compounded rate in Indian Rupees) applicable on specified class of unit shall be as 12%
6	For the ease of computation, it has been assumed that the catch up and additional return shall be allocated to Class M and Class S units in the ratio of 1:1
7	The fees / expenses stated below are exclusive of taxes (as applicable).
8	The illustrations provided in this Annexure are indicative and provided for reference only and investors should review and examine the detailed terms mentioned in the Contribution Agreement and relevant sections in the Memorandum with respect to such fee/charges and actual distribution.
9	The figures provided in this Annexure are representational only and should not be considered as a guarantee or any definite indication of Fund's likely performance. The final outcome would be a result of several factors as stated in the Memorandum and would be dependent upon the Fund's actual performance.

For the purpose of this illustration, Capital Contribution received from holders under various Classes/Subclasses is taken as given below:	Capital Contribution (in INR Crs)
Class E1 Units	1.0
Class E2 Units	2.0
Class E3 Units	3.0
Class E5 Units	5.0
Class E10 Units	10.0
Class E25 Units	25.0
Class E50 Units	50.0
Class R Units	1.0
Class S Units (Sponsor)	1.0
Class M Units (Investment Manager and Employees of Investment Manager)	1.0
Class P Units (Strategic Investors)	1.0
TOTAL	100.0

Step	Order of priority of distributions for holders of Class E1, E2, E3, E5, P and R Units
1	To respective Class : Capital Contribution
2	To respective Class : Hurdle Rate on the Capital Contribution
3	Catch up to Class M and Class S units: equals to 25% of aggregate of amounts distributed under point 2 above and this point

4	Balance distributable proceeds distributed in the following manner: Respective Class : 80% Class M and Class S Units : 20%
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Step	Order of priority of distributions for holders of Class E10 and Class E25 Units
1	To respective Class : Capital Contribution
2	To respective Class : Hurdle Rate on the Capital Contribution
3	Catch up to Class M and Class S units: equals to 25% of aggregate of amounts distributed under point 2 above and this point
4	Balance distributable proceeds distributed in the following manner: Respective Class : 85% Class M and Class S Units : 15%
Step	Order of priority of distributions for holders of Class E50 Units
1	To respective Class : Capital Contribution
2	To respective Class : Hurdle Rate on the Capital Contribution
3	Catch up to Class M and Class S units: equals to 25% of aggregate of amounts distributed under point 2 above and this point
4	Balance distributable proceeds distributed in the following manner: Respective Class : 90% Class M and Class S Units : 10%
Step	Order of priority of distributions for holders of Class S Units and Class M Units
1	The catch up so allocated shall be distributed in proportion to their respective invested funds
2	The amount so allocated as additional return or catch up shall be distributed in proportion to their respective invested funds

Scenario 1 : The Fund is at loss

(Amounts in INR Crs)

Sr. No.	Particulars	Class E1 Units	Class E2 Units	Class E3 Units	Class E5 Units	Class E10 Units	Class E25 Units	Class E50 Units	Class R Units	Class S Units (Sponsor)	Class M Units (Investment Manager and Employees of Investment Manager)	Class P Units (Strategic Investors)	Total
1	Total amount available for distribution at the end of the fund term												90.00

	Maximum amount available for distribution in proportion to their respective Investible Funds	0.78	1.57	2.37	4.13	8.61	22.40	46.56	0.79	1.09	1.07	0.64	90.00
(i)	Towards return of Capital Contribution to holders of respective classes	0.78	1.57	2.37	4.13	8.61	22.40	46.56	0.79	1.09	1.07	0.64	90.00
(ii)	Towards Hurdle Rate of Return to holders of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Units	-	-	-	-	-	-	-	-			-	-
(ii i)	Catch up payable to Class M and Class S unit holders	-	-	-	-	-	-	-	-	-	-	-	-
(i v)	Balance distributable proceeds of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Unitholders to be distributed among other classes	-	-	-	-	-	-	-	-	-	-	-	-
	Total	0.78	1.57	2.37	4.13	8.61	22.40	46.56	0.79	1.09	1.07	0.64	90.00

Scenario 2 : The Fund is at no profit or no loss

(Amounts in INR Crs)

