STRICTLY PRIVATE & CONFIDENTIAL

This Amended and Restated Supplement to the Private Placement Memorandum ("**Memorandum**") dated 1 April 2010 is distributed on a confidential basis in connection with a private offering of Participating Shares of Class B Series 1, none of which will be issued to any person other than a person to whom a copy of this Amended and Restated Supplement and the Memorandum is sent and is intended solely for the use of the person to whom it has been sent. It shall not be deemed to be a prospectus or any document that might be deemed to be an offer of shares to the public.

The contents of this Amended and Restated Supplement to the Private Placement Memorandum are not to be construed as a recommendation or advice to any person or investor in relation to the subscription, purchase, holding or disposition of any equities. Prospective investors should consult their professional, tax, legal, financial and other advisors on the possible consequences of subscribing, purchasing, holding or disposing of any equities under the laws of the jurisdiction to which they are subject. The contents of this Amended and Restated Supplement are for information purpose only.

EMERGENT INDIA INVESTMENTS LTD

(a public company with limited liability incorporated as an open-ended multi-class fund under the laws of the Republic of Mauritius)

AMENDED AND RESTATED SUPPLEMENT TO THE PRIVATE PLACEMENT MEMORANDUM

relating to a private offering of
Class B Series 1 non-voting redeemable Participating Shares of no par value
at an offer price of US$ 10 per share
payable in full upon application

16 May 2011

Delivered to:

Copy No.

Any information given or representation made by any dealer, salesman or other person and (in each case) not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. The delivery of this Amended and Restated Supplement to the Private Placement Memorandum shall not under any circumstances, constitute a representation that the information contained in the Private Placement Memorandum and this Amended and Restated Supplement is correct as of any time subsequent to the date hereof.

IMPORTANT INFORMATION

NOTICES

THIS DOCUMENT IS A AMENDED AND RESTATED SUPPLEMENT TO THE PRIVATE PLACEMENT MEMORANDUM DATED 1 April 2010 ISSUED BY EMERGENT INDIA INVESTMENTS LTD. THIS AMENDED AND RESTATED SUPPLEMENT CONTAINS ONLY THE PARTICULARS OF CLASS B, AND MUST BE READ IN CONJUNCTION WITH THE PRIVATE PLACEMENT MEMORANDUM

Reliance on this Amended and Restated Supplement (the "**Supplement**") and the Private Placement Memorandum dated 1 April 2010 (the "**Memorandum**") for the purpose of buying the Class B Series 1 Shares referred to herein may expose an individual to a significant risk of losing all of the property or other assets invested.

This Supplement is submitted in connection with a private placement of Class B Series 1 Shares in **Emergent India Investments Ltd** (the "**Fund**") to a limited number of potential investors. The non-voting redeemable participating shares, no par value ("**Participating Shares**") of Class B Series 1 ("Class B Series 1 **Shares**"), available for purchase by prospective investors are offered on the basis of the information contained in this Supplement and the Memorandum.

Investors in the Fund are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund's failure.

The circulation and distribution of the Memorandum and this Supplement in certain jurisdictions is restricted by law. Persons into whose possession the Memorandum and this Supplement may come are required to inform themselves of and to observe any such restrictions. The Memorandum and this Supplement does not constitute an offer to sell, or a solicitation of an offer to buy, a security in any jurisdiction in which it is unlawful to make such an offer or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The offering contemplated in this Supplement is not, and should not under any circumstances be construed as, a public offering of the Class B Series 1 Shares described herein.

No application presently has been made for the Class B Series 1 Shares to be listed on any stock exchange.

No person is authorised to give any information or make any representations not contained herein, and, if given or made, such information or representations must not be relied upon as having been authorised. The delivery of the Memorandum and this Supplement at any time does not imply that the information contained herein is correct as of any time subsequent to the date of its issue.

Investment in the Class B Series 1 Shares involves a high degree of risk and is suitable only for an investor for which such investment does not constitute a complete investment program and which fully understands and is willing to assume the risks involved and has sufficient resources to bear any loss which might result from such investment. As is true of any investment, there is a risk that an investment in Class B Series 1 Shares may be lost entirely or in part. The Fund is not subject to any investment guidelines of any regulatory body which impose prudential requirements to limit risk.

A prospective purchaser of Class B Series 1 Shares should not construe the contents of the Memorandum and this Supplement as investment, legal, tax, accounting or other advice. The Memorandum and this Supplement should be reviewed by the prospective purchaser and its investment, legal, tax, accounting and other advisors.

