



# **TATA**

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# **INDIAN Opportunities**

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# **Fund**

(A public company, limited by shares incorporated under the laws of Mauritius  
with registration number 55909 C1/GBL)

July, 13 2022  
Offering Memorandum  
Issued in connection with an offering of shares in the  
**DOLLAR FUND**

Investment Manager: Tata Asset Management Private Limited

## IMPORTANT INFORMATION

The Fund is a Mauritian collective investment vehicle incorporated as a public company, limited by shares. The Fund is organised as an open-ended multi-class fund and holds a Global Business Licence issued by the FSC for the purpose of the Financial Services Act 2007. The Fund has also received an authorisation from the FSC to operate as a collective investment scheme under the Mauritius Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008.

The share capital structure of the Fund currently consists of a Class of 100 non-redeemable Management Shares ("MS") of US\$ 1 each, a Class of redeemable Participating Shares of no par value at the initial issue price of US\$ 1 each ("Japan Fund")\*, a Class of redeemable Participating shares of no par value at the initial issue price of US\$ 1 each ("US Dollar Fund"). The Company may introduce other class(es) of shares in future after complying with the regulatory requirements.

The redeemable Participating Shares in the Japan Fund and US Dollar Fund are collectively referred to as the "Preference Shares".

\* Please refer to separate Information Memorandum for Japan Fund.

The Fund has obtained registration as a Category I Foreign Portfolio Investor ("FPI") under the FPI Regulations and would therefore be regulated by SEBI.

The Fund will be divided into segregated Portfolios each represented by the issue of a separate Class of shares. Each Class of shares is considered a separate operating entity with its own funding, capital gains, losses, income and expenses. Although each Class of shares is treated as holding its own assets and bearing its own liabilities, the Fund, as a single legal entity, remains liable to third parties for any undischarged liabilities of any Class of shares.

Investments in the shares of the US Dollar Fund are being offered to prospective investors desirous of investing in the Fund in US Dollar as the currency.

This Information Memorandum does not constitute, and shall not be used for the purposes of an offer or an invitation to subscribe for any Preference Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

This Information Memorandum may not be distributed directly or indirectly in India or to Indian residents and Preference Shares are not being offered and may not be sold directly or indirectly in India or to or for the account of any resident of India.

This Information Memorandum is not available for general distribution in, from or into the United Kingdom because the Fund is an unregulated collective investment scheme whose promotion is restricted by sections 238 and 240 of the Financial Services and Markets Act 2000. When distributed in, from or into the United Kingdom this Information Memorandum is only intended for investment professionals, high net worth companies, partnerships, associations or trusts and investment personnel of any of the foregoing (each within the Financial Services and Markets Act, 2000 (Financial Promotion) Order 2001), persons outside the European Economic Area receiving it electronically, persons outside the United Kingdom receiving it non-electronically and any other persons to whom it may be communicated lawfully. No other person should act or rely on it, and persons distributing this Information Memorandum in, from or into the United Kingdom must satisfy themselves that it is lawful to do so.

The Preference Shares have not been registered under the U.S. Securities Act of 1933, as amended ("**1933 Act**"), or the securities laws of any state, and may not be offered, sold or otherwise transferred directly or indirectly in the U.S. or to or for the account or benefit of any US Person as defined in Regulations under the 1933 Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws.

The Preference Shares offered herein have not been approved or disapproved by the US Securities and Exchange Commission ("**SEC**"), any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence.

The Fund has not been registered under the US Investment Company Act of 1940, as amended ("**1940 Act**") **in reliance on section 3(c)(7) of the 1940 Act**. The Directors may at any time in their sole discretion decline to register any transfer of Preference Shares or compulsorily redeem Preference Shares, as the Directors consider necessary for purposes of compliance with United States laws.

The Directors do not intend to permit Preference Shares acquired by investors subject to the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and by other benefit plan investors to equal or exceed 25 per cent of the value of any class of Preference Shares of the Fund. Accordingly, each prospective investor will be required to represent and warrant as to whether he is a "benefit plan investor" for purposes of the plan asset regulations under ERISA.

Investment in the Fund involves certain risks and special considerations. Investors should be able and willing to withstand the loss of their entire or substantial investment. The investments of the Fund are subject to normal market fluctuations and the risks inherent in all investments and there is no assurance that an investment will retain its value or that appreciation will occur. The price of Preference Shares and the income from Preference Shares can go down as well as up and investors may not realise the value of their initial investment. The attention of prospective investors is drawn to the section headed "Risk Factors and Special Considerations" below.

The Fund holds a Global Business Licence for the purpose of the Financial Services Act 2007 and is regulated by the Financial Services Commission, Mauritius ("**FSC**"). It has also been authorised to operate as a collective investment scheme under the Securities Act 2005, of Mauritius and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008. It must be understood that in giving this authorisation, the FSC does not vouch for the financial soundness of the Fund or for the accuracy of any of the statements made or opinions expressed with regard to the Fund. Investors in the Fund are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund's failure.

#### **NOTICE TO RESIDENTS OF THE UNITED ARAB EMIRATES**

This Information Memorandum does not, and is not intended to, constitute an invitation or an offer of securities in the United Arab Emirates and accordingly should not be construed as such. This Information Memorandum is being issued to a limited number of institutional/sophisticated investors (a) upon their request and confirmation that they understand that the Fund has not been approved or licensed by or registered with the United Arab Emirates Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates; and (b) on the condition that it will not be provided to any person other than the original recipient and is not for general circulation in the United Arab Emirates and may not be reproduced or used for any other purpose.

#### **NOTICE TO RESIDENTS OF OMAN**

This Information Memorandum shall not be deemed to be a public offering of securities in Oman. The Shares, the Information Memorandum and any other offering material relating to the Shares may not be distributed to the public in Oman and may only be made available on a limited basis privately to investors with the prior

approval of the Fund. All applications for investment should be received, and any allotments made, from outside Oman.

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN**

All applications for investment should be received, and any allotments made, from outside the Kingdom of Bahrain. This Information Memorandum has been prepared for private information purposes of intended investors only. It may not be used for and shall not be deemed to be a public offering of the Interests. The Fund represents and warrants that it has not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe for the Interests and this Information Memorandum will not be issued, passed to, or made available to the public generally.

#### **NOTICE TO RESIDENTS OF THE STATE OF QATAR**

This Information Memorandum does not constitute an invitation or public offer of securities in the State of Qatar and accordingly should not be construed as such. This Information Memorandum is being issued to a limited number of sophisticated investors and must not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Prospective investors should not treat the contents of this Information Memorandum as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Preference Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Preference Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Preference Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Fund and an investment therein.

Statements made in this Information Memorandum are based, as they relate thereto, upon the law and practice currently in force in Mauritius, India, United Kingdom, United Arab Emirates, United States of America, Oman, Kingdom of Bahrain, Qatar and are subject to changes therein.

## IMPORTANT NOTICE TO SINGAPORE INVESTORS

The Fund is registered with the Monetary Authority of Singapore ("MAS") and units in the Fund ("Preference Shares") are not allowed to be offered to the retail public. Moreover, this document which relates to the offer of Preference Shares in the Fund is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This document has not been registered as a prospectus by the MAS, and the offer of the Preference Shares is made pursuant to the exemptions under Sections 304 and 305 of the SFA. Accordingly, the Preference Shares may not be offered or sold, nor may the Preference Shares be the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Preference Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA, (b) to a relevant person (as defined in Section 305(5) of the SFA), or any person pursuant to an offer referred to in Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Where the Preference Shares are acquired by persons who are relevant persons specified in Section 305A of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Preference Shares pursuant to an offer made under Section 305 of the SFA except:
  - (1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 305A(3)(i)(B) of the SFA (in the case of that trust);
  - (2) where no consideration is or will be given for the transfer;
  - (3) where the transfer is by operation of law;
  - (4) as specified in Section 305A (5) of the SFA; or
  - (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

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## DEFINITIONS

The following definitions apply throughout this Information Memorandum

Accounting Date	means 31 March in each year
Administrator	means Apex Fund Services (Mauritius) Ltd.
Apex Fund Services (Mauritius) Ltd.	means administrator and Company Secretary of the Fund
Auditors	means KPMG, Mauritius
BSE	means Bombay Stock Exchange, India
Business Day	means every day on which the Bombay Stock Exchange (BSE), the National Stock Exchange of India Limited (NSE), the banks in Mauritius and the banks in Mumbai, India are open for normal business (other than during a suspension of normal dealing).
Cash-Custodian	means Standard Chartered Bank (Mauritius) Limited.
Constitution	means the Constitution of the Fund.
Continuous Offer	means the offer of shares in the Japan Fund and the US Dollar Fund on Valuation Days, or on such days as the Directors may determine at a price based on Net Asset Value per Share, as described at Part V of this document.
Dealing Valuation Point	means 12.30 PM (Mauritius time) on every Business Day.
Directors	means the members of the Board of Directors of the Fund of this document, details of which are given at Part VI or any duly constituted committee thereof.
FSC	means the Financial Services Commission, Mauritius. means the Financial Services Act 2007.
FS Act	means the Financial Services Act 2007
Fund/Company	means Tata Indian Opportunities Fund, a public company, limited by shares incorporated in Mauritius. The Fund holds a Global Business License (registration number 55909 C1/ GBL) as per the provisions of the Financial Services Act, 2007 and is regulated by the FSC. The Fund has also been authorised to operate as a collective investment scheme under the Securities Act 2005, of Mauritius and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008. The Fund has a multi-class share capital.
Government of India	means the Central Government of India.
India	means the Republic of India.
Indian Custodian	means Standard Chartered Bank, Mumbai. Standard Chartered Bank, Mumbai has been appointed as the custodian of the assets of the Fund in India.
Initial Offer Period	means the initial placement of the Preference Shares that took place between 1 June 2005 to 5 July 2005.
Investment Manager	means Tata Asset Management Private Limited, an Indian company which has been appointed by the Directors of the Fund to act as its investment manager.
Investment Management Agreement	means the agreement entered into between the Fund and the Investment Manager dated March 19, 2020 and as amended from time to time.
Issue Price	means the price at which Preference Shares are issued on a Valuation Day, calculated as described in Appendix I.
Net Asset Value	means the net asset value per share in the Japan Fund and the US Dollar Fund calculated as described at the Summary of this document. The Net Asset Value for each of the Japan



Fund and the US Dollar Fund shall be calculated separately.

Ordinary Resolution	means an ordinary resolution of the Fund passed at a duly convened meeting by more than 50 per cent of Shareholders voting and present in person or by proxy.
Preference Shares	means redeemable Participating Shares issued by the Company in the Japan Fund and US Dollar Fund, or any other classes of redeemable Participating Shares which may be issued by the Fund in the future. The shares are being offered by the Directors solely for the purpose of making investments in investments permitted under the investment objective and policies of the Fund and which include the existing investments of the Fund. Investments can be made in the Japan Fund and US Dollar Fund in US Dollars only.
Portfolio	means the assets and liabilities of each class of shares, which will be segregated from each other with each class of shares being treated as a different portfolio.
Prospectus	means this Information Memorandum.
RBI	means the Reserve Bank of India.
Redemption Price	means the price at which Preference Shares are redeemed on a Valuation Day calculated as described in Appendix I.
Registrar	means Apex Fund Services (Mauritius) Ltd, which is acting as the Administrator to the Fund
Register	means the register of Shareholders.
SEBI	means the Securities and Exchange Board of India.
Shares	means the Management Shares, redeemable Participating Shares of the Japan Fund and US Dollar Fund.
Share Capital	means 100 non-redeemable Management Shares ("MS") of US\$ 1 each, a Class of redeemable Participating Shares of no par value at the initial issue price of US\$ 1 each ("Japan Fund"), a Class of redeemable Participating Shares no par value at the initial issue price of US\$ 1 each ("US Dollar Fund"). Any fees or expense payable under Part VII of this Prospectus (defined hereunder) will be paid from the Japan Fund and US Dollar Fund.
Shareholders	means the holders of Management Shares, Preference Shares in the Japan Fund and US Dollar Fund.
Special Resolution	means a special resolution of the Fund passed at a duly convened meeting by not less than three quarters of Shareholders voting and present in person or by proxy.
Treaty	means the India/Mauritius double tax avoidance treaty.
Valuation Day	means every Business Day and as determined from time to time by the Directors. In the event BSE, NSE, the banks in Mauritius or banks in Mumbai, India are closed for business on the day on which the valuation is required to be carried out, the immediately following Business Day on which BSE, NSE, the banks in Mauritius or banks in Mumbai, India are open for normal business shall be deemed to be the Valuation Day.
Valuation Point	means 3 pm (Mauritius time) on the Valuation Day and/or day(s) as the Directors determine in their absolute discretion

In this Information Memorandum, references to "Rupees" or "Rs." are to the lawful currency of India, references to "U.S.\$" or "U.S. dollars" or "U.S. cents" are to the lawful currency of the United States, references to "Pounds Sterling" or "Pennies" or "£" are to the lawful currency of the United Kingdom and references to "Euro" or "Euro Cents" or "€" are to the lawful currency of the European Union.

## PART I

### SUMMARY OF PRINCIPAL TERMS

The following summary is taken from and should be read in conjunction with the full text of this document.