S r. N o.	Particulars	Class E1	Class E2	Class E3	Class E5	Class E10	Class E25	Class E50	Class R	Class S Units	Class M Units (Invest	Class P Units (Strat	Total
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		Units	Units	Units	Units	Units	Units	Units	Units	(Sponsor)	Investment Manager and Employees of Investment Manager)	Investors)	
1	Total amount available for distribution at the end of the fund term												100.00
	Maximum amount available for distribution in proportion to their respective Investible Funds	0.87	1.75	2.63	4.59	9.56	24.89	51.73	0.88	1.21	1.19	0.71	100.00
(i)	Towards return of Capital Contribution to holders of respective classes	0.87	1.75	2.63	4.59	9.56	24.89	50.00	0.88	1.21	1.19	0.71	98.27
(ii)	Towards Hurdle Rate of Return to holders of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Units	-	-	-	-	-	-	1.73	-			-	1.73
(iii)	Catch up payable to Class M and Class S unit holders	-	-	-	-	-	-	-	-	-	-	-	-
(iv)	Balance distributable proceeds of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Unitholders to be distributed among other classes	-	-	-	-	-	-	-	-	-	-	-	-

	Total	0.87	1.75	2.63	4.59	9.56	24.89	51.73	0.88	1.21	1.19	0.71	100.00
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Scenario 3 : The Fund has made profit but less than hurdle rate

(Amounts in INR Crs)

S r. N o.	Particulars	Class E1 Units	Class E2 Units	Class E3 Units	Class E5 Units	Class E10 Units	Class E25 Units	Class E50 Units	Class R Units	Class S Units (Sponsor)	Class M Units (Investment Manager and Employees of Investment Manager)	Class P Units (Strategic Investors)	Total
1	Total amount available for distribution at the end of the fund term												259.37
	Maximum amount available for distribution in proportion to their respective Investible Funds	2.26	4.54	6.83	11.89	24.80	64.55	134.17	2.28	3.13	3.09	1.84	259.37
(i)	Towards return of Capital Contribution to holders of respective classes	1.00	2.00	3.00	5.00	10.00	25.00	50.00	1.00	3.13	3.09	1.00	104.22
(ii)	Towards Hurdle Rate of Return to holders of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Units	1.26	2.54	3.83	6.89	14.80	39.55	84.17	1.28			0.84	155.15
(iii)	Catch up payable to Class M and Class S unit holders	-	-	-	-	-	-	-	-	-	-	-	-

(i v)	Balance distributable proceeds of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Unitholders to be distributed among other classes	-	-	-	-	-	-	-	-	-	-	-	-
	Total	2.26	4.54	6.83	11.89	24.80	64.55	134.17	2.28	3.13	3.09	1.84	259.37

Scenario 4 : The Fund has made profit equal to hurdle rate

(Amounts in INR Crs)

S r. N o.	Particulars	Class E1 Units	Class E2 Units	Class E3 Units	Class E5 Units	Class E10 Units	Class E25 Units	Class E50 Units	Class R Units	Class S Units (Sponsor)	Class M Units (Investment Manager and Employees of Investment Manager)	Class P Units (Strategic Investors)	Total
1	Total amount available for distribution at the end of the fund term												310.58
	Maximum amount available for distribution in proportion to their respective Investible Funds	2.70	5.43	8.18	14.24	29.70	77.29	160.66	2.73	3.75	3.70	2.20	310.58
(i)	Towards return of Capital Contribution to holders of respective classes	1.00	2.00	3.00	5.00	10.00	25.00	50.00	1.00	3.75	3.70	1.00	105.45

(ii)	Towards Hurdle Rate of Return to holders of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Units	1.70	3.43	5.18	9.24	19.70	52.29	105.29	1.73			1.20	199.77
(ii i)	Catch up payable to Class M and Class S unit holders	-	-	-	-	-	-	5.37	-	2.68	2.68	-	5.37
(i v)	Balance distributable proceeds of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Unitholders to be distributed among other classes	-	-	-	-	-	-	-	-	-	-	-	-
	Total	2.70	5.43	8.18	14.24	29.70	77.29	155.29	2.73	6.43	6.38	2.20	310.58

Scenario 5 : The Fund has made profits at a rate higher than the hurdle rate

(Amounts in INR Crs)

S r. N o.	Particulars	Class E1 Units	Class E2 Units	Class E3 Units	Class E5 Units	Class E10 Units	Class E25 Units	Class E50 Units	Class R Units	Class S Units (Sponsor)	Class M Units (Investment Manager and Employees of Investment Manager)	Class P Units (Strategic Investors)	Total
1	Total amount available for distribution at												619.17