Representatives of the Fund are available to answer questions concerning the terms and conditions of the offering of Class B Series 1 Shares and to furnish any additional information necessary to enable an offeree to evaluate the merits and risks of a purchase of Class B Series 1 Shares to the extent that they possess or can acquire it without unreasonable effort or expense.

By accepting receipt of this Supplement, each prospective investor agrees not to duplicate or to furnish copies of the Memorandum and this Supplement to persons other than such offeree's investment, legal, tax, accounting and other advisors and agrees to return the Memorandum and this Supplement to the Fund promptly after such time as such offeree is no longer considering an investment in Class B Series 1 Shares.

The Memorandum and this Supplement may include "forward-looking statements". All statements other than statements of historical facts included in the Memorandum and this Supplement may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "project," "forecast," "intend," "estimate," "anticipate," "plan," "foresee," "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Fund's Directors believe that the expectations and the underlying assumptions reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations or underlying assumptions ultimately will prove to have been correct. Important factors that could cause actual results to differ materially from projected or forecasted results or stated expectations are disclosed in the Memorandum and supplemented in this Supplement, including under the heading "Risk Factors." In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Fund or any other person that the objective and expectations of the Fund will be achieved. These forward-looking statements speak only as of the date of the Memorandum and this Supplement. The Fund will not update these statements.

The Directors of the Fund accept responsibility for the information contained in the Memorandum and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Memorandum and this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. Unless otherwise indicated herein, the opinions expressed in this document are those of the Directors. Certain information herein concerning economic trends and performance is based upon or derived from information obtained from industry sources and other third parties. The Directors have not independently verified and cannot assure the accuracy of any data obtained from such sources.

The statements and information contained in the Memorandum have been compiled as of [date of PPM] unless otherwise stated herein, from sources believed to be reliable. The statements and information contained in this Supplement have been compiled as of [date of Supplement] unless otherwise stated herein, from sources believed to be reliable Neither the delivery of the Memorandum and this Supplement nor any offer, allotment or issue of any Class B Series 1 Shares shall under any circumstances create an implication or constitute a representation that the information given in the Memorandum and this Supplement is correct as at any time subsequent to the date thereof.

In this Supplement, unless stated otherwise, all references to "USD," "dollars," "$" and "cents" are to the lawful currency of the United States of America.

The information in the Memorandum and this Supplement is qualified in its entirety by the agreements and documents referred to herein and by the Constitution of the Fund. Copies of such documents and the Memorandum together with a copy of the global business licence issued by the Financial Services Commission of the Republic of Mauritius (the "**FSC**") are available for inspection at the registered office of the Fund situated at 4th Floor, Raffles Tower, 19 Cybercity, Ebène, Republic of Mauritius.

THE FSC HAS ISSUED A CATEGORY 1 GLOBAL BUSINESS LICENCE TO THE FUND TO OPERATE AS AN OPEN-ENDED FUND. IT MUST BE UNDERSTOOD THAT IN GIVING

THIS AUTHORISATION, THE FSC DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THE FUND.

THE FUND HAS BEEN ORGANISED PRIMARILY TO ENABLE THE POOLING OF FUNDS BY INVESTORS WHO ARE NOT RESIDENT IN INDIA FOR PERMISSIBLE DIRECT AND INDIRECT INVESTMENT IN INDIA. THE FUND HAS NOT BEEN ORGANISED TO FACILITATE INVESTMENT FOR THE ACCOUNT OR BENEFIT OF ANY PERSONS RESIDENT IN INDIA. THE OFFERING IS NOT BEING MADE IN INDIA AND IS NOT OPEN TO SUBSCRIPTION BY PERSONS RESIDENT IN INDIA OR FOR THE ACCOUNT OR BENEFIT OF ANY PERSONS RESIDENT IN INDIA.

THE MEMORANDUM AND THIS SUPPLEMENT HAVE BEEN PREPARED SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN A POSSIBLE INVESTMENT IN THE FUND AND ANY REPRODUCTION OR DISTRIBUTION OF THE MEMORANDUM AND THIS SUPPLEMENT IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE FUND IS STRICTLY PROHIBITED.

THE MEMORANDUM AND THIS SUPPLEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE CLASS B SERIES 1 SHARES OF THE FUND DESCRIBED HEREIN FROM ANY PERSON OTHER THAN THE FUND. NO PERSON, OTHER THAN THE PERSON NAMED ON THE COVER PAGE OF THIS SUPPLEMENT, MAY TREAT THE SAME AS CONSTITUTING AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE CLASS B SERIES 1 SHARES IN THE FUND DESCRIBED HEREIN.