#### The Fund Structure

The Fund has been organised as an open-ended multi-class collective investment vehicle under the laws of Mauritius wherein the investors shall be free to subscribe and exit at the prevailing Net Asset Values on Valuation Days. The Fund has been organised as a public company, limited by shares and been granted a Global Business License by the FSC. The Fund has also been authorized to operate as a collective investment scheme under the Securities Act 2005 of Mauritius and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 of Mauritius. Under this Information Memorandum, the Fund is currently offering interest in Preference Shares of the US Dollar Fund, the proceeds of which will be invested in the Indian markets, in accordance with and subject to the FPI Regulations.

The Directors may establish new classes in the future in accordance with the Fund's constitutive documents. Each such class will have a separate Information Memorandum.

#### Investment Objective and Policies

The principal investment objective of the Fund is to achieve capital appreciation and to provide medium to long-term capital gains while at all times emphasising the importance of capital preservation. The Fund invests/will invest in equity and equity related instruments of well-researched value and growth-oriented companies. In selecting specific stocks, the Investment Manager will consider and evaluate amongst various criteria net-worth, present and future profitability, growth prospects, market valuations, strong cash flows, high return on capital etc. The Fund may also invest in debt securities or other instruments as permitted by the Reserve Bank of India for foreign portfolio investors to invest in for providing ongoing liquidity and preservation of capital in weak market conditions.

For further information see the "Summary of Principal Terms of the US Dollar Fund" at Appendix II to this Prospectus.

#### Risk Factors and Special Considerations

Investment in the Fund involves certain risks and special considerations and should only be made by investors who understand the risks involved and are able and willing to withstand the risk of the loss of their entire or substantial amount invested. No assurance can be given that the Fund's investment objective will be achieved. Prospective investors are referred particularly to the risk factors and special considerations associated with investing in the Fund and the potential conflicts of interest relating to the Fund, which are set out in "Risk Factors and Special Considerations" at Part III of this document.

#### Minimum Subscription

The minimum subscription in the US Dollar Fund is US\$1,000,000 for US residents and US\$10,000 for other investors.

#### Issue of Preference Shares

Preference Shares may be subscribed on any Valuation Day at an Issue Price per share based on prevailing Net Asset Value of the respective US Dollar Fund per share plus an initial charge of up to 4 per cent.

#### Redemptions of Preference Shares

Preference Shares of the Dollar Fund will become redeemable on any Valuation Day at a Redemption Price per Share based on Net Asset Value per share of the US Dollar Fund.

Further information relating to the issue and redemption of Preference Shares is set out in Appendix I "Procedures for Issues and Redemptions".



### Net Asset Value

The Net Asset Value per share in the US Dollar Fund will be calculated in US Dollars on every Valuation Day.

### Custody and Administration

Standard Chartered Bank (Mauritius) Limited has been appointed to act as cash custodian to the Fund (the “Cash Custodian”). The Mumbai (India) branch Standard Chartered Bank shall be appointed by the Fund as the custodian of the Fund’s assets in India (the “Indian Custodian”).

Apex Fund Services (Mauritius) Ltd. acts as Secretary, Registrar and Administrator to the Fund.

### Fees and Expenses

A total expense ratio (“TER”) has been agreed between the US Dollar Fund and the Investment Manager, such that the US Dollar Fund bears its own expenses (including Administration expenses, Custody fees, Distribution fees, Supervisory Fees, Audit fees, Registrar & License fees, Legal fees, Marketing expenses, Bank charges and any other cost of the Fund) only up to an amount of 2.5% per annum of the daily net asset value of preference shares. Any expense beyond the 2.5% cap is borne by the Investment Manager. If the expenses of the US Dollar Fund are below the 2.5% cap the difference is paid to the Investment Manager as investment management fees and is accrued on a daily basis. Fees to be paid to the Investment Manager on a monthly basis by the 5th day of the next month.

Further information is set out under “Fees and Expenses” at Part VII of this document.

### Taxation

Further information is set out under "Taxation and Exchange Controls" at Part VIII of this document.

## PART II

### INVESTMENT OBJECTIVE AND POLICIES

#### Investment Objectives and Policies

The investment objective of the Fund is to achieve capital appreciation and to provide medium to long-term capital gains while at all times emphasising the importance of capital preservation.

The investment objectives, policies and restrictions of the Japan Fund are more particularly described in the relevant part of Appendix II.

#### Investment Restrictions and Conditions

##### Investment Restrictions applicable to the Fund

The Fund has applied for registration under the FPI Regulations as a Category II FPI and was granted a Certificate of Registration as a Category II FPI by the Securities and Exchange Board of India on 17 March 2020. Subsequently, the Company was recategorized to a Category I Foreign Portfolio Investor (FPI) on 29 April 2020.

The investment restrictions applicable to the Fund shall be as follows:

1. The Fund shall be entitled to invest only in the following securities:

- + shares, debentures and warrants issued by a body corporate; listed or to be listed on a recognized stock exchange in India;

- + units of schemes launched by mutual funds under Chapter V, VI-A and VI-B of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996;

- + units of schemes floated by a Collective Investment Scheme in accordance with the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999;

- + derivatives traded on a recognized stock exchange;

- + units of real estate investment trusts, infrastructure investment trusts and units of Category III Alternative Investment Funds registered with SEBI;

- + dated government securities;

- + commercial papers issued by an Indian company;

- + Indian Depository Receipts;

- + any debt securities or other instruments as permitted by the Reserve Bank of India for foreign portfolio investors to invest in from time to time;

- + such other instruments as specified by SEBI from time to time.

2. The Fund shall not invest in its own shares.
3. The Fund will be allowed to engage only in delivery-based trading. However, the Fund will not be subject to this restriction in respect of transactions in derivatives on a recognized stock exchange, short selling transactions in accordance with the framework specified by SEBI, transactions in securities pursuant to an agreement entered into with a merchant banker in the process of market making or subscribing to the unsubscribed portion of the issue in accordance with Chapter IX of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
4. The investment by the Fund in any Indian company shall be below 10% of the paid-up equity capital on a fully diluted basis of the company.
5. The Fund shall not invest in a 'Fund of Funds Scheme'. 'Fund of Funds Scheme' means a mutual fund scheme that invests primarily in other schemes of the same mutual fund or other mutual funds.
6. The Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transactions.
7. The Fund shall not make short sales exceeding its net asset value.

## PART III

### RISK FACTORS AND SPECIAL CONSIDERATIONS

Investing in the Fund involves risks and special considerations in addition to those risks normally associated with making investments in securities. The value of Preference Shares and the income from them may go down as well as up and there can be no assurance that on a redemption, or otherwise, investors will receive back the amount originally invested. There can be no assurance that the market price of the Preference Shares will fully reflect their underlying value. Although the Fund is open-ended, there are limits on the amount of net redemptions on any Valuation Day, which may restrict an investor's ability to realise his investment. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are able and willing to withstand the loss of their investment. Prior to making an investment decision, prospective investors should carefully consider all the information contained in this Information Memorandum and, in particular, the following risks:

#### Political, Economic and Other Factors

Investment in India involves risks relating to political, economic and social factors. The Fund, the redemption price and liquidity of the Preference Shares and the underlying investments of the Fund may be adversely affected by inflation, interest rates, taxation, commodity prices, social instability and other political, economic and social factors, as well as changes in the laws or regulations of India. Furthermore, the economy of India may differ favourably or unfavourably from the economies of other more developed countries, including in the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, availability of resources, self-sufficiency and balance of payments position.

In addition, because the Government of India exercises significant influence over many aspects of the Indian economy, Government

action in the future could have a significant impact on the Indian economy, which, in turn could affect issuers of the securities in which the Fund invests, market conditions and the prices and yields of securities in the Fund's portfolio. Since the mid-1980s, India has adopted more liberal and free-market economic policies. Despite such reforms, a large portion of industry and the financial system remains under state control. There can be no assurance that the Government will continue to pursue liberal and free-market economic policies or, if it does, that such policies will be successful. A return to more socialist policies could adversely affect the Fund's portfolio.

#### Reliance on India/Mauritius Double Tax Avoidance Treaty

Investors should note that the Fund is significantly impacted by the provisions of the Treaty to minimise, so far as possible the taxation of the Fund. No assurance can be given that the terms of the Treaty will not be subject to re-negotiation in the future and any change could have a material adverse effect on the returns of the Fund. There can be no assurance that the Treaty will continue and will be in full force and effect during the life of the Fund.

#### General Anti-avoidance Rule (GAAR)

The Finance Act, 2012 had introduced the General Anti Avoidance Rules ("GAAR") in the ITA with effect from April 1, 2017. Investments made before April 1, 2017 are grandfathered for these rules. In the event, under the rules the Indian tax authorities determine the non-availability of treaty benefits to the Fund, capital gains accrued or realized post April 1, 2017 will be subject to Indian capital gains tax provisions. For more details on taxation please refer to Part VIII of this document.

#### Exposure to 'Permanent Establishment' (PE) and 'Business Connection' risks

The Investment Manager expects the Fund to fall within the purview of Section 9A of the Income-tax Act, 1961 ("ITA"), which provides that in case of certain eligible investment funds, the fund management activity carried out through an eligible fund manager in India, acting on behalf of such fund, shall not constitute business connection in India of such fund. However, if for any reason the activities are held to constitute a PE or a 'business connection' (in terms of the ITA) of the Fund in India, then the profits of the Fund to the extent attributable to the PE would be subject to taxation in India.

## PART IV

### CONFLICTS OF INTEREST

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

#### Investments in Companies in which Interested Parties have Interests.

The Fund may participate in projects and companies in which the Investment Manager, an affiliate of the Investment Manager, the Administrators and their officers and major shareholders (“Interested Parties”) have an existing investment or other interests, which may be on the same terms as the Fund’s investment or on different terms. In such cases, there could be a potential conflict between the interests of the Fund and those of the Interested Parties.

#### Allocation of Investments.

The Interested Parties may be subject to conflicts of interest in allocating investment opportunities among the Fund and other funds managed by them. Investment opportunities identified by the Investment Manager may be suitable for the Fund, one or more of their other funds or for direct investment by the Interested Parties. The Investment Manager, will endeavour to resolve any such conflicts in a reasonable manner taking into account, amongst other things, the investment objectives and policies of each fund, the remaining uninvested capital of each fund, the level of diversification of each fund, and the basis on which prior conflicts in allocating investment opportunities have been resolved. However, there can be no assurance that the Fund will be allocated any particular investment opportunities that are identified by the Investment Manager. Furthermore, the Investment Manager, shall have the right, in its discretion, to allocate any investment opportunities to other funds or to its own portfolios.

#### Representation

The attorneys, accountants, and other professionals, who perform services for the Fund may, and in some cases do, also perform services for the Interested Parties and their affiliates. The Fund shall wherever appropriate enter into confidentiality agreements prior to such services being rendered in the Fund’s favour. The Fund however, does not guarantee against any such conflict of interests.

## PART V

### CONTINUOUS OFFER AND REDEMPTIONS

Preference Shares of the Fund are available in registered form and share certificates will not be issued. The Registrar's functions shall be carried out by the Administrator pursuant to the Administration Agreement.

The Subscription Form should be completed with the full name and address of each of the persons in whose name the Preference Shares are to be registered and, in the case of a joint application, should identify who is to be the first named Shareholder.

#### Application procedure for Preference Shares

##### *Initial Offer Period*

The Initial Offer Period of the US Dollar Fund closed on July 5, 2005.

##### *Continuous Offer of Preference Shares*

After the Initial Offer Period, Preference Shares may be subscribed for by investors on any Valuation Day at the Issue Price plus an initial charge of up to 4 per cent as described in Appendix I of this document.

The procedure for applications for Preference Shares is set out in Appendix I.

#### Redemption of Preference Shares

Preference Shares may be redeemed on any Valuation Day at the Redemption Price on that Valuation Day, as described in Appendix I of this document.

The procedures for redemption of Preference Shares are set out in Appendix I.

#### Calculation of number of Shares to be Issued/Redeemed

The number of shares issued are rounded to the nearest number after 2 decimal points at the time of allotment and the number of shares redeemed are rounded to the nearest number after 2 decimal points at the time of redemption.

## PART VI

### MANAGEMENT AND ADMINISTRATION

The Fund has appointed the Investment Manager to take decisions on behalf of the Fund on the investment and divestment of the Fund.

The Fund holds at least two full Board meetings a year in Mauritius to principally decide on the investment strategy and performance; the first such meeting will also approve semi-annual accounts and the second meeting will approve the annual accounts. The other Board meetings of a more routine nature will take place by telephone conference with at least two resident directors present in Mauritius and chaired from Mauritius.

#### The Fund

The Board of the Fund will review any non-routine operational matters and will expect to be advised on any changes in the regulatory and tax environment affecting the Fund.

The Board of the Fund comprises of Mr Maheshwar Doorgakant and Mrs Anju Keerti Ramnarain, two Mauritius resident directors from Apex Fund Services (Mauritius) Ltd while Mr Nowroze J. N. Vazifdar is the non-resident director.

Maheshwar Doorgakant is a fellow of the Institute of Chartered Accountants of England and Wales. He is the Managing Director of Apex Fund Services (Mauritius) Ltd (“Apex Mauritius”), which forms part of the Apex Group which has offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland. Mahesh holds a number of directorships on the Boards of numerous India and Africa focused funds and companies through which he has acquired extensive experience and knowledge on key industries in India and its principal capital markets as well as Africa. Mahesh is also the president of the executive committee of the Association of Trust and Management Companies of Mauritius. Prior to joining Apex Mauritius, he was the Group Financial Controller of a major listed group in Mauritius. He had also previously managed another Mauritian Management Company specialising in the management and administration of Global Business Companies.