	the end of the fund term												
	Maximum amount available for distribution in proportion to their respective Investible Funds	5.39	10.83	16.31	28.39	59.21	154.08	320.29	5.44	7.47	7.38	4.39	619.17
(i)	Towards return of Capital Contribution to holders of respective classes	1.00	2.00	3.00	5.00	10.00	25.00	50.00	1.00	7.47	7.38	1.00	112.85
(ii)	Towards Hurdle Rate of Return to holders of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Units	2.11	4.21	6.32	10.53	21.06	52.65	105.29	2.11			2.11	206.37
(iii)	Catch up payable to Class M and Class S unit holders	0.70	1.40	2.11	3.51	7.02	17.55	35.10	0.70	34.40	34.40	0.70	68.79
(iv)	Balance distributable proceeds of Class E1, Class E2, Class E3, Class E5, Class E10, Class E25, Class E50, Class R and Class P Unitholders to be distributed among other classes	1.27	2.57	3.91	7.48	17.96	50.06	116.91	1.30	14.62	14.62	0.46	231.16
	Total	4.37	8.78	13.22	23.01	49.02	127.70	272.20	4.41	56.49	56.39	3.57	619.17

SECTION XIV: DISCIPLINARY HISTORY

Disciplinary history of the Trust, Trustee, Sponsor, Investment Manager and their respective directors, partners, promoters and Associates (as may be applicable) are provided hereunder:

The Trust, Sponsor, Investment Manager and their directors, partners and Associates (as may be applicable) have no disciplinary history. Please see the details below:

(1) Details of outstanding/pending and past cases (where the person has been found guilty) of litigations, criminal or civil prosecution, disputes, non-payment of statutory dues, over dues to/defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences, adverse findings with respect to compliance with securities laws, penalties levied, disputed tax liabilities, etc.

(i) Planify Capital Limited ("PCL"), an associate entity of VentureX Trust has received a Show Cause Notice ("SCN") bearing No. ROC/DL/ADJ/PLANIFY/42/4106 dated November 2, 2023, issued by the Registrar of Companies ("RoC"), allegedly under Section 42 of the Companies Act, 2013 ("Act").

The SCN alleged that PCL was in violation of subsections 2, 7, and 8 of Section 42 of the Act. The primary contention of the RoC was that PCL had failed to file Form PAS-3 in connection with its private placement of securities. In response to the SCN, PCL submitted a detailed reply dated November 25, 2023, specifically rebutting the aforementioned allegations.

In response to the above reply, the hearing was scheduled in these proceedings on 27.02.2024, where PCL was represented before the RoC by its promoter-director Sh. Rajesh Kumar Singla.

Post aforementioned hearing, the AO-RoC passed the impugned Adjudication order no A-42011/112/2014-Ad. II, dated 03.04.2024 imposing penalty on PCL and all the promoters and directors including the independent director in the board. In response to the same an appeal under Section 454(5) of the Companies Act, 2013, has been duly filed by PCL before the Regional Director – Northern Region, Ministry of Corporate Affairs, Government of India, challenging the RoC order dated April 3, 2024, regarding the adjudication of Planify Capital Limited.

(ii) Planify Capital Limited ("PCL"), an associate entity of VentureX Trust, received a Show Cause Notice ("SCN") bearing reference no. S392/M1/10.01.001/2024-25 dated July 23, 2024, issued by the Reserve Bank of India ("RBI"), alleging that PCL was conducting NBFC activities without obtaining registration under the RBI Act, 1934. The SCN required submission of audited financials and clarification on applicability of exemptions under the RBI Master Direction dated August 25, 2016 (updated as on April 1, 2022).

In response, PCL submitted a detailed reply dated September 12, 2024, asserting exemption under Para 2(i)(d) of the Master Direction, on the basis that its asset size was below ₹100 crore and it did not accept public deposits.

Subsequently, a second notice bearing no. SC95/M1/10.01.001/2024-25 dated October 24, 2024, was issued by RBI stating that PCL was undertaking NBFI activities and directed the company to either (a) merge with an NBFC/NFC, (b) wind up NBFI activity, or (c) apply for a Certificate of Registration (COR) within six months.

In response, PCL submitted a letter dated November 30, 2024, seeking specific clarification on the RBI's determination, and requested details of the transactions or conditions found non-compliant under Para 2(i) of the Master Direction to evaluate and take appropriate action.

(2) any disciplinary action taken by SEBI or any other regulatory authority (including the overseas regulator).

None

(3) Operational actions such as administrative warnings/deficiency letters.

None

The Trustee and its directors have disciplinary history. Please see the details below:

(1) Details of outstanding/pending and past cases (where the person has been found guilty) of litigations, criminal or civil prosecution, disputes, non-payment of statutory dues, overdue to/defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences, adverse findings with respect to compliance with securities laws, penalties levied, disputed tax liabilities, etc.

Adjudication Order No. Order/BM/GN/2023-24/30084-30085 dated March 18, 2024, issued by SEBI under Section 15-1 of Securities and Exchange Board of India Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 and penalty pertaining the same has been duly paid.