THIS OFFERING IS BEING MADE TO A LIMITED NUMBER OF POTENTIAL INVESTORS. THE FUND IS A SUITABLE INVESTMENT ONLY FOR INVESTORS FOR WHOM AN INVESTMENT IN THE FUND DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND HAVE THE FINANCIAL RESOURCES NECESSARY TO ASSUME THE RISKS INVOLVED IN THE FUND'S INVESTMENT PROGRAM. AN INVESTMENT IN THE FUND IS SUITABLE ONLY FOR INVESTORS WHO ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH INVESTMENT AND WHO HAVE SUFFICIENT RESOURCES TO BEAR ANY LOSS, WHICH MIGHT RESULT FROM SUCH INVESTMENT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER PROFESSIONAL ADVISER.

THE FUND RESERVES THE RIGHT TO WITHDRAW OR MODIFY THIS OFFERING AT ANY TIME PRIOR TO THE ACCEPTANCE OF SUBSCRIPTIONS FROM INVESTORS.

THE INFORMATION ON TAXATION CONTAINED IN THE MEMORANDUM IS A SUMMARY OF CERTAIN TAX CONSIDERATIONS BUT IS NOT INTENDED TO BE A COMPLETE DISCUSSION OF ALL TAX CONSIDERATIONS. THE CONTENTS OF THE PRIVATE PLACEMENT MEMORANDUM ARE NOT TO BE CONSTRUED AS INVESTMENT, LEGAL, OR TAX ADVICE. INVESTORS SHOULD CONSULT THEIR OWN COUNSEL, ACCOUNTANT, OR INVESTMENT ADVISOR AS TO LEGAL, TAX, AND RELATED MATTERS CONCERNING THEIR INVESTMENT. THE MEMORANDUM AND THIS SUPPLEMENT IS QUALIFIED IN ITS ENTIRETY BY THE PROVISIONS OF THE CONSTITUTION OF THE FUND, AND ANY CONFLICT BETWEEN ANY STATEMENT MADE HEREIN AND ANY PROVISION OF THE CONSTITUTION OF THE FUND SHALL BE RESOLVED IN FAVOUR OF THE LATTER DOCUMENT.

PROSPECTIVE INVESTORS' ATTENTION IS DRAWN TO THE SECTION LABELLED "RISK FACTORS" SET OUT IN THE MEMORANDUM.

Definitions

For the purpose of this Supplement, capitalised terms used herein shall have the same meaning as set out in the Memorandum, unless defined below.

"Application Form"	an application form for Participating Shares in the form supplied by the Fund, together with such other documents as the Directors may require a prospective investor to complete;
"Business Day"	Any day on which banks in India and Mauritius are open for normal banking and foreign exchange business and trading is permitted on the National Stock Exchange of India and the Bombay Stock Exchange and all references to times shall be to Mauritian time;
"Class B Shareholder"	The holder of a Share
"Dealing Day"	Every Business Day or such other day as the Directors may determine, as being a day on which Shares may be issued and redeemed
"FDI"	Foreign direct investment.
"FEMA"	Foreign Exchange Management Act, 1999, of India and the rules and regulations framed thereunder and any press releases, press notes, circulars and guidelines issued by RBI or Government of India guidelines issued by to exchange control, as may be amended from time to time.
"FEMA Regulations"	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 as amended from time to time.
"FII"	A Foreign Institutional Investor as defined under the relevant regulations of the FII Regulations.
"FII Regulations"	SEBI (Foreign Institutional Investors) Regulations 1995, of India, as supplemented by any press releases, press notes, circulars and guidelines issued by SEBI from time to time in relation to FIIs, as may be amended from time to time.
"FII Sub Account"	corporations, individuals, institutions, funds or portfolios established or incorporated outside India on whose behalf investments are proposed to be made in India by a Foreign Institutional Investor;
"Initial Closing Date"	14 May 2010
"Initial Offer Period"	The period commencing at 9.00am (Mauritius time) on the date of this Supplement and ending at 5.00pm (Mauritius time) on the Initial Closing Date
"Investment Adviser"	Reliance Capital Asset Management Limited ("RCAM"), being a subsidiary of Reliance Capital Limited,
"Mutual Fund"	Reliance Mutual Fund being a Trust under the Indian Trust Act 1882, registered with SEBI