Keerti (Anju) Ramnarain is a Fellow member of the Association of Chartered Certified Accountants. Anju has over eight years of experience in the Mauritius Global Business Sector. She currently holds the position of accounts manager at Apex Fund Services (Mauritius) Ltd (“Apex

Mauritius”), which forms part of the Apex Group which has offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland. Prior to joining Apex Mauritius, Anju held the role of team leader at a leading offshore management company in Mauritius and was responsible for a number of funds investing into India. Keerti also holds a BSc (Hons) Accounting and Finance from the University of Mauritius.

Mr. N.J.N. Vazifdar graduated from the Bombay University (Sydenham College of Commerce & Economics). He has completed his Masters in Management Studies (MMS) with specialisation in Finance. He is a Fellow member in the Institute of Company Secretaries of India (ICSI) (Past President of ICSI) and also a member in the Institute of Chartered Accountants of India (ICAI).

Mr. Vazifdar has over 25 years’ experience in the accounting, finance and corporate secretarial functions and Compliance, having worked in leading Indian companies and foreign collaborations in India such as Godrej (1975-79), Colour-Chem (1979-90), Mahindra UGINE (1990-95) and Kotak Mahindra (1996-2003). He is a member on the Boards of other companies as an Independent Director and his advice is frequently sought on issues relating to corporate laws and corporate governance.

#### Investment Manager

The Investment Manager, was incorporated on 15 March 1994 in India as a company limited by shares. The registered office of the Investment Manager is at 1903 B Wing, Parinee Crescenzo, G Block, BKC, Bandra (E), Mumbai 400051.

The Investment Manager will not execute any investment transaction out of the Fund’s monies for the purpose of its own benefits or for the benefits of third party.

The Investment Manager shall be responsible for managing the assets and investment operations of the Fund and such duties as set out in the Investment Management Agreement. The following persons form part of the Investment Management team:

The Board of the Investment Manager comprises Messrs: Rajiv Sabharwal, Farokh Nariman Subedar, Prathit Damodar Bhohe, Suprakash Mukhopadhyay, Prabhat Chandra Tripathi, Anuradha Eknath Thakur, Sujit Kumar Varma, and Gagan Rai.



## Administrator

The Fund's administrator is Apex Fund Services (Mauritius) Ltd, which provides administration and other services to companies in Mauritius, including various other offshore funds. The Administrator is incorporated in Mauritius and is licensed and regulated by the FSC as a Management Company to, inter alia, provide company management and administration services to global business companies.

The administration of the Fund is undertaken by the Administrator in Mauritius which will, inter alia, provides registrar, corporate, secretarial and administrative services, in Mauritius and maintains the statutory books and records for each Fund.

The Administrator provides secretarial, administrative and registrar services to the Fund. These services include acting as corporate secretary and agent for service of process, the keeping of books and records, calculating and reporting the Net Asset Value, managing corporate correspondence, attending to regulatory filings in Mauritius, maintaining lists of shareholders and attending to the general administration of each of the companies that have engaged the Administrator.

Under the Administration Agreement with the Fund and Administrator, the engagement may be terminated by either party upon 30 days' notice. Each party agrees to indemnify and hold harmless the Administrator, any of its members or its employees who act in any capacity for such company from any claim or action whatsoever and wheresoever arising from their connection with such company excepting only actions, claims, costs, demands, loss or damage of any kind arising from any negligence, fraud or willful misconduct of the Administrator, any member of the Administrator or its employees.

The office address of the Administrator is: 4<sup>th</sup> Floor 19 Bank Street, Cybercity, Ebène 72201, Mauritius, telephone number is: +230 40488 00

## Custody of the Assets

The Fund has appointed Standard Chartered Bank (Mauritius) Limited as its Cash Custodian, to act as the custodian of the Fund's cash and cash equivalents.

The Cash Custodian has ultimate responsibility for the cash and cash equivalents of the Fund. The Cash Custodian will retain all cash and cash equivalents, in a segregated client account. Those assets will be separately identifiable and will be unavailable to the creditors of the Cash Custodian in the event of its insolvency.

The Cash Custodian may appoint sub-custodians for the safe keeping of the assets of the Fund. The Cash Custodian will use reasonable skill, care and diligence in the selection of suitable sub- custodians and shall be responsible to the Fund for the duration of the sub- custodian agreement for satisfying itself as to the ongoing suitability of the sub-custodian to provide custodial services to the Fund. The Cash Custodian will maintain an appropriate level of supervision over any sub-custodian and will make appropriate enquiries, periodically to confirm that the obligations of the sub-custodian continue to be competently discharged but subject to the foregoing the Cash Custodian will not further or otherwise be responsible for assets placed with sub-custodians. It also acts as custodian or trustee of a wide variety of offshore funds.

Standard Chartered Bank, Mumbai branch has been appointed as the Indian Custodian to safeguard the assets of the Fund.

## Auditor

The auditor of the Company is KPMG, Mauritius. The auditor shall carry out the audit of the accounts on an annual basis and provide an auditor's report certifying whether the accounts comply with applicable accounting standards and laws and whether they show a true and fair view of the financial position of the Company. The address of KPMG, Mauritius is set out in Appendix V.

## PART VII

### FEES AND EXPENSES

The following fees and expenses will be payable out of the assets of the Fund.

#### Fees

A total expense ratio ("TER") has been agreed between the US Dollar Fund and the Investment Manager, such that the US Dollar Fund bears its own expenses (including Administration expenses, Custody fees, Distribution fees, Supervisory fees, Audit fees, Registrar & Licence fees, Legal fees, Marketing expenses, Bank charges and any other cost of the Fund) only up to an amount of 2.5% per annum of the daily net asset value of preference shares. Any expense beyond the 2.5% cap is borne by the Investment Manager. If the expenses of the Dollar Fund are below the 2.5% cap the difference is paid to the Investment Manager as investment management fees and is accrued on a daily basis. The fees will be paid to the Investment Manager on a monthly basis by the 5<sup>th</sup> of the next month.

#### Administration, Custody Fees and Investor Services Fees

The Fund will pay the fees of the Administrator which will be at market rates agreed from time to time and are not expected to exceed U.S.\$ 100,000 per annum. Reasonable out-of-pocket expenses will also be reimbursed by the Fund to the Administrator.

The fees payable to the Indian Custodian shall be paid out of the Fund at the rate of up to 0.006 per cent per annum of the value of the assets of the Company, calculated by reference to the last Valuation Point in each month.

The Indian Custodian is also entitled to out-of-pocket expenses (including any statutory charges, charges paid to the depository participant, charges, stamp duty charges for registration and transfer deed cost) incurred in the proper performance of its duties.

#### Other Fees and Expenses

The Fund will bear all stamp duties, taxes, commissions and other dealing costs, foreign exchange costs, bank charges, registration fees relating to investments, insurance and security costs, fees and expenses of the Auditors and the registrars and legal, regulatory and certain other expenses incurred in the administration of the Fund (including the reinvestment of dividends) and in the acquisition, holding and disposal of investments. The Fund will also be responsible for the costs of preparing, printing and distributing all valuations, statements, accounts and reports. The expense of publishing the Net Asset Value will also be borne by the Fund.

In accordance with Indian market practice, brokerage costs will be charged to the capital account of the Fund.

#### Allocation of Fees and expenses

All fees and expenses of the Fund would be allocated to the Classes of Preference Shares respectively where directly identifiable and pro rata on net asset basis in other circumstances, unless the Directors in their discretion determine a fairer method of allocation in specific circumstances.

## PART VIII

### TAXATION AND EXCHANGE CONTROL

#### Taxation

Prospective investors are urged to consult their own professional advisers on the relevant taxation considerations applicable to the purchase, holding, disposal and redemption of Shares in the Dollar Fund and the receipt of distributions with respect to such Shares under the laws of the jurisdictions in which they are liable to taxation.

Set out below is a summary of the anticipated tax treatment in Mauritius and India, which, as regards Shareholders, applies only to persons holding Shares in the Dollar Fund as an investment. It does not constitute legal or tax advice and is based on the taxation law and practice in force at the date of this Information Memorandum.

Prospective investors should be aware that the relevant fiscal rules and practice or their interpretation may change. The following tax summary is not an opinion or a guarantee to any investor of the tax results of investing in the Fund.

#### Mauritius

The Fund holds a Global Business Licence for the purpose of the FS Act and is liable to income tax in Mauritius at the rate of 15 per cent.

There is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemption or conversion of Shares.

The Fund holds a tax residence certificate ("TRC") from the Mauritius Revenue Authority. The certificate is renewable annually subject to the directors and the secretary providing an undertaking to the tax authorities that are prescribed requirements to demonstrate that the Fund is centrally managed and controlled in Mauritius.

The MRA will issue a TRC to the Fund upon application made to the FSC along with an undertaking that the Fund is and will be centrally managed and controlled in Mauritius. In this respect, the Fund must:

- (a) have at all times at least two (2) resident directors of appropriate caliber and able to exercise independence of mind and judgment;
- (b) maintain, at all times, its principal bank account in Mauritius;
- (c) keep and maintain, at all times, its accounting records at a registered office in Mauritius;

- (d) prepare its statutory financial statements and cause its financial statements to be audited in Mauritius; and
- (e) provide for meetings of directors to include at least two (2) directors from Mauritius.

In addition to the above, the FSC has devised additional requirements when determining whether a GBL company is 'managed and controlled' in Mauritius by amending section 3 of chapter 4 of the Guide to Global Business (the "Guide").

GBL entities are expected to comply with the new 'economic substance' requirement as from 01 January 2015, by meeting at least one of the following criteria:

- (a) it has or shall have office premises in Mauritius; or
- (b) it employs or shall employ on a full-time basis at administrative/technical level, at least one person who shall be resident in Mauritius; or
- (c) its constitution contains a clause whereby all disputes arising out of the constitution shall be resolved by way of arbitration in Mauritius; or
- (d) it holds or is expected to hold within the next twelve months, assets (excluding cash held in bank account or shares/interests in another GBL entity) which are worth at least USD 100,000 in Mauritius;
- (e) its shares are listed on a securities exchange licensed by the FSC; or
- (f) it has or is expected to have a yearly expenditure in Mauritius which can be reasonably expected from any similar corporation which is controlled and managed from Mauritius.

The Guide further provides that a GBL entity shall be deemed to have satisfied the additional 'economic substance' requirements where a related corporation, that is, a subsidiary, fellow subsidiary, a parent corporation or any other corporation within the same group structure, holding a GBL satisfies one of the 'economic substance'.

Further to the Mauritian government policy of encouraging substance in Mauritius by global business companies, certain amendments have been brought to Section 3 of Chapter 4 of the "Guide to Global Business", which provides guidelines on matters which the Financial Services Commission (the "FSC") considers relevant when determining "management and control".

It is noted that the additional tax residency rules effective as per Section 3 of Chapter 4 of the Guide to Global Business has been superseded by the circulars dated October 12, 2018

and October 15, 2018 issued by the FSC such that a Global Business Company (“GBC”) is now required to comply with the following enhanced substance rules in order to be considered as tax resident in Mauritius:

A GBC shall, at all times carry out its core income generating activities in, or from, Mauritius by

- (a) employing, either directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities; and
- (b) having a minimum level of expenditure, which is proportionate to its level of activities.

The Fund should on that basis qualify as a resident of Mauritius for the purposes of Mauritius domestic tax legislation and the India-Mauritius Tax Treaty. The Fund should be entitled to relief (if any) from Indian tax where investments are made through India, subject to the continuance of the current terms of the Tax Treaty and/or amendments to the Tax Treaty. Currently, as per the Treaty India has the right to tax capital gains only with respect to “shares”. Capital gains arising on the disposal of assets other than “shares” are taxable only in Mauritius, subject to the satisfaction of conditions such as providing of valid tax residency certificate, Form 10F. However, if general anti-avoidance rules are applicable to the Fund then Treaty benefits can be denied.

Please refer to the risk factor headed “Reliance on India/Mauritius Double Tax Avoidance Treaty” in Part III of this document.

## India

A shareholder will be liable to Indian taxation when (1) such shareholder is a resident of India in which case such shareholder should be taxed on its worldwide income or (2) the shareholder, being a non-resident, income that is received in India or which accrues or arises in India or income which is deemed under the ITA to be received, to accrue or to arise in India.

The taxation of the Fund in India shall be governed by the provisions of the ITA, read with the provisions of the Treaty. According to Section 90(2) of the ITA, the provisions of the ITA apply to the extent they are more beneficial to a taxpayer than the provisions of the Treaty. The rates specified below are applicable for the Financial Year 2020-21 (Assessment Year 2021-22). The rates, unless otherwise specified, are exclusive of applicable surcharge and cess.

In order to claim the beneficial provisions of the Treaty, the FPI must be a tax resident of Mauritius. In light of Circular No. 789

dated April 13, 2000, issued by the Central Board of Direct Taxation, the FPI is eligible for the benefits under the Treaty if it is incorporated in Mauritius and has been issued a Tax Residency Certificate (“TRC”), in accordance with Section 90(4) of the ITA. The Supreme Court of India has also upheld the validity of the abovementioned Circular 789 and accordingly, upon obtaining a TRC, the FPI should be eligible for the benefits under the Treaty. However, the FPI may have to provide to the tax authorities such other documents and information, as may be prescribed. However, if general anti-avoidance rules are applicable to the Fund then Treaty benefits can be denied.