(2) any disciplinary action taken by SEBI or any other regulatory authority (including the overseas regulator).

None

(3) Operational actions such as administrative warnings/deficiency letters.

As regards operational actions, SEBI in regular inspection/examination of Trustee's activities as debenture trustee and Securitised Debt Instrument transactions has issued administrative warning letters dated March 31, 2023, March 18, 2025, September 02, 2024 and respectively and the same has been/is being complied with satisfactorily.

SECTION XV: GLOSSARY

Accredited Investors	has the meaning as given to the term under the Regulations.
Advisory Board	means the board which may be appointed by the Investment Manager in accordance with the terms and conditions as laid out in the Trust Documents.
AIF	means an alternative investment fund registered under the Regulations under an appropriate category.
Applicable Law/s	means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgement or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.
Associate	has the meaning as given to the term in the Regulations.
Beneficial Interest	means the interest held by each of the Contributors in the Fund as determined in accordance with Annexure A of the Indenture.
Business Day	means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorised or required by Applicable Laws to remain closed or such other events as the Investment Manager may specify from time to time.
Capital Commitment	means the amount agreed by a Contributor in writing, to be contributed to the Fund in accordance with the provisions of the Contribution Agreement.
Capital Contribution	means that portion of Capital Commitment contributed by a Contributor to the Fund, pursuant to issuance of the Drawdown Notice/s in accordance with the provisions of the Contribution Agreements and this Memorandum.
Catch-up Contribution	has the meaning assigned to such term in paragraph 11 titled “Unitholders Participating in Subsequent Closing” in “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Category I AIF	means a Category I Alternative Investment Fund registered with SEBI under the Regulations.
Class	with respect to the Units of the Fund means a class/Subclass/series or category of Units of the Fund, as distinct from another class/Subclass/series or category of Units of the Fund and is distinct from the rights and interest of Units of the other class/Subclass/series or category of Units vis-à-vis the respective Schemes of the Trust.
Class E1 Units	Means the Units of the Fund being offered to the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 1,00,00,000 (Indian Rupees One Crore) but less than INR 2,00,00,000 (Indian Rupees Two Crores), in accordance

	with terms of their respective Contribution Agreements and this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class E2 Units	Means the Units of the Fund being offered to the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 2,00,00,000 (Indian Rupees Two Crore) but less than INR 3,00,00,000 (Indian Rupees Three Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class E3 Units	Means the Units of the Fund being offered to the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 3,00,00,000 (Indian Rupees Three Crore) but less than INR 5,00,00,000 (Indian Rupees Five Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class E5 Units	Means the Units of the Fund being offered to the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 5,00,00,000 (Indian Rupees Five Crore) but less than INR 10,00,00,000 (Indian Rupees Ten Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class E10 Units	Means the Units of the Fund being offered to the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 10,00,00,000 (Indian Rupees Ten Crore) but less than INR 25,00,00,000 (Indian Rupees Twenty-Five Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class E25 Units	Means the Units of the Fund being offered to the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 25,00,00,000 (Indian Rupees Twenty Five Crore) but less than INR 50,00,00,000 (Indian Rupees Fifty Crores), in accordance with terms of their respective Contribution Agreements and this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class E50 Units	Means the Units of the Fund being offered to the Contributors (either individually or together with their affiliates) introduced to the Fund by placement agent(s) in accordance with terms of their respective Contribution Agreements, making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 50,00,00,000 (Indian Rupees Fifty Crore), in accordance with terms of their respective Contribution Agreements and

		this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class R Units		Means the Units of the Fund being offered to Direct Plan Investors (either individually or together with their affiliates) making a Capital Commitment in the Fund, of an amount equivalent to or more than INR 1,00,00,000 (Indian Rupees One Crore), in accordance with terms of their respective Contribution Agreements and this Memorandum, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class S Units		Means the Units of the Fund being offered to the Sponsor and/or to such Eligible Persons who are strategically important/valuable to the fund as the Investment Manager may designate, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class M Units		Means the Units of the Fund being offered to the Investment Manager and/or to the eligible employees of the Investment Manager and/or employee welfare trust and/or to such Eligible Person who are strategically important/valuable to the fund as the Investment Manager may designate, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class P Units		Means the Units of the Fund being offered to Contributors who are of strategic importance to the Fund, as may be designated by the Investment Manager, in accordance with the terms of their respective Contribution Agreements, the face value of each shall be Rs. 1000 (Indian Rupees One Thousand).
Class Distribution Proceeds	E1	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Class Distribution Proceeds	E2	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Class Distribution Proceeds	E3	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Class Distribution Proceeds	E5	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Class Distribution Proceeds	E10	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Class Distribution Proceeds	E25	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.