The Fund is expected to have income in the form of capital gains on sale of capital assets, income from dividends and income from interest. On 17 March 2020, the Company has been granted a Certificate of Registration as a Category II Foreign Portfolio Investor (FPI). Subsequently, the Company was recategorized to a Category I Foreign Portfolio Investor (FPI) on 29 April 2020.

As per the protocol signed by India and Mauritius in 2016 (the “Protocol”) amending the Treaty, India will have the right to tax capital gains which arise from alienation of shares of a company resident in India acquired by a Mauritius tax resident on or after 1 April 2017.

It is clarified that capital gains arising out of the alienation of any other security (i.e. except shares), including debentures, should not be taxable in India, under the Treaty.

With effect from April 1, 2014, securities held by an FPI pursuant to FPI Regulations are regarded as “capital assets” and, as a corollary, gains derived from their transfer should be considered as capital gains. As a result of this amendment, gains arising on disposal / transfer of a range of listed securities including shares, debentures and eligible derivative instruments as may have been acquired under applicable laws, shall be taxed as capital gains (and not business income) under Indian domestic law. In such event, the taxation of capital gains should be as set out below:

- (a) Capital gains from the sale of listed equity shares or units of equity oriented mutual fund made off the floor of the stock exchange or zero coupon bonds, held for twelve months or less are taxable as short-term capital gains at the rate of 30% (excluding the applicable surcharge and health and education cess) and for those held for more than twelve months shall be taxed at the rate of 10% (excluding the applicable surcharge and health and education cess);
- (b) Capital gains from the sale of unlisted securities (other than those covered above) held for thirty six months (for

securities other than shares) / twenty four months (for shares) or less are taxable at the rate of 30% (excluding the applicable surcharge and health and education cess) and those held for more than thirty six months (for securities other than shares) / twenty four months (for shares) shall be taxed at the rate of 10% (excluding the applicable surcharge and health and education cess); and

Capital gains from the sale of listed Indian equity shares or units of equity oriented mutual fund made on the floor of the stock exchange and subject to Securities Transaction Tax and held for twelve months or less are taxable at the rate of 15% (excluding the applicable surcharge and health and education cess) and those held for more than twelve months shall be taxed at the rate of 10% (excluding the applicable surcharge and health and education cess) for gains exceeding INR 100,000;

Dividends on shares received from an Indian company on which dividend distribution tax (at an effective rate of approximately 20%) has been paid, are exempt from tax in the hands of the shareholder (such as the Fund); however, the Finance Bill, 2020 proposes to do away with the dividend distribution tax, pursuant to which the dividend income will not be taxed in the hands of the company, but rather in the hands of the shareholder (such as the Fund). Upto 31 March 2020, the Indian company distributing dividends is subject to a distribution tax at an effective rate of 20.55% (inclusive of applicable surcharge and cess) on such dividends. Upon the proposal taking effect (i.e. w.e.f 1 April 2020), dividend income should be taxable in the hands of the shareholders under section 56 of the ITA, under the head 'Income from Other Sources', which should entail a 20% tax rate in case of non-resident shareholders. Under the Treaty, the applicable rate of withholding in respect of dividend income, for the Fund as a resident of Mauritius, should be:

- (a) five per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends; and
- (b) fifteen per cent of the gross amount of the dividends in all other cases.

Further, interest income from loans provided or debt securities held in India will be taxed at the rate of 7.5% under the Treaty provided the Fund qualifies as the beneficial owner of the interest income; except in a circumstance where the ITA provides more beneficial tax rate, i.e. wherein interest income is with respect to investment in rupee denominated bonds (where the rate of interest does not exceed such rate as may be notified by the Government of India) of an Indian company or Government Security (as defined in Section 2(b) of Securities Contracts (Regulation) Act, 1956) payable to an FPI on or after 1 June 2013 and before 1 July 2020, in which case it should be

taxable at the rate of 5% (exclusive of applicable surcharge and cess). The Finance Bill, 2020 proposes to (i) extend the term of the lower interest rate of 5% to July 01, 2023 from July 01, 2020; and (ii) provide the lower withholding tax rate of 5% on the interest payable to an FPI in respect of the investment made in municipal debt security, during the period beginning from April 01, 2020 and ending on July 01, 2023.

All transactions entered on a recognised stock exchange in India will be subject to the STT in accordance with the ITA.

In the event that the benefits of the Treaty are not available to the Fund, for any reason, or the Fund is held to have a permanent establishment in India, interest, dividend and capital gains would be taxable at the rates provided under the ITA as described above.

In view of the particularized nature of tax consequences, each prospective investor is advised to consult its own tax adviser with respect to the specific tax consequences of purchasing interests in the Fund.

### **Securities Transaction Tax**

The reduced rate of short-term capital gains is applicable only if the sale or transfer of the equity shares takes place on a recognised stock exchange in India and the STT, is collected by the respective stock exchanges, at the applicable rates on the transaction value.

The FPI will be liable to pay STT in respect of dealings in Indian securities purchased or sold on the Indian stock exchanges. The applicable rates of STT are set out below:



Transactions/ Particulars	Payable by Purchaser	Payable by Seller
Purchase/sale of an equity share in a company or delivery based transaction in recognised stock exchange	0.1%	0.1%
Sale of units of equity oriented mutual fund (delivery based transaction in recognised stock exchange)	N.A	0.001%
Purchase of units of equity oriented mutual fund	NIL	N.A
Sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery	N.A.	0.025%
Sale of unlisted shares under an offer for sale to the public	N.A	0.2%
Sale of an option in securities	N.A	0.05%
Sale of an option in securities, where option is exercised	0.125%	N.A.
Sale of futures in securities	N.A.	0.01%
Sale of unit of an equity oriented fund to a mutual fund	N.A.	0.001%

### Characterisation of income

With effect from 1 April 2014, securities held by an FPI pursuant to FPI Regulations are regarded as “capital assets” and, as a corollary, gains derived from their transfer should be considered as capital gains. As a result of this amendment, gains arising on disposal/transfer of a range of listed securities including shares, debentures and eligible derivative instruments as may have been acquired under applicable laws, shall be taxed as capital gains (and not business income) under Indian domestic law. The taxation of capital gains should be as outlined above.

In view of the particularised nature of tax consequences, each prospective shareholder is advised to consult its own tax adviser with respect to the specific tax consequences of purchasing shares in the relevant Fund.

### General Anti-Avoidance Rules (“GAAR”)

Finance Act, 2015, has come into effect from 1 April 2017. Further, it has been announced that GAAR would be applicable only to income earned or received from transfer of investments which were made after 1 April 2017.

As per the provisions of ITA, the 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 which:

- creates rights, or obligations, which are not ordinarily created between persons dealing at arm’s length;
- results, directly or indirectly, in the misuse, or abuse, of the provisions of ITA;
- lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or
- 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;
- it involves or includes:
  - round trip financing;
  - an accommodating party;
  - elements that have the effect of offsetting or cancelling each other; or



- (iv) 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
- (c) 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.

In case GAAR is applied to any transaction pertaining to the Fund, it could have an adverse impact on the taxability of the Fund and the accordingly the returns to the investors in the Fund may also be adversely affected.

Further, the Central Board of Direct Taxes on 27 January 2017 vide Circular No. 7 of 2017, inter alia, clarified that if the jurisdiction of an FPI is finalised based on non-tax commercial considerations, and the main purpose is not to obtain tax benefit, GAAR would not apply.

### **Taxation of Indirect Transfer of Indian Assets**

The ITA provides for the levy of capital gains tax on income arising from the transfer of shares/interest in a company/entity registered outside India which derives, directly or indirectly, its value substantially from the assets located in India.

At present assets or capital assets held by non-residents by way of investment, directly or indirectly, in a Category I or Category II FPI are exempt from applicability of the indirect transfer provisions (described in the foregoing paragraph).

Taxation under indirect transfer provisions (if and as applicable) should be subject to relief under an applicable tax treaty, subject to compliance with the applicable requirements under the treaty and the furnishing of requisite documents to the Indian income tax authorities, including a TRC. As mentioned earlier if GAAR is applicable then tax treaty benefits could be denied.

The levels and bases of taxation and any relevant reliefs from taxation referred to in this Prospectus may change, any reliefs referred to are the ones which currently apply and their value may differ from investor to investor.

### **Minimum Alternate Tax (MAT)**

As per the ITA, if the tax payable by any company is less than 15% of its book profits, it will be required to pay MAT which will be deemed to be 15% of such book profits. However, the Finance Act, 2016 exempted foreign companies from the MAT

provisions, with retrospective effect from April 1, 2001, in cases where:

- (a) 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
- (b) 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

### **Exchange Control: Mauritius**

All exchange control restrictions applicable in Mauritius were suspended with effect from 29 July 1994. The Fund holds a Global Business Licence in Mauritius and accordingly all sums paid to or by the Fund would be excluded from the exchange control regulations if the suspension of such regulations ceased to operate.

### **Exchange Control India**

Foreign investment in Indian securities is regulated by the Foreign Exchange Management Act 1999 ("FEMA"). As per Section 6(3) (b) of FEMA, the RBI has been given the authority to prohibit, restrict or regulate the transfer or issue of any Indian security by a person outside India.

FEMA provides the statutory framework governing India's system of controls on foreign exchange dealings, through which the Government of India exercises its policy with respect to foreign investment in India and all dealings by residents of India with non-residents and in foreign currency. Without permission (general or special) from the RBI, residents of India cannot undertake any transaction with persons outside India, sell, buy, lend or borrow foreign currency, issue or transfer securities to non-residents or acquire or dispose of any foreign security.

The RBI has recently notified the Foreign Exchange Management (Debt Instruments) Regulations, 2019 ("FEMA Debt Regulations") and the Central Government of India has recently notified Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("FEMA Non-Debt Rules") (together with the FEMA Debt Regulations, the "FEMA Rules") for the regulation of foreign investment in debt and non-debt instruments respectively.

On September 23, 2019, SEBI notified the FPI Regulations, which replaced the erstwhile 2014 regulations. An FPI desiring to invest into India must be granted a certificate of registration by a designated depository participant ("DDP") on behalf of SEBI, and must comply with the provisions of the FPI Regulations. When it receives the initial registration, the FPI also obtains

general permission from the RBI to engage in transactions regulated under the Foreign Exchange Management Act of India.

The Fund has obtained registration as a Category II Foreign Portfolio Investor ("FPI") under the FPI Regulations on 17 March 2020. The FPI registration number is INMUF029720. Subsequently, the Company was recategorized to a Category I Foreign Portfolio Investor (FPI) on 29 April 2020.

On February 21, 2020, the FATF released a publication titled "Jurisdictions under Increased Monitoring" ("FATF Release") whereby Mauritius was added to such list, often referred to as the 'grey list'. This led to significant confusion and speculation as to the status of Mauritius-based FPIs, in light of certain provisions in the Operational Guidelines in respect of the FPI Regulations ("OGs"), which restrict investment by FPIs based out of jurisdictions identified by the FATF as "high risk" and "non-cooperative" jurisdictions.

The Securities and Exchange Board of India ("SEBI") issued a press release ("Press Release") on February 25, 2020, providing clarity and assurance that "FPIs from Mauritius continue to be eligible for FPI Registration with increased monitoring as per FATF norms", putting the abovementioned concerns at bay. The guidance from FATF to its members (which includes India) in such cases is to take this into account in their risk analysis; accordingly, the view taken by SEBI is to not restrict participation by Mauritius-based FPIs, but subject them to enhanced monitoring.

Ownership Restrictions applicable to FPIs are as follows:

- Under the FPI Regulations and the FEMA Non-Debt Rules, the purchase of equity shares of each company by a single foreign portfolio investor or an investor group (whether directly through FPI investment or through subscription to ODIs) shall collectively be below 10% (ten percent) of the total paid up equity capital in a listed or to be listed company on a fully diluted basis at any time. An investor group is constituted where the same set of beneficial owners invest through multiple entities in which case the investment limits of all such entities shall be clubbed at the investment limit applicable to a single FPI.
- Further, with effect from April 01 2020, collective FPI holding (whether directly through FPI investment or through subscription to ODIs) in an Indian company is permitted up to the sectoral cap/statutory ceiling, as applicable, in respect of such Indian company; which cap may be further increased or decreased through a resolution by the

company's board of directors followed by a special resolution to that effect by its general body, and subject to prior intimation to the RBI.

- As per the provisions pertaining to issuance of offshore derivative instruments ("ODIs") under the FPI Regulations, in case of an ultimate beneficial owner who has direct or indirect common shareholding/ beneficial ownership/beneficial interest, of more than 50% in an FPI and an ODI subscriber entity or 2 or more ODI subscribers, the participation through ODIs would be aggregated with the direct holding of FPIs or the other concerned ODI subscriber(s) when determining whether the above investment cap in an Indian company has been triggered.
- Under the FPI Regulations and the Operational Guidelines thereto, participation by a single non-resident Indian ("NRI"), overseas citizen of Indian ("OCI") or resident Indian ("RI") (including those of an NRI/OCI/RI controlled investment manager) in an FPI are to be restricted to 25% and in aggregate to below 50%. Such circulars also stipulate that an NRI/OCI/RI should not be in control of FPIs (except for FPIs for which no-objection certificate has been provided by SEBI). However, an FPI can be controlled by an investment manager which is owned and controlled by NRIs/OCIs/RIs if (i) the investment manager is appropriately regulated in its home jurisdiction and registers itself with SEBI as a non-investing FPI; or (ii) the investment manager is incorporated or set up in India and appropriately registered with SEBI.