Class Distribution Proceeds E50	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum.
Class R Distribution Proceeds	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum.
Class S Distribution Proceeds	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum.
Class Distribution Proceeds M	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum.
Class P Distribution Proceeds	has the meaning assigned to such term in paragraph 25 titled “Distributions” under “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum.
Closing	shall mean obtaining of Capital Commitments from the Contributors identified by the Investment Manager in accordance with the Trust Documents. Reference to Closing shall mean reference to First Closing, any Subsequent Closing(s) and the Final Closing (as the context may require).
Co-Investor	has the meaning assigned to such term in paragraph 34 titled “Co-investment” in “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum.
Commitment Period	means the period within which the Contributors are required to make Capital Contributions, in accordance with the respective Contribution Agreement and will include extensions thereto, if any.
Compensatory Contribution	has the meaning assigned to such term in paragraph 11 titled “Unitholders Participating in Subsequent Closing” in “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum.
Contributor Investor /	means the Eligible Person each of whom have made or agreed to make Capital Commitment to the Fund in accordance with the Contribution Agreements and this Memorandum and shall include without limitation any Eligible Person becoming transferees of Units in accordance with the provisions of the Trust Documents.
Contribution Agreement	means an agreement executed amongst the Trustee, the Investment Manager and each Contributor primarily to regulate acceptance, management, administration and disbursement of Capital Contributions and the distribution of income, gains and proceeds thereon and other terms described therein and as amended, modified, supplemented or reinstated from time to time, together with all annexure, schedules and exhibits, if any.
Contribution Fund	means the aggregate of Capital Contributions including any additions/reductions thereto and undistributed income accumulated in respect thereof but does not include the Initial Settlement and accretions thereto.
Corpus	means the aggregate amount of Capital Commitments made by the Contributors to the Fund by way of Contribution Agreements as on a particular date.

Cure Period	has the meaning assigned to such term in paragraph 33 titled “Removal of Investment Manager” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Deceased Investor	has the meaning as assigned to such term in paragraph 16 titled “Transfer, Withdrawal and Transmission of Units” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Defaulting Contributor	has the meaning as assigned to such term in paragraph 15 titled “Defaulting Contributors” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Default Amount	has the meaning as assigned to such term in paragraph 15 titled “Defaulting Contributors” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Distribution Proceeds	has the meaning as assigned to such term in paragraph 25 titled “Distribution” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Drawdown	means the Capital Contribution made by a Contributor to the Fund (and realised by the Fund) against its respective Capital Commitment pursuant to the issuance of a Drawdown Notice.
Drawdown Notice	means notice under the Contribution Agreement issued by the Investment Manager to the Contributors of the Fund calling for the making of Capital Contribution from the amount of Capital Commitment not drawn down.
Eligible Person	means a Person who: (i) complies with the know-your-customer (KYC) norms stipulated by the Investment Manager and SEBI, and (ii) is willing to execute necessary documentation as stipulated by the Investment Manager.
Excused Contributor	has the meaning assigned to such term in paragraph 13 titled “Excuse and Exclusion” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
First Closing	has the meaning as assigned to such term in paragraph 10 titled “Closings” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Final Closing	has the meaning as assigned to such term in paragraph 10 titled “Closings” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Fund	means ‘ VentureX Fund I ’, which is the first scheme of the Trust
Fund Expenses	has the meaning assigned to such term in paragraph 3 titled “Fund Expenses” in the supplementary section of “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Fund Investments/ Portfolio Investments	means investments made by the Investment Manager (pursuant to the terms of the Investment Management Agreement) from the Investable Funds on behalf of the Fund in any of the permissible securities/entities including investments in Portfolio Entities.