## Shareholders

Shareholders who are not resident in India for tax purposes will not be subject to Indian taxation on gains realised on disposals or redemptions of Shares provided that the proceeds are paid outside India. Shareholders will also not be subject to Indian wealth tax on such proceeds.

## United Kingdom

### The Fund

The Directors intend to conduct the affairs of the Fund in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Fund. This will include conducting the affairs of the Fund so that it does not become resident or carry on business in the United Kingdom for taxation purposes. Accordingly, the Fund will not be subject to United Kingdom taxation other than on United Kingdom source income.

Dividends, interest and other income as well as capital gains received by the Fund may be subject to withholding or similar taxes imposed by the country in which such dividends, interest, other income or capital gains originate.

### ***Shareholders in the Fund***

Each Class of the Fund is treated as an offshore fund for the purposes of United Kingdom taxation. The Fund will not seek certification as a "distributing fund" in respect of the Preference Shares and accordingly any gain arising on a disposal of the Preference Shares (for example, by way of transfer or redemption) will normally constitute income for all purposes of United Kingdom taxation. In computing such gains, amounts reinvested which have been subject to United Kingdom tax as income can be added to the cost of the Preference Shares disposed of and, as a result, reduce any liability to taxation on disposal. Losses on disposals of Preference Shares will be eligible for capital gains loss relief. Holders of Class A Shares which are within the charge to corporation tax should note that such losses will not benefit from the indexation of costs.

### ***Corporate investors***

Under the rules for the taxation of corporate and government debt contained in the Finance Act 1996, if the Fund is treated as transparent for UK tax purposes) has more than 60 per cent by market value of any investments in debt securities, money placed at interest (other than cash awaiting investment), building society shares or holdings in unit trusts or other offshore funds with, broadly, more than 60 per cent of their investments similarly invested, investors within the charge to corporation tax in the United Kingdom will be subject to tax as income on all profits and gains arising from and fluctuations in the value (calculated at the end of each accounting period of the investor and at the date of disposal of the interest) of each class of shares, in accordance with an authorised fair value basis of accounting. These rules will apply to such investors if the 60 percent limit is exceeded in respect of the Shares at any time during the investor's accounting period, even if it was not holding Shares at that time.

Individuals will not be affected by these rules. Special rules apply to insurance companies, authorised unit trusts, open-ended investment companies and investment trusts.

### ***UK Insurance Companies***

Investors who are life insurance companies within the charge to United Kingdom taxation holding Preference Shares in the Fund for the purposes of their long-term business (other than their pensions business) will be deemed to dispose of and immediately reacquire their Preference Shares at the end of each accounting period. Such Shareholders should seek their own professional advice as to the tax consequences of the deemed disposal.

### ***Income from the Fund***

According to their personal circumstances shareholders resident in the United Kingdom for tax purposes will be

liable to income tax or corporation tax in respect of dividend or other income distributions of the Fund. Relief where appropriate may be obtained under the provisions of any applicable double tax treaty.

### ***Anti-avoidance***

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Sections 739 to 745 of the Income and Corporation Taxes Act 1988 (the "Taxes Act"). These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Fund on an annual basis.

The Taxes Act also contains provisions which subject certain United Kingdom resident companies to corporation tax on profits of companies not so resident in which they have an interest. The provisions affect United Kingdom resident companies which are deemed (together with the interests of persons connected or associated with them) to be interested in at least 25 per cent of the profits of a non-resident company which is controlled by residents of the United Kingdom and which does not distribute substantially all of its income and is resident in a low tax jurisdiction. As a result of the Fund's investment restrictions, which prohibit any investor from holding more than 10% of the Preference Shares in the Fund, provided United Kingdom resident corporate shareholders are not treated as being connected or associated with other persons for the purpose of this legislation it is not anticipated that these provisions will apply to them.

It is anticipated that the shareholdings in the Fund will be such as to ensure that the Fund would not be a close company if resident in the United Kingdom. If, however, the Fund were to be such that it would be close if resident in the United Kingdom, gains accruing to it may be apportioned to certain United Kingdom resident shareholders who may thereby become chargeable to capital gains tax or corporation tax on chargeable gains on the gains apportioned to them.

## APPENDIX I

### PROCEDURES FOR ISSUES AND REDEMPTIONS

Preference Shares are available for subscription on Valuation Days (every Business Day) at the Issue Price as described in paragraph 3 below. Preference Shares may be redeemed on any Valuation Day at the Redemption Price as described in paragraph 3 below.

#### 1 Continuous Offer

Subject to paragraphs 5 and 6 below, Preference Shares in the US Dollar Fund may be subscribed under the Continuous Offer on the following basis.

Applications may be made through any distribution agent which may be appointed by the Fund in accordance with the procedures specified by such distribution agent and applicants should discuss those with the relevant distribution agent. Alternatively, applications may be made directly to the Investment Manager in accordance with the provisions set out below.

Preference Shares in the US Dollar Fund may be subscribed on any Valuation Day at the Issue Price plus an initial charge of up to a maximum of 4 percent of the Issue Price which is payable to the Investment Manager. The Issue Price is calculated as described in paragraph 3 below.

Applications for investments in the US Dollar Fund should be for a minimum of US\$ 1,000,000 for US residents and US\$ 10,000 for other investors.

The Net Asset Value will be published by the Administrator. Applications for subscriptions and redemptions (whether through the Distributor or the Investment Manager) should be made to the Administrator:

Apex Fund Services (Mauritius) Ltd,  
4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.  
Telephone: +230 404 88 00  
Facsimile: +230 404 8899  
Email: [tiof@apex.mu](mailto:tiof@apex.mu)

Applications, which will be permitted only on the basis of the terms of this document or a current, equivalent offering document in relation to the Fund, shall be made by completing the Application Form which is circulated with the Information Memorandum and attaching the verification documents as per the checklist attached to the Application Form ("Documents").

The Administrator will process Documents received by fax or email and issue statement of holdings only upon receipt of the original documents and acceptance of the application.

Investors should note that settlement dealing and redemption will be effected in US Dollar.

Documents should reach the Administrator and subscription monies received with clear funds in the Fund's bank account by the Dealing Valuation Point for the Administrator to be able to process the application.

Applications received by the Administrator by the Dealing Valuation Point will result in Preference Shares being issued on the applicable Valuation Day. Applications received after the Dealing Valuation Point will be held over and Preference Shares will be dealt with on the immediately following Valuation Day when the documents have been received.

Investors wishing to hold their newly subscribed Preference Shares with Euroclear and Clearstream Banking should follow the procedures as amended from time to time of Euroclear and Clearstream Banking.

Subscription monies received will initially be paid into a client account and interest, if any, arising on such a client account will accrue for the benefit of the Fund. The Fund reserves the right to seek evidence of further identity to comply with applicable anti-money laundering regulations. In the case of delay or failure to provide satisfactory information, the Fund may take such action as it thinks fit.

#### *Mauritius Anti-Money Laundering Legislation*

To ensure compliance with the Financial Intelligence and Anti-Money Laundering Act 2002 and the Code on the Prevention of Money Laundering and Terrorist Financing ("Code") issued by the FSC and the Agreement for the Exchange of Information Relating to Taxes (The United States of America – FATCA Implementation) Regulations 2014 in force in Mauritius, an investor applying for Preference Shares will be required to provide certain information/ documents for the purpose of verifying the identity of the applicant, source of funds and obtain confirmation that the application monies do not represent, directly or indirectly, the proceeds of any crime. The request for information may be reduced where an applicant is a regulated financial services business based in Mauritius or in an equivalent jurisdiction (i.e. subject to the supervision of a public authority) or in the case of public companies listed on Recognised Stock / Investment Exchanges, as set out in the Code.

In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund



may reject the application and refuse to accept the relevant subscription monies or the Fund may refuse to process a redemption request until proper information has been provided.

Investors should note specifically that additional information as may be necessary to verify the identity of the investor and the owner of the account to which the redemption proceeds will be paid may be requested. Redemption proceeds will not be paid to a third-party account. Each applicant for shares acknowledges that the Registrar shall be held harmless against loss arising as a result of a failure to process an application for shares or redemption request if such information and documentation as requested by the Registrar has not been provided by the applicant.

### *Statement of holding and certificates*

A statement of holding will be sent to the applicant, or to the applicant's broker through whom the order was placed, on the acceptance of the application. All Shares issued will be registered and the Share register will be conclusive evidence of ownership. Shares will be issued in uncertificated form unless a certificate is specifically requested at the time of application. The uncertificated form enables the Fund to effect redemption instructions without undue delay and consequently the Investment Manager recommends investors to maintain their Shares in this manner.

Investors will be allocated a Shareholder number on acceptance of their application and this, together with the Shareholder's personal details, will be proof of identity. This Shareholder number should be used for all future dealings by the Shareholder with the Fund.

If an investor or transferee requests Shares to be issued in certificated form, a share certificate will be dispatched either to him or his nominated agent (at his risk) within 28 days of completion of the registration process or transfer, as the case may be, of the Shares.

Any changes to the Shareholder's personal details, loss of Shareholder number or loss of Share certificate must be notified immediately to the Investment Manager in writing. The Investment Manager reserves the right to require an indemnity or verification countersigned by a bank, stockbroker or other party acceptable to it before accepting such instructions.

## **2 Redemption of Preference Shares**

Subject to the foregoing and to paragraphs 5 and 6 below, Preference Shares may be redeemed on any Valuation Day by transmitting a redemption request by facsimile or mail, to

be received not later than the Dealing Valuation Point to the Administrator:

Apex Fund Services (Mauritius) Ltd  
4th Floor 19 Bank Street Cybercity Ebène 72201, Mauritius  
Telephone: + 404 88 00  
Facsimile: +404 88 99  
Email: [tiof@apex.mu](mailto:tiof@apex.mu)

Redemptions may only be made on the basis of the information contained in this document or a current, equivalent offering document in relation to the Fund.

A Shareholder may redeem all or part of its holding provided that, if the redemption request would reduce the balance in the account below US\$10,000 such request will be treated as a request to redeem the entire shareholding, unless the Fund otherwise determines.

Payment of the Redemption Price must be made in US Dollars or such other currency as the Directors may from time to time otherwise determine or, subject to obtaining appropriate regulatory consents in India, in specie and, for such purposes, the Directors may, in their absolute discretion, set such value as they deem fair upon any one or more class or classes or property and may determine how such division shall be carried out as between redeeming Shareholders. Payment of the Redemption Price shall be subject to any requisite exchange control or other official consents first having been obtained.

### *Procedure for redemption*

Each redemption request must identify the number or value of Preference Shares to be redeemed and, if applicable, the Shareholder's name and registration number.

A redemption request may not be withdrawn by a Shareholder save as described in paragraphs 5 and 6 below.

Subject to paragraph 5 and 6 below, the Administrator will redeem on each Valuation Day the appropriate number of Preference Shares specified in a redemption request received before the relevant Dealing Valuation Point. The Redemption Price will be determined as at the Valuation Point on the Valuation Day (paragraph 3 below). Redemption requests received after the Dealing Valuation Point will be held over and Preference Shares will be priced on the next Valuation Day.

The Administrator will send, within 5 Business Days of the relevant Valuation Day to each Shareholder or to the Shareholder's broker through whom the order was placed, a contract note in respect of each redemption of Preference Shares for his account.

In the case of a certificated Shareholding, a cancelled share certificate for the relevant Preference Shares must be received by the Administrator before the redemption price will be paid. Balance share certificates, where appropriate, will, if the Shareholder requests, be dispatched normally within 21 days thereafter.

### 3 Calculation of Conversion, Issue and Redemption Prices

#### *General*

Issue and redemption prices of Preference Shares in the Japan Fund are based on Net Asset Value per Share in the Japan Fund which will be determined by the underlying value of the portfolio and the value of the net assets outside India. Fiscal and purchase charges will be taken into account in determining Issue Prices, and fiscal and sales charges will be taken into account when determining Redemption Prices. The directors may at their discretion vary the charges applicable for determination of issue and redemption prices. Such changes will be applied prospectively.

#### *Issue Price of Preference Shares*

In the Continuous Offer, the Issue Price of the Preference Shares in the US Dollar Fund will be based on the Net Asset Value per Share calculated by the Administrator as at the Valuation Point on the Valuation Day, or at such other time as the Directors may determine.

The Issue Price of a Share in the US Dollar Fund will be calculated by determining the value of the assets referable to the Preference Shares in the US Dollar Fund (including accrued income) and deducting all liabilities referable to the Preference Shares. The resultant sum will be divided by the number of Preference Shares in issue to give the Issue Price per Share. The Issue Price per Share will be rounded to the nearest US Cent after 4 decimal points.

#### *Redemption Price of Preference Shares*

The Redemption Price of Preference Shares in the Dollar Fund to be redeemed on each Valuation Day will be based on the Net Asset Value per Share calculated by the Administrator as at the Valuation Point on the Valuation Day.

The Redemption Price of the Preference Shares in the US Dollar Fund will be calculated by determining the value of the assets referable to the Preference Shares in the US Dollar Fund (including accrued income) and deducting all liabilities referable to the Preference Shares. The resultant sum will be divided by the total number of Shares in issue at the time to give the Redemption Price per Share. The Redemption Price per Share will be rounded to the nearest US Cent after 4 decimal points.