Government	means any Indian central, state or local government authority, agency, branch or body or any instrumentality thereof.
GST	means goods and services tax.
Hurdle Rate of Return	has the meaning assigned to such term in paragraph 24 titled “Hurdle rate of Return” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Indemnified Persons	has the meaning as assigned to such term in paragraph 14 titled “Indemnification” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Interested Parties	means the Investment Manager, Sponsor and their affiliate/group entities, directors, partners, employees and agents.
Invested Funds	with respect to a Contributor or Class (including a Subclass), shall mean aggregate amounts utilised from Capital Contributions of such Contributor or Class (post appropriating/adjusting the Fund Expenses/charges, as applicable) towards Fund Investments.
Investable Funds	means the Corpus as reduced by the estimated expenditure towards permissible costs/expenses/fees/such other adjustments provided in the Trust Documents during the tenure of the Fund. Such Investable Funds shall be invested in terms of the Trust Documents.
Investment Committee	means the committee which may be appointed by the Investment Manager in accordance with the terms and conditions as laid out in the Trust Documents.
Investment Proceeds	has the meaning as assigned to such term in paragraph 25 titled “Distributions” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Indenture	means the indenture of trust dated May 17, 2023 read with amendatory deed dated December 07, 2023, executed by and between the Settlor and the Trustee for the creation of the Trust and registered under the provisions of the Registration Act, 1908, as may be further amended, modified or superseded from time to time.
Indian Rupees or Rs. or INR	means the currency of the Republic of India.
Investment Manager	means Planify Venture LLP , appointed as the investment manager of the Trust and the Fund (including other Schemes, if any) in accordance with the Investment Management Agreement.
Initial Settlement	means the sum of Rs. 1000 (Indian Rupees One Thousand) being the initial amount irrevocably transferred or delivered by the Settlor to the Trustee towards the creation of the corpus of the Trust.
Institutional Investor	means any company, bank, pension or other fund, financial institution or other institutional body or entity, but not including an individual.
IPO	means an initial public offering.

Investment Management Agreement	means the investment management agreement entered into by and between the Trustee and the Investment Manager for advising, managing and administering the Trust and the Schemes of the Trust, and as may be amended, modified or superseded from time to time.
Large Value Funds for Accredited Investors	has the meaning as given to the term under the Regulations.
Losses	has the meaning as assigned to such term in paragraph 14 titled “Indemnification” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Management Fee	means the management fee payable to the Investment Manager in connection with the Fund.
Management Fees Additional Contribution	has the meaning assigned to such term in paragraph 11 titled “Unitholders Participating in Subsequent Closing” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Malfeasance	means, with respect to any Person, any act or omission which results in a criminal conviction of such Person or which constitutes fraud or wilful misconduct as decided by a final non-appealable order of the highest court of competent jurisdiction.
Memorandum	means this document and any supplements thereto inviting offers for Capital Commitments from prospective Contributors for the subscription and purchase of Units of the Fund strictly on a private placement basis in accordance with the Regulations and containing the requisite details as required under the Regulations.
Operating Expenses	has the meaning assigned to such term in paragraph 21 titled “Expenses (Including Operating Expenses and Set-up Expenses) Charged to the Fund” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
p.a.	means per annum.
Person	means and includes an individual, banks, insurance companies, bodies corporate, estates, family offices, non-banking finance companies, societies, Hindu undivided family, corporation, partnership (whether limited or unlimited), limited liability company, body of individuals, association, trust, sole proprietorship, Alternative Investment Fund, foreign portfolio investor, Institutional Investor or any other institution, entity or organisation, whether Indian or foreign, whether incorporated or not, including a Government or an agency or instrumentality thereof and, where the context so requires, includes a reference to such Person’s executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns.
Portfolio Company / Portfolio Entity	means such company, special purpose vehicle, limited liability partnership, venture capital undertakings, body corporate or real estate investment trust or infrastructure investment trust or other permissible entity/enterprise in which the monies of the Contribution Fund are invested in accordance with the Applicable Laws.

Regulations	means the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended/modified and reinstated from time to time and including the circulars/notifications issued pursuant thereto.
Reinvestment Amount	has the meaning as assigned to such term in paragraph 28 titled “ Reinvestment ” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
RBI	means the Reserve Bank of India.
Scheme/s	means such scheme/s of the Trust floated by the Trustee, including the Fund.
SEBI	means the Securities and Exchange Board of India.
Settlor	means Nikhil Dubey , who has settled the Trust.
Set-up Expenses	has the meaning assigned to such term in paragraph 21 titled “Expenses (Including Operating Expenses and Set-up Expenses) Charged to the Fund” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Sponsor	Planify WealthX Private Limited
Statement of Account	means statements that may be issued by the Investment Manager to the Contributors, specifying the number of Units held by the Contributors and evidencing a Beneficial Interest in the Fund
Subclass	with respect to a Class of the Fund means a subclass/series thereof, as distinct from another subclass/series (if any) of that Class or any other Class of the Fund.
Subsequent Closing	in respect of the Fund means any Closing subsequent to the First Closing but not later than the Final Closing.
Super-Majority of Contributors	has the meaning assigned to such term in paragraph 1 titled “Super-Majority of Contributors” under supplementary section of “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Takeover Code	means the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended and/or restated from time to time.
Tax or Taxes	means and includes: a) all forms of tax, levy, duty, surcharge, cess, impost, withholding tax, including income tax, goods & services tax, tax payable in a representative assessee capacity, minimum alternate tax or other amount whenever or wherever created or imposed by, or payable to any tax authority whether due to past, present or potential obligations; and b) all charges, interest, penalties and fines incidental or relating to any Tax falling within (a) above or which arise as a result of the failure to pay any Tax on the due date or to comply with any obligation relating to Tax.
Term	has the meaning as assigned to such term in paragraph 7 titled “Term of the Fund and Termination” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.