### 4 Settlement Procedures

Settlement for subscriptions should be made directly to the Fund's bank account by the Dealing Valuation Point to be processed on the Valuation Day. Payment must be made as indicated in the application form for subscribing to this Fund.

Where payment is made by telegraphic transfer, applicants are requested to instruct their bankers to advise the Administrator of the remittance of funds, such advice to include the subscription reference number, the applicant's name, Shareholder number (if available) and "Tata Indian Opportunities Fund" for identification purposes. Failure to do so will cause delay in the processing of the transaction.

Applicants should be aware that subscription applications which are not settled by the due date may be cancelled and the costs of cancellation passed onto the applicant.

Proceeds of redemptions will be transmitted in US Dollars normally within 10 business days of the relevant Valuation Day by telegraphic transfer to the investor's bank account as wiring details provided.

To make arrangements so that the Administrator can wire proceeds, in response to redemption orders, a new investor should designate an account at a bank or other financial institution acceptable to the Administrator to receive proceeds and the Administrator shall wire the redemption proceeds by way of telegraphic transfer. An investor who already has an account with the Investment Manager may change instructions as to a designated bank account previously given by sending a written notice to the Investment Manager. Authentication and documentation may be required. Similarly, changes in any Shareholder's name or address must be provided in a form satisfactory to the Investment Manager.

### 5 Possible Deferral of Applications for the Issue or Redemption of Shares

On each Valuation Day the Directors may limit the number of Shares issued and/or redeemed to such number of Shares which does not cause the aggregate Net Asset Value of the Shares of that class then in issue to increase or decrease by 15 per cent or more. In such case, the Investment Manager will reduce all requests pro rata (based on the size of the request) so that the net number of Shares issued and redeemed does not exceed the limitation so determined by the Directors pursuant to their powers. Any Shares which, by virtue of this limitation, are not issued or redeemed on any particular Valuation Day shall be carried forward for issue or redemption on the next Valuation Day and all following



Valuation Days (in relation to which the Investment Manager has the same power of deferral) until the original request has been satisfied, provided that (a) the Investment Manager will reduce all such requests pro rata on the next and following Valuation Days so that they cover no more than the permitted number of Shares; and (b) the original request is given priority over subsequent requests.

The Investment Manager will notify any applicant if his application is deferred. If the Directors choose to exercise their powers of deferral, Shareholders may revoke or withdraw an application or a redemption request, either in respect of the request relating to the portion which has been deferred or otherwise, by written notice to the Investment Manager before 12.30 pm (Mauritius time) on the next Valuation Day.

## 6 Temporary Suspension of Calculation of Net Asset Value

The Directors are empowered to suspend the calculation of the Net Asset Value and may do so in any of the following events:

(a) when one or more exchanges which provide the basis for valuing any assets of the Fund are closed other than for or during holidays or if dealings therein are restricted or suspended or where trading is restricted or suspended in respect of securities forming a material part of the Fund's assets;

(b) when, as a result of political, economic, military or monetary events or any circumstance outside the control, responsibility and power of the Fund including (without limitation) delays in settlement or registration of securities transactions, the disposal of the assets of the Fund is not reasonably practicable without materially and adversely affecting and prejudicing the interests of continuing Shareholders, or if, in the opinion of the Directors, a fair price cannot be calculated for the assets of the Fund;

(c) in the case of a breakdown of the means of communication normally used for the valuing of any investment of the Fund or if for any reason the value of any asset of the Fund which is material in relation to Net Asset Value (as to which the Directors shall have sole discretion) may not be determined as rapidly and accurately as required;

(d) if, as a result of currency exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable, or if purchases, sales, deposits and withdrawals of the assets of the Fund cannot be effected at the normal rates of exchange, as determined by the Directors;

(e) in case of a decision to liquidate the Fund, or mandatorily redeem all Shares, on and after the day of publication of the

first notice to Shareholders of the Fund indicating such a decision;

(f) when by reason of voluntary or involuntary liquidation or bankruptcy or insolvency or any similar proceedings the Fund's investments are affected or an event which results in the investments being nationalised, expropriated or otherwise required to be transferred to any government agency, authority or entity occurs;

(g) when the Directors are of the opinion that a change or adoption of any law, rule or regulation by any governmental authority, central bank or comparable agency or any directive or request issued by any such body imposes restrictions on the sale or acquisition or transfer of investments; or

(h) in any other period when the Directors, at their discretion, determine it to be in the interest of the Shareholders as a whole or Shareholders of a relevant class or classes.

In addition, the Directors shall have the right, after consultation with the Investment Manager, to postpone any Valuation Day to the next Business Day or such other day as the Directors may determine, if, in their opinion, a significant proportion of the assets of the Fund cannot be valued on an equitable basis and such difficulty is expected to be overcome within the period of postponement.

No redemption of Preference Shares or issue of Preference Shares will take place during any period when the calculation of the Net Asset Value is suspended.

The Directors reserve the right to withhold payment to persons whose Preference Shares have been redeemed prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances where the Directors believe that to make such payment during the period of suspension would materially and adversely affect and prejudice the interests of continuing Shareholders. Notice of any suspension will be given to any Shareholder tendering his Preference Shares for redemption. If the request is not withdrawn the Preference Shares will be redeemed on the first Valuation Day following termination of the suspension or on such earlier day following the end of the suspension as the Directors may determine either generally or in any specific case or cases.

The Directors have delegated their rights of suspending dealings in Preference Shares and the postponement of any Valuation Day to the Investment Manager, subject to their overall supervision or direction.

## 7 Compulsory Transfer and Redemption

The Directors have the power under the Constitution to restrict (by means of compulsory transfer or redemption, if necessary) the ownership of Shares where, in the conclusive determination of the Directors, such Shares (i) are sold or transferred to or held by a person in breach of the laws or requirements of any jurisdiction or governmental authority; or (ii) might result in the Fund incurring a material liability to taxation or suffering a material pecuniary, fiscal or regulatory disadvantage which the Fund might not otherwise have suffered or incurred, including but not limited to, being deemed to be a fiduciary subject to ERISA or being required to register as an “investment company” under the Investment Company Act; and for this purpose includes a U.S. Person who is not a “qualified purchaser” as defined in Section (2)(a)(51)(A) of the Investment Company Act or a person resident in India who is or becomes a Shareholder without the consent of the Directors.

The Directors, in their absolute discretion, may compulsorily redeem or convert into any other class of shares, all outstanding shares of the US Dollar Fund, on four (4) weeks’ notice if the aggregate Net Asset Value of the US Dollar Fund falls below US Dollar 5 million for a period of four (4) consecutive weeks. However, prior to such a conversion by the Directors they shall give an opportunity to the Investors to exit the US Dollar Fund by offering to redeem their shares at the Redemption Price.

## APPENDIX II

### SUMMARY OF PRINCIPAL TERMS OF THE US DOLLAR FUND

The following is a summary of certain provisions in respect of the US Dollar Fund.

#### 1 Establishment

‘US Dollar Fund’ refers to a class of shares in the Fund, which are being offered to investors for subscription.

#### 2 Investment Objective

(a) The US Dollar Fund will invest in Indian securities.

(b) Investment pattern

The indicative assets allocation of the Fund shall be as under:

	Proportion % of funds available at time of investments		
Instrument	Minimum	Maximum	Risk profile
Equity and equity	70	100	High
Debt and money market	0	30	Low to Medium

The Fund may trade in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. The Fund may write (sell) and purchase call and put options in securities in which it invests and on securities indices based on securities.

The Fund may also invest in overseas financial assets including GDRs/ADRs of Indian companies, securities issued by governments of G7 nations.

#### 3 Investment Philosophy & Style

The Fund will be a diversified equity scheme, aimed at providing quality medium-term returns from the growth in the Indian equity market. It will be proactive in identifying opportunities in the Indian equities market. Examples of such opportunities include turnaround companies, companies being re-rated by the market, companies benefiting from changing economic fundamentals, etc. It would have a disciplined approach to investing, in value and growth stocks, and largely employ a bottom-up approach. Typical investments would be in quality companies with good growth prospects, high quality management and sustainable competitive business, which are available at moderate valuations.

The overall approach for equity investing will be based on rigorous and extensive fundamental research of macro-economic variables and industry drivers, and primary and secondary analysis.

This will include meetings with companies, suppliers, various analysts and research of secondary data. External research is available from various brokerage houses that publish periodic macro- economic reports on individual industries, as well as on individual companies.

The investment portfolio will be regularly monitored, taking into consideration the changes in economic and business trends, and any change in fundamental factors affecting a company or the industry in which it operates. The investment approach will be to track sectors and companies, which look fundamentally good over a medium-term horizon and remain invested till valuations start to look stretched. At that time, the industry sector or company may be partially/fully divested and replaced by an emerging industry or companies within that industry sector, which appears relatively more attractive from an investment perspective. Allocation to individual industries/companies and their inclusion or exclusion would thus be dynamic.

The Fund will invest across the market-cap range, and invest in large-cap stocks as well as mid-cap stocks, which have the potential to become large-cap stocks in future. The Fund could take significant asset allocation calls on market-risk, and may either be fully invested (cash as low as 2%) if the market appears to be bottoming out, or be substantially in cash (cash as high as 30%) if the market appears to be peaking out.

#### 4 Style map

	Value	Blend	Growth
Large Cap			
Mid Cap			
Small Cap			

#### 5 Risk-management

The overall philosophy of fund management will be based on a strong risk-management framework. The framework for managing the Fund will be oriented toward identifying and mitigating risk emanating from concentration in the portfolio, liquidity and timely implementation of price-limits for buying and selling. As a risk- mitigating measure it will limit exposure to individual companies and to industries to reasonable levels. The exposure to any single company will be less than 10% of the net assets of the Fund at the time of investment.

#### 6 Segregation of Assets

The Investment Manager shall segregate or shall procure the segregation of the assets representing each of the Fund from all other assets of the Investment Manager.

To satisfy its obligations:

The Investment Manager shall appoint Standard Chartered Bank, Mumbai Branch, as custodian of the Fund's assets under the terms of the Indian Custodian Agreement, as amended from time to time. The Indian Custodian is responsible, inter alia, for the custody and transfer of the assets of the Fund.

## APPENDIX III

### GENERAL INFORMATION

The information in this section includes a summary of some of the provisions of the Fund's Constitution.

#### 1. Incorporation and Share Capital

The Fund was incorporated and registered in Mauritius on 10th of May 2005 under the provisions of the Companies Act 2001 as a public company, limited by shares under the name of Tata Indian Opportunities Fund. The share capital structure of the Fund currently consists of a Class of 100 non-redeemable Management Shares ("MS") of US\$ 1 each, a Class of redeemable Participating Shares of no par value at the initial issue price of US\$ 1 each ("Japan Fund") and a Class of redeemable Participating Shares of no par value at the initial issue price of US\$ 1 each ("US Dollar Fund"). The Company may introduce other class(es) of shares in future after complying with the regulatory requirements.

1.1 Save as disclosed in this paragraph 1, no share or loan capital of the Fund has been issued or agreed to be issued and no such capital of the Fund is proposed to be issued or is under option or agreed conditionally or unconditionally to be put under option.

1.2 Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any share or loan capital.

1.3 Subject to the provisions of the Companies Act 2001 of Mauritius, and the Constitution, the unissued shares of the Fund may be allotted and issued by the Directors as shares in the Japan Fund and US Dollar Fund. The Directors may offer, allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and on such terms as they may determine. In creating any other new class of shares of the Fund, the Directors will have regard to the interests of shareholders of any existing class and will take all steps possible to protect the assets of one class from liabilities of another class of shares.

#### 2 Variation of Class Rights and Alteration of Capital

Subject to the laws of Mauritius, all or any of the special rights for the time being attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Fund is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-quarters of the issued shares of that class or with the sanction of a Special Resolution passed at a separate Shareholders Meeting of the holders of such shares. To any such separate

Shareholders Meeting, all of the provisions of the Constitution as to Shareholders Meetings of the Fund shall mutatis apply. Every holder of shares of that class shall be entitled on a poll to one vote for every such share held by him. Not less than 5 shareholders or a shareholder / shareholders representing not less than 10% of the voting rights of all shareholders having the right to vote at the meeting, may demand a poll.

For so long as any Shares remain in issue, the consent of (i) the holders of the Shares; and (ii) the holders of each other class of participating Shares shall be required for (and accordingly the special rights attached to the Shares shall be deemed to be varied, inter alia, by):

2.1 any alteration to the Constitution of the Fund; or

2.2 any alteration, increase, consolidation, division, subdivision, cancellation, reduction or purchase by the Fund of the stated capital of the Fund other than on redemption of the Shares; or

2.3 any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Fund or any other right to subscribe or acquire share capital of the Fund where such share capital is to rank pari passu with or in priority to them with respect to participation in the profits or assets of the Fund; or

2.4 the passing of any resolution to wind up the Fund; or

2.5 the selection of any accounting reference date other than the last day of March as that on which any financial year of the Fund shall end.

Subject to the above, the Fund may by Ordinary Resolution from time to time alter its share capital by: (i) consolidating and dividing all or any of its share capital into shares of larger amount than its existing shares; or (ii) sub-dividing its shares, or any of them, into shares of smaller amount than that fixed by its Constitution so that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and the Fund may by Special Resolution from time to time alter its share capital by cancelling any shares which, at the date of the passing of the Special Resolution have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to the above, the Fund may by Special Resolution and in accordance with the laws of Mauritius increase its



share capital. Shareholders do not have any rights of pre-emption in respect of the issue of further shares.