Temporary Investments	means investments by the Fund in liquid mutual funds, bank deposits or other liquid assets of higher quality such as treasury bills, tri party repo dealing and settlement, commercial papers, certificate of deposits as prescribed under the Regulations and/or by SEBI.
Trust	means ‘ VentureX Trust ’, organised as a contributory determinate trust, settled in India by the Settlor (with Initial Settlement being 30%targetedevocable) under the provisions of the Indian Trusts Act, 1882, pursuant to the Indenture.
Trust Documents	has the meaning assigned to such term in paragraph 40 titled “Trust/Scheme Documents” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Trust Fund	means the Initial Settlement, the Contribution Fund and any accretions thereto.
Trustee	means Mitcon Credentia Trusteeship Services Private Limited , or such other Person that may be appointed under the terms of the Indenture.
Trusteeship Fees	has the meaning assigned to such term in paragraph 18 under the heading “Trusteeship Fees” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum. Pv
Two-Third Majority of Contributors	has the meaning assigned to such term in paragraph 2 titled “Two-Third Majority of Contributors” under supplementary section of “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Units	means a unit of any Class, as evidenced by the Statement of Account specifying the unit(s) allotted to or held by the Contributor, and evidencing Beneficial Interest in the Fund, issued to a Contributor on the making of a Capital Contribution.
USD	means currency of the United States of America
Warehoused Investments	has the meaning assigned to such term in paragraph 9 titled “Warehoused Investments” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Warehousing Entity/Individual	has the meaning assigned to such term in paragraph 9 titled “Warehoused Investments” under “ SECTION VII: PRINCIPAL TERMS OF THE FUND ” of this Memorandum.
Venture Capital Fund	means an Alternative Investment Fund which invests primarily in unlisted securities of start-ups, emerging or early-stage venture capital undertakings mainly involved in new products, new services, technology or intellectual property right based activities or a new business model and shall include an angel fund.
Venture Capital Undertaking	means a domestic company which is not listed on a recognised stock exchange at the time of making investments

SCHEDULE 1SECTION XVI: SUPPLEMENTARY INFORMATION

There is no additional information in relation to the Fund, Investment Manager, Sponsor, key investment team that does not form part of the above sections.

SECTION XVI: DETAILS OF INVESTOR COMPLAINTS

1. Investor complaints data for the quarter ending March 2025

S. No.	Investor Complaints received from	Pending as at the end of the last quarter	Received	Resolved	Total Pending at the end of the quarter	Pending complaints > 3months	Average Resolution time ^ (In days)
1.	Directly from Investors	Nil	Nil	NA	Nil	Nil	NA
2.	SEBI (SCORES)	Nil	Nil	NA	Nil	Nil	NA
3.	Other Sources (if any)	Nil	Nil	NA	Nil	Nil	NA
	Total	Nil	Nil	NA	Nil	Nil	NA

^ Average Resolution time is the sum total of time taken to resolve each complaint in days in the current quarter divided by total number of complaints resolved in the current quarter.

2. Investor complaints data for last three Financial Years (FY 2019-2021)

S. No.	FY	Carried forward from previous FY	Received	Resolved	Pending at the end of FY
1.	2021-22	NA	NA	NA	NA
2.	2022-23	NA	NA	NA	NA
3.	2023-24	NA	Nil	NA	Nil
	Total	Nil	Nil	NA	Nil

ANNEXURE A: INVESTOR CHARTER

A. Vision and Mission Statement:

Vision

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

Mission

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

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

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

C. Details of services provided to investors:

1. On-boarding of investors.

- 1.1. Sharing of Private Placement Memorandum (PPM).
- 1.2. Account opening with the AIF:
 - Completing KYC of investors and registration of KYC with KRAs.
 - Sharing of copies of fund documents with investors.
 - Entering into a contribution agreement with investor.

2. Obtaining investor consent for material changes to fund structure

- 2.1. Change in the sponsor or the manager of the AIF.
- 2.2. Change in control of the sponsor or the manager of the AIF.
- 2.3. Material changes to terms of PPM
 - Term of Fund.
 - Investment Strategy.
 - Increase in fees and charges.
- 2.4. Winding up of Fund/ Scheme prior to expiry of tenure.