### 3 Classes of Shares

#### 3.1 Management Shares

The rights attaching to the Management Shares are as follows:

##### 3.1.1 Voting rights

The Management Shares carry the right to one vote and otherwise have the voting rights set out at below.

3.1.2 Dividends and distribution of assets on a winding-up of the Management Shares do not carry any general right to dividends. In the event of a liquidation, they would be entitled to the nominal amount paid-up.

##### 3.1.3 Redemption

The Management Shares are not redeemable.

#### 3.2 Shares

##### 3.2.1 Segregation of assets

The Fund maintains the proceeds of the issue of Shares of the Japan Fund and US Dollar Fund in a portfolio of assets (a "Portfolio") segregated from each other and from all other assets of the Fund.

The Portfolio maintained in respect of the Shares will initially comprise all the assets and liabilities (including such amount as the Directors consider equitable in respect of future and contingent liabilities) of the Fund immediately prior to the issue of the Shares.

The following provisions will apply in relation to the maintenance of separate Portfolios:

(a) where any asset is derived from another asset (whether cash or otherwise) such derivative asset shall be applied in the books of the Fund to the same Portfolio as the asset from which it was derived and, on each revaluation, any increase or diminution in value shall be applied to the relevant Portfolio and moneys required to satisfy any redemption request of any share shall be accounted for out of the Portfolio maintained in respect of such class of shares;

(b) where an asset of any Portfolio gives rise to any income, profits or liability, such income, profits or liability shall be applied in the books of the Fund to the same Portfolio as the asset from which it was derived;

(c) the proceeds from the allotment and issue of a class of share shall be applied in the books of the Fund to the Portfolio established in respect of that class;

(d) in the case of any asset which is not considered attributable to a particular Portfolio, the Directors will have the discretion,

subject to the approval of the Auditors, to determine the basis on which any such asset shall be allocated between Portfolios, provided that the approval of the Auditors shall not be required in any case where the asset is allocated between the Portfolios pro rata to their respective Net Asset Values;

(e) the Directors have the discretion, subject to the approval of the Auditors, to determine the basis upon which any liability, expense (including the formation expenses of the Fund, of the structure for investing in India and of the issue of any shares), cost, charge or reserve shall be allocated between Portfolios, provided that the approval of the Auditors shall not be required in any case where a liability is allocated to the Portfolio to which in the Directors' opinion it relates or, if in the Directors' opinion it does not relate to a particular Portfolio or Portfolios, between the Portfolios pro rata to the Net Asset Values of the Portfolios to which they relate;

(f) subject to the approval of the Auditors, the Directors may in the books of the Fund transfer any assets to or from any Portfolio if, as a result of a creditor proceeding against certain of the assets of the Fund or otherwise, a liability will be borne in a different manner from that in which it would be borne under the above paragraphs, or in a similar circumstance;

(g) the costs of the issue and, if applicable, the listing and placing of any class of shares, shall be borne out of the Portfolio for that class of shares; and

(h) where there is more than one class of share in issue the foregoing provisions shall apply mutatis mutandis so that a separate Portfolio shall be maintained for each class of shares.

##### 3.2.2 Dividends

Any income arising in respect of any Portfolio may be applied in the payment of a dividend or other distribution only to holders of Participating Shares of the relevant class. The distribution as dividend of surpluses arising from the realisation of investments is prohibited.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Fund until claimed. No dividend shall bear interest against the Fund. Any dividend unclaimed after a period of 7 years from the date of declaration of such dividend shall be forfeited and shall revert to the Fund.

##### 3.2.3 Winding up

The holders of redeemable participating shares of each class shall be entitled to payment out of the assets of that class in proportion to the number of Shares held.

##### 3.2.4 Voting Rights

At any Shareholders Meeting of the Fund each holder of Shares who is present in person and entitled to vote shall have one vote

on a show of hands or, on a poll, each holder present in person or by proxy or by duly authorised representative shall have one vote in respect of each whole Share held.

## 4 Transfer and Compulsory Redemption of Shares

### 4.1 Transfer of shares

4.1.1 The Shares are generally transferable except that Shares may not be transferred to any U.S. Person except in restricted circumstances as described in this Prospectus. The instrument of transfer of shares of the Fund shall be in writing in any usual or common form in use in Mauritius or in any other form approved by the Directors and shall be signed by or on behalf of the transferor. The Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of shares to a Non-Qualified Holder or any shares which are not fully paid shares. The Directors may also decline to register the transfer of shares in respect of which the Fund has a lien. The Directors shall not be bound to register more than four persons as joint holders of any share. The Directors have the power of compulsory redemption and transfer over a Non-Qualified Holder as summarised in paragraph 4.2 below.

4.1.2 If a transferee who is a Non-Qualified Holder applies to register a transfer of Shares, the Fund may refuse to register the transfer in favour of such Non-Qualified Holder and/or may either direct such Non-Qualified Holder to sell his Shares within 30 days and provide to the Fund evidence of the sale or to make a Redemption Request to the Fund to redeem his shares (as summarised in paragraph 4.2 below). If the Non-Qualified Holder fails to comply with the direction, then the Fund will compulsorily redeem such shares pursuant to the Constitution (as summarised in paragraph 4.2 below).

4.1.3 Any purported transfer of the shares that requires the Fund to become registered as an “investment company” under the US Investment Company Act shall be null and void ab initio.

### 4.2 Compulsory transfer or redemption

4.2.1 The Directors may, by notice to a member of the Fund, at any time request a member of the Fund to furnish a declaration, in a form satisfactory to the Directors, to allow the Directors to determine whether or not such member is a Non-Qualified Holder.

4.2.2 If such member shall be or does not satisfy the Directors that such a member is not a Non-Qualified Holder and shall be the registered holder of shares, the Directors may require the redemption or transfer of such shares in accordance with the Constitution and described in this paragraph 4.2.

4.2.3 Subject as hereinafter provided the Directors may at any time and from time to time exercise any power under the Constitution and described in paragraph 4.1 above to require the redemption or transfer of shares by serving on the holder of such shares a notice requiring him to transfer such shares to a person duly qualified to hold the same or to give a Redemption Request in respect of such shares. If any such person upon whom such a notice is served as aforesaid does not within 30 days after such notice transfer such shares or give a Redemption Request in respect thereof as aforesaid, he shall be deemed forthwith upon the expiration of such 30 day period to have given a Redemption Request in respect of all his shares and the Directors shall be entitled to appoint any person to sign on his behalf such documents as may be required for the purposes of the redemption. Until such transfer or redemption is effected the holder of such shares shall not be entitled to exercise any rights or privileges attaching to such shares.

4.2.4 If any shares are redeemed compulsorily under the Constitution and as described in this paragraph 4.2 without production by the member of the Fund of the certificate(s) relating thereto (if applicable) the Directors may (unless they decide to dispense with the production of the certificate(s)) deposit in a separate bank account the aggregate redemption price (determined in accordance with the Constitution and as described in paragraph 4.2.5 below) of all shares held by the member of the Fund which are so redeemed. Upon such deposit the person whose shares have been so redeemed shall have no interest in or claim against the Fund or its assets except the right to receive the monies deposited (without interest) upon surrender of the certificate(s) relating to the shares so redeemed with such document(s) as may be required for the purposes of redemption (subject to any requisite official consents first having been obtained).

4.2.5 The redemption price payable in respect of any shares compulsorily redeemed pursuant to the Constitution as described in paragraph 4.2.3 above shall be the sum of the nominal value of the shares and a premium determined by the Directors. The premium shall be not less than a sum calculated by ascertaining the value of the Net Asset Value of the relevant class of share, dividing the sum by the number of shares of the relevant class, deducting an amount equivalent to the nominal value of the share, deducting such sum as the Investment Manager considers represents the appropriate allowance for fiscal and sales charges and rounding the amount downward to the nearest cent. Such redemption price shall be determined on the first Valuation Day following the date when the holder of such shares is deemed to have given a Redemption Request as described in paragraph 4.2.3 above. Payment of the Redemption Price shall be made in US Dollar or such other currency as the Directors may from time to time determine.

4.2.6 If at any time the Net Asset Value of the Fund, on each Valuation Day falling within a period of four weeks shall be less than US\$ 5 Million, the Fund may by four weeks' notice to all holders of Shares in that particular Fund given within four weeks thereafter, redeem, on the date nominated in such notice, all (but not some) of the Shares not previously redeemed. Such redemption shall be effected on the same basis *mutatis mutandis* as a redemption described in Appendix I save that:

(a) the Redemption Price shall be calculated on the date nominated in such notice and shall be determined pursuant to the Constitution as summarised in paragraph 4.2.5 above;

(b) within such period and in such manner as the Directors may think fit, the Directors shall sell for cash all of the Fund's investments which are listed or quoted or subject to an effective permission to deal on any stock exchange or over-the-counter market and realise for cash all other investments of the Fund which in their opinion are readily so realisable;

(c) holders of Shares shall only be entitled to receive cash payment for their Shares to the extent that the Net Asset Value of the Fund becomes represented by cash or other liquid funds; and

(d) subject to any applicable laws and regulations, the Directors may, in their absolute discretion, divide among the Shareholders in specie the remaining assets of the Fund, appropriate such assets in satisfaction or part satisfaction of the Redemption Price and, for such purposes, set such value as they deem fair upon any one or more class or classes or property and may determine how such division shall be carried out as between the Shareholders. The Directors may also vest any part of the assets of the Fund in trustees upon such trusts for the benefit of Shareholders as the Directors shall think fit, but so that no Shareholder shall be compelled to accept any asset in respect of which there is a liability.

## 5 Directors

5.1 Unless otherwise determined by the Fund by an Ordinary Resolution in a Shareholders Meeting, the number of Directors shall be not less than three. A majority of Directors shall be resident in Mauritius.

5.2 The Directors shall not be required to hold any qualification shares. A Director who attains the age of 70 shall retire at the conclusion of the Annual Meeting commencing next after the Directors' attain this age but he shall be eligible for re-election on a yearly basis.

5.3 The Directors shall be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or Shareholders Meeting of the Fund or in

connection with the business of the Fund. The Directors shall be entitled to such remuneration for their services as may be determined by the Board or such other sum as may be voted to them by the Fund in Shareholders Meeting which shall be divided between them as they shall agree or, failing agreement, equally. Such remuneration will be deemed to accrue from day to day. The Directors may grant additional remuneration to any Director who is called on to perform any special or extra services for or at the request of the Fund. Directors who are officers or employees of the Investment Manager or Administrator are entitled to directors' fees, but have currently waived such entitlement to such fees. Shareholders will be notified in the event such policy is changed.

5.4 A Director may be a director, managing director, manager or other officer, employee or member of any company in which the Fund may be interested and (unless otherwise agreed) no such Director shall be accountable to the Fund for any remuneration or other benefits received thereby.

5.5 Provided the nature of his interest is or has been declared in accordance with the Constitution, no Director or a person who may be seeking election as a Director shall be disqualified by his office from contracting with the Fund either as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Fund in which any director is in any way interested, be liable to be avoided and the Director concerned shall not be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of his holding of that office and the fiduciary relationship so established and may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

5.6 A Director shall not vote or be counted in the quorum present on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place of profit under the Fund or in respect of any contract or arrangement in which he or any person connected with him is materially interested. This prohibition does not apply (in the absence of some other material interest that is indicated below), *inter alia*, to:

5.6.1 the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Fund or any of its subsidiaries;

5.6.2 the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Fund or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

5.6.3 any proposal concerning an offer of shares or debentures or other securities of or by the Fund or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

5.6.4 any proposals concerning any other company in which he is directly or indirectly interested whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in 1 per cent or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company; and

5.6.5 any proposals concerning insurance which the Fund proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

5.7 The Fund may by Special Resolution suspend or relax the provisions described in sub-paragraph 5.6 above to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

5.8 Other than in the case of negligence, fraud, willful default or breach of duty, the Directors shall be indemnified by the Fund against any claims, which result from the performance of their duties.

## 6 Borrowing Powers

The Fund will not borrow money except for short-term or temporary purposes as may be necessary for settlement of transactions or to facilitate redemption requests. It is the Directors' intention to restrict the amount of money borrowed for all purposes so that it does not exceed 10 per cent of the Net Asset Value of the Fund at the time of such borrowing.

## 7 Dividends

7.1 The Directors of the Fund may from time to time declare dividends on Preference Shares to be paid to holders of Preference Shares holders according to their rights and interests in the profits available for distribution in accordance with the provisions relating to the declaration of dividend under the Companies Act 2001 of Mauritius. Except in so far as the rights attaching to, or the terms of issue of, the Shares otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, and all dividends shall be apportioned and paid pro rata according to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors have the right to declare interim dividends at their discretion, provided that dividends will be payable only to the extent that they are covered by funds of the Fund as may be lawfully

distributed as dividends. The distribution of surpluses arising from the realisation of investments is prohibited.

7.2 The Directors of the Fund may subject to any applicable laws and regulations satisfy any dividend, in whole or in part, by distributing in specie any of the assets of the Fund.

7.3 All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Fund until claimed. No dividend shall bear interest against the Fund. Any dividend unclaimed after a period of 7 years from the date of declaration thereof will be forfeited and will revert to the Fund and the payment by the Directors of any unclaimed dividend, interest or other sum payable on or in respect of a Share into a separate account will not constitute the Fund a trustee in respect thereof.

7.4. Any dividend declared shall be distributed at such time or times as the Directors may determine, provided that the distribution date, in the case of a final dividend, shall not be more than six months after the date of declaration.

7.5 No dividends will be paid unless the Fund satisfy the solvency test in accordance with the Companies Act 2001.

## 8 Winding-Up

Each class of Preference Shares shall have a separate aggregate floor value. If the aggregate value of any class of Preference Shares falls below the aggregate floor value for that class, then the fund setup under that class of Preference shares maybe wound up, at any time, by a Special Resolution. The Fund may be compulsorily wound up under certain circumstances as set out under the Mauritius Companies Act, 2001, Valuation of Net Assets.

8.1 The Net Asset Value of the Shares is determined in USD as applicable on such date or dates as the Directors may determine from time to time, not being less than once a month. It is calculated by determining the value of the assets, including accrued income, and deducting all liabilities. The resultant sum is divided by the total number of Shares in issue at that time to give the Net Asset Value per Share. The Directors have delegated the determination of the Net Asset Value of the Shares to the Investment Manager, subject to their overall supervision and direction.

8.2 In determining the Net Asset Value the Directors, in respect of the Fund, have agreed to adopt the following methods of valuation:

8.2.1 quoted securities, if traded on a stock exchange within 30 days (15 days in the case of debt securities) prior to the valuation, shall be valued at the most recent market price. Generally the price is taken from the BSE trade but if no such BSE price is available the valuation shall be the most recent market price on another exchange;



8.2.2 securities or contracts listed or traded on an over-the-counter market will be valued at the most recent price deemed best to reflect their fair value;

8.2.3 unlisted securities (other than equities) for which there is an ascertainable market value are to be valued generally at the last known price dealt on the principal market on which the securities are traded;

8.2.4 unlisted securities (other than equities) for which there is no ascertainable market value will be valued at cost plus interest (if any) accrued from purchase to (but excluding) the Valuation Point plus or minus the premium or discount (if any) from par value written off over the life of the security;

8.2.5 any other unlisted securities will be valued initially at cost and thereafter with any reduction or increase in value (as the case may be) as the Directors shall in their absolute discretion deem appropriate in the light of the circumstances;

8.2.6 any value shall be converted into U.S. dollars, or Euros or Pounds Sterling as the case may be at the prevailing rate of exchange (whether official or otherwise) which the Directors shall in their absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to the costs of exchange;

8.2.7 the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such deduction or discount as the Directors may consider appropriate to reflect the true value thereof;

8.2.8 the value of units or other security in any unit trust, mutual fund, investment corporation or other similar investment vehicle shall be derived from the last prices published by the managers thereof;

8.2.9 all other assets of any kind or nature will be valued as determined in good faith by or under the responsibility of the Directors in accordance with generally accepted valuation principles and procedures to reflect their fair value;

8.2.10 for the purpose of valuing the Fund's assets as aforesaid the Directors may rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market;

8.2.11 notwithstanding the foregoing, the Directors may, in their absolute discretion, permit some other method of valuation to

be used if they consider that such valuation better reflects the fair value; and

8.2.12 there will be deducted all liabilities of the Fund and such provisions and allowances for contingencies (including tax) and accrued costs and expenses payable by the Fund.

So far as practicable, income and expenses will be accrued at each Valuation Point.

## 9 Directors' and Other Interests

9.1 Save as disclosed herein, no Director has any interest in any transaction, which, since its incorporation, has been effected by the Fund.

9.2 There are no Directors' service contracts with the Fund.

9.3 Save as disclosed herein, no Director or connected person has any interest, direct or indirect, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Fund, or in the promotion of or in any assets which have been, or are proposed to be, acquired or disposed of by, or leased to, the Fund. Save as disclosed below, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Fund and which was effected by the Fund since its incorporation.

9.4 Mr. Maheshwar Doorgakant is a director of the Fund, and is hence interested in the Investment Management Agreement. Mr. Maheshwar Doorgakant is the Managing Director of Apex Fund Services (Mauritius) Ltd and as such, is interested in the Administration Agreement.

9.5 There are no outstanding loans by the Fund to the Directors and no guarantees provided by the Fund for their benefit.

## 10 Regulatory Consents

All consents, approvals, authorisations or other orders of all regulatory authorities (if any) required by the Fund under the laws of Mauritius for the issue of Shares and for the Investment Manager to undertake their respective obligations under the Management Agreement have been given or will be given subject, where required, to the filing of copies of the executed documentation. The Continuous Offer is conditional on all requisite consents, approvals and authorisations, the opening of the Fund and all ancillary matters being obtained from SEBI and the RBI.

## 11 Report and Accounts

Copies of the audited financial statements of the Fund, which will be made up to March 31 in each year, will be sent to Shareholders by means as mutually agreed not less than 14 days before the date fixed for the Shareholders Meeting of the



Fund at which they will be presented and in any case not later than six months from the period to which they relate. Shareholders will also be sent half-yearly unaudited financial statements of the Fund for the six months ending on 30 September in each year.

## 12 Shareholders' Meetings

The Companies Act 2001 of Mauritius provides for two types of shareholders meetings - annual meeting to be held every year and special meeting which are meetings of shareholders other than annual meeting and which may be convened from time to time as the situation requires. The annual Meeting of the Fund are held in Mauritius. Notices convening the annual Meeting in each year at which the audited financial statements of the Fund are presented will be sent to Shareholders through agreed means of communication not later than 21 clear days before the date fixed for the meeting. Special meetings of shareholders may be convened from time to time by the Directors by sending notices to Shareholders or by Shareholders requisitioning such meetings in accordance with Mauritian law, and may be held in Mauritius or elsewhere.

## 13 Miscellaneous

13.1 The Fund is not and has not been involved in any legal or arbitration proceedings and, as far as the Directors are aware, no such proceedings are pending or threatened which may have or have had since the Fund's incorporation, a significant effect on the Fund's financial position.

13.2 The Fund assumes no responsibility for the withholding of tax at source.

13.3 The Fund has not established and does not intend to establish a place of business in any territory except Mauritius.

13.4 Register of Shareholders may be inspected at the registered office of the Administrator during normal business hours.

13.5 The Fund has no loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

13.6 There has been no significant change in the financial or trading position of the Fund, which has occurred since the end of the financial period for which the interim financial statements have been published.

## 14 Material Contracts

The following is a summary of certain provisions of the following contracts, which have been entered into by the Fund since the date of its incorporation and are, or may be, material, and does not purport to be complete and is qualified in its entirety by reference to each of the respective contracts.

14.1 The Investment Management Agreement dated 19 March 2020 between the Fund and the Investment Manager pursuant to which the Investment Manager has been appointed to provide certain non-exclusive management services to the Fund. Details of certain of the management services are set out at Part XI of this document. The Investment Manager shall not be liable to the Fund or any Shareholder for any error of judgement or for any loss suffered in connection with the subject matter of the Investment Management Agreement unless such loss arises from any willful default, bad faith, or negligence in the performance or non-performance of the Investment Manager's obligations and duties under the Investment Management Agreement. The Fund shall also indemnify the Investment Manager against all actions, proceedings, claims, costs, demands and expenses which may be brought against or incurred by the Investment Manager by reason of its performance or non-performance of its duties under the terms of the Investment Management Agreement other than due to any willful default, bad faith or negligence in the performance or non-performance of the Investment Manager's obligations and duties under the Management Agreement. The Fund shall also indemnify the Investment Manager from and against all taxes (not attributable to a failure to exercise due care and diligence) on profits or gains of the Fund which may be assessed upon or become payable by the Investment Manager. The Investment Manager may terminate the Investment Management Agreement by giving not less than six months' notice in writing to the Fund to expire at any time after the third anniversary of the date of the Investment Management Agreement. The Fund may terminate the Investment Management Agreement by giving not less than one months' notice in writing to expire at any time after the third anniversary of the date of the Investment Management Agreement or at any time, inter alia, if the Investment Manager commits certain insolvency events or material breaches of the Investment Management Agreement. Details of the fees payable to the Investment Manager under the Investment Management Agreement are contained at Part VII of this document.

14.2 The Administration Agreement dated 19 March 2020 between the Fund, Investment Manager and the Administrator

(the "Administration Agreement"), pursuant to which the latter agrees to provide certain non-exclusive services to the Fund including carrying on the general administration of the Fund, acting as the Registrar of the Fund and acting as the Secretary of the Fund. The Administrator shall not be liable to the Fund, the Investment Manager or any investor in the Fund for any loss suffered arising out of any act or omission of the

Administrator or for any taxation assessed, unless such loss or taxation assessment arises from fraud, bad faith, willful default or negligence by it. The Fund shall also indemnify the Administrator against any loss suffered in the performance of its obligations or any tax assessed upon the Administrator, other than due to fraud, bad faith, willful default or negligence by it. The Administrator may resign its appointment on one months' notice or if the Fund commits certain insolvency events or breaches of the Administration Agreement or the Investment Manager shall cease to act as such. The Fund may terminate the appointment of the Administrator on one months' notice or at any time if the Administrator commits certain insolvency events or material breaches of the Administration Agreement or the Investment Manager shall cease to act as such or the Administrator shall cease to be permitted to act as such. The appointment of the Administrator shall automatically terminate if it becomes resident for tax purposes or carries on business within India. The fees paid to the Administrator under the Administration Agreement are set out at Part VII of this document.

### **15 Documents Available for Inspection**

The following documents are available for inspection at the registered offices of the Fund, the Investment Manager, and Administrator for a period of not less than 14 days from the date of this Information Memorandum, during normal business hours (except Saturdays, Sundays and public holidays):

- 15.1 the Information Memorandum;
- 15.2 the material contracts referred to in paragraph 14 above;
- 15.3 the Constitution of the Fund;
- 15.4 the Mauritian Companies Act 2001 of Mauritius (as amended);
- 15.5 the latest audited report and accounts of the Fund for the period ending 31 March or unaudited interim report and accounts of the Fund for the period ending 30 September;

**APPENDIX IV**  
**COMPUTATION OF NAV & VALUATION OF ASSETS OF THE FUND**

**(i) Computation & Determination of Net Asset Value (NAV)**

The Administrator shall calculate the Fund's Net Asset Value, the Net Asset Value of each Class and the Net Asset Value per share of each Class, in each case, as of each valuation day. The Net Asset Value of each Class shall be the value of all the assets less all the liabilities attributable to that Class.

Net Asset Value ("NAV") of the Preference Shares shall be determined daily as of the close of each Business Day on which the Bombay Stock Exchange is open for trading. NAV shall be calculated in accordance with the following formula:

Market Value of the Investments + Accrued Income +  
Receivables + Other Assets - Accrued Expenses - Payables -  
Other Liabilities

NAV =  $\frac{\text{Market Value of the Investments} + \text{Accrued Income} + \text{Receivables} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{Number of shares Outstanding}}$

The NAV will be calculated up to four decimals. The computation of Net Asset Value, valuation of Assets, computation of applicable Net Asset Value (related price) for ongoing Sale, Redemption, Switch and their frequency of disclosure shall be based upon a formula in accordance with the SEBI (MF) Regulations and as amended from time to time including by way of Circulars, Press Releases, or

Notifications issued by SEBI or the Government of India to regulate the activities and growth of Mutual Funds.

**(ii) NAV Information**

The Fund's NAV will be available on all Business Days at the registered office of the registered office of the Fund and the operating office of the Investment Manager. In the event NAV cannot be calculated because of the reasons such as suspension of trading on the BSE and NSE, existence of a state of emergency and / or a breakdown in communications, or force majeure/act of God, the calculation of the NAV of the Preference Shares may be suspended.

NAV of the Fund will be communicated to the shareholders in accordance with the agreement entered into with them

**iii. Valuation of Assets**

NAV of the Fund as stated in the foregoing clause for "Computation & Determination of NAV" will be determined by dividing the net assets of the Fund by the number of outstanding shares on the valuation date.

## **Tata Indian Opportunities Fund**

4<sup>th</sup> Floor, 19 Bank Street, Cybercity, Ebène 72201, Mauritius

### **INVESTMENT MANAGER**

**Tata Asset Management Private Limited**  
1903, B wing, Parinee Crescenzo, G Block, BKC, Bandra (E), Mumbai – 400 051  
Phone: +91 22 66578282

### **ADMINISTRATOR**

**Apex Fund Services (Mauritius) Ltd**  
4<sup>th</sup> Floor, 19 Bank Street, Cybercity, Ebène 72201, Mauritius  
Phone: +230404 88 00 Fax No.: +230404 88 99

### **CUSTODIAN**

<i>Mauritius</i>	<i>India</i>
<b>Cash Custodian</b> Standard Chartered Bank (Mauritius) Limited Units 6A and 6B, 6th Floor, Raffles Tower, Lot 19, Cybercity, Ebene, Mauritius	<b>Standard Chartered Bank, Mumbai</b> 23-25 M.G Road, Fort Mumbai, India

### **AUDITOR & TAX ADVISOR**

<i>Auditor</i>	<i>Tax Advisor</i>
<b>KPMG</b> KPMG Centre 31, Cybercity, Ebene, Mauritius	BSR (Indian Tax Advisor) 5 <sup>th</sup> Floor, Lodha Excelus Building, Apollo Mills Compound Mumbai, India

### **LEGAL ADVISERS**

<i>India</i>
<b>Nishith Desai Associates</b> 93-B Mittal Court, Nariman Point Mumbai 400 021 India