3. Dissemination of financial information of Fund.

- 3.1. Net Asset Value of Fund/ Scheme.
- 3.2. Financial information of investee companies.
- 3.3. Information on performance of scheme/fund.

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

- 4.1. Any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction.
- 4.2. Any material liability arising during the tenure of the fund.
- 4.3. Any breach of a provision of the PPM or any other agreement made with the investor or any other fund documents.
- 4.4. Intimation regarding any conflict of interest.
- 4.5. Risks associated with the portfolio, such as concentration risk, foreign exchange risk, leverage risk, realisation risk, strategy risk, reputation risk, extra-financial risks such as social and corporate governance risks etc. at fund and investee company level.

5. Intimation of any non-material changes in the operations of the fund.**5.1. Non-material changes such as**

- Bank account details
- Address of AIF or its Manager or Sponsor
- Contact details such as email-id, contact number, etc. of AIF or its Manager or Sponsor

6. Grievance redressal**6.1. Redressal of investor complaints received directly from investors and/ or from SEBI / SCORES.****D. Timelines of the activity/services provided to investors:**

Sr. No.	Description of activity/services provided by Alternative Investment Funds (AIFs) to its investors	Timeline for completion of activity
1. Valuation related disclosures:		
a.	Valuation of investment by Category I Alternative Investment Fund	At least once every six months. Can be extended to once a year with approval of 75% of its investors by value of investment.
b.	Disclosure of NAV of scheme(s) of the Category III Alternative Investment Fund	Close ended fund - quarterly basis Open ended fund - monthly basis
2. Transparency related disclosures:		
a.	Disclosure of financial information of investee companies	Within 180 days from the year end or earlier as per the fund documents.
b.	Disclosure of Material risks: concentration risk, foreign exchange risk at fund level and leverage risk, realisation risk, strategy risk, reputation risk at investee company level, extra-financial risks such as social and corporate governance risks etc. at fund and investee company level	
c.	Financial, risk management, operational, portfolio, and transactional information regarding fund investments	To be disclosed periodically to the investors
d.	Any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company	To be disclosed periodically to the investors
e.	Any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction	As and when occurred
f.	Any material liability arising during the Alternative Investment Fund's tenure	As and when occurred
g.	Any breach of a provision of the placement memorandum or agreement made with the investor or any other fund documents	As and when occurred
h.	Intimation regarding conflict of interest in any transaction	As and when they arise or seem likely to arise

i.	Any change in terms of Private Placement Memorandum /fund documents	On consolidated basis within one month of end of each financial year
2. Complaint handling related services:		
a.	Response to complaint received from investors	Within 30 days from the date of receipt of complaint
b.	Redressal of investor complaint received from SEBI/ SCORES	Within 30 days from the date of receipt of complaint

E. Details of grievance redressal mechanism and how to access it.

1. Alternative Investment Funds are required to redress all investor complaints in a timely manner.
2. An Alternative Investment Fund, by itself or through the Manager or Sponsor, is required to lay down procedures for resolution of disputes between the investors and AIF or Manager or Sponsor through arbitration or any such mechanism as mutually decided between the investors and the Alternative Investment Fund.
3. Investors can also approach SEBI for redressal of their complaints through SEBI SCORES platform. On receipt of complaints, SEBI takes up the matter with the concerned AIF.
4. Investors may send their complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

F. Responsibilities of investors

1. Responsibility to inform and educate yourself

- 1.1. Read thoroughly all fund documents including Private Placement Memorandum, Contribution Agreement, sales literature, newsletters and understand the product.
- 1.2. Carefully consider all investment risks, fees, and/or other factors detailed in these documents.
- 1.3. Ensure and make certain that the proposed investment in the Fund meets your investment objective and is in alignment with your risk appetite.
- 1.4. Review your portfolio holdings, account statements and transaction confirmation on a regular basis to ensure that you are aware of all transactions and securities where you are invested.

2. Responsibility to timely update your KYC and information with the Intermediary

- 2.1 Provide complete and accurate information in your KYC documents, including financial/ income status.
- 2.2 Timely updating of KYC information.

3. Responsibility to abide by the contribution agreement.

- 3.1. The investor needs to read carefully and understand the agreement that he/she is entering into with the Alternative Investment Fund and abide by the terms thereof.
- 3.2. The investor should be aware that investment terms are not guarantee of future performance or returns of the Fund/ Scheme.

4. Responsibility to use right financial intermediaries, consultants and advisors.

- 4.1. Carefully consider the validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet.

5. Responsibility to maintain confidentiality of information.

- 5.1. Investors shall not disclose any material non-public information that is received by virtue of being investors of the fund, except as may be guided by the terms of the fund documents.