	Regn. No. MF/022/95/1;
"Initial Target Subscription Amount"	The amount that the Fund aims to receive from Subscribers as subscriptions monies for the acquisition of Class B Series 1 Shares pursuant to the offering set out this Supplement
"Minimum Funding"	5% of the Initial Target Subscription Amount being the minimum amount that the Fund is required to receive from Subscribers as subscription monies for the acquisition of Class B Participating Shares so as to begin operating as a scheme
"Non Resident Indian" or "NRI"	A non-resident Indian as defined in Foreign Exchange Management (Deposit) Regulations 2000 as notified by the RBI, as may be amended from time to time.
"Scheme"	Reliance Emergent India Fund, a scheme of the Mutual Fund, into which the proceeds of the issue of Class B Shares will be invested and any reference in this Supplement to acts by the Scheme shall mean acts by the Mutual Fund for and on behalf of the Scheme
"Series"	A sub class of the Class B
"Class B Series 1" or "Reliance Emergent India Fund – Class B Series 1"	A Series of Class B Shares, Shares of which shall be allotted to the investors upon subscription, at the applicable NAV of the Dealing Day.
"Class B Series 2" or "Reliance Emergent India Fund – Class B Series 2"	A Series of Class B Shares, Shares of which shall be allotted to the existing investors of Class B Series 1 Shares, in lieu of their outstanding investment in Class B Series 1 Shares that completes its first anniversary.
"Shares" or "Reliance Emergent India Fund – Class B" or "Class B"	Non-voting redeemable participating shares issued in Class B Series 1 and Class B Series 2 of the Fund
"Sub-Account"	A sub account as defined in the FII Regulations, as may be amended from time to time.
"Units"	The interest of the investors in the Scheme which consists of each Unit representing one undivided share in the assets of the Scheme.
"Valuation Day"	Any Business Day immediately preceding a Dealing Day and/or such other day as the Directors may determine from time to time as being a day on which the Net Asset Value shall be calculated

INVESTMENT OBJECTIVES OF CLASS B

Investment Objective

The investment objective of the Class B is to generate long-term capital growth by investing through the Scheme principally in companies established in or operating in India. Class B will acquire Units in the Scheme.

The benchmark index for Class B and the Scheme is the MSCI India Index.

Any material change to the above investment objective and policy will require the prior consent of the Class B Shareholders and will also be subject to the prior approval of the FSC.

The investment objective and policy of the Class B may only be amended in the circumstances described above. However, the Directors may make changes to the specific investment strategy, investment restrictions and borrowing policy of the Class B from time to time, having regard to market conditions and to changes in applicable laws and regulations. Such changes will be notified to Class B Shareholders in the Fund's annual reports.

Investment Strategy

The Directors believe that companies established or operating in India currently provide some attractive investment opportunities. Class B will therefore seek to invest principally in a diversified portfolio of predominantly equity and equity-related securities and fixed income securities issued by companies established or operating in India. Class B may invest in rated and unrated, listed and unlisted securities. It is anticipated that such investments will principally be made through the Scheme.

The primary investment objective of the Scheme is to seek to generate capital appreciation and provide long-term growth opportunities by investing in a portfolio of predominantly equity and equity-related securities. The secondary investment objective of the Scheme is to generate consistent returns by investing in debt and money market securities.

The proportion of investment by the Scheme between equity and debt will be decided by the Investment Adviser based on anticipated movement in both debt as well as equity markets. The Investment Adviser will take a call on the market and can have between 75 per cent. and 100 per cent. of Net Asset Value invested in equity and between 0 per cent. and 25 per cent. of Net Asset Value in debt and money market securities (including investment in securitized debt). The above asset allocation pattern is only indicative. The Investment Advisor, in line with the investment objective, may alter the above pattern for short term and on defensive considerations. The allocation between debt securities and equity will be decided based upon the prevailing market conditions, macro economic environment, the performance of the corporate sector, the equity market and other considerations.

The Scheme may also engage in securities lending and trade in derivatives, to the extent permitted by applicable regulations.

The Scheme shall not materially change its investment policy for a minimum period of three years from the date of its launch (barring exceptional circumstances).

THE OFFERING

Pursuant to the Private Placement Memorandum and this Supplement, the Fund is offering for subscription Class B Series 1 Shares.

The Initial Offer Period, which starts on 1 April 2010, will close on the Initial Closing Date.

Further Issues following the Initial Offer

During the Initial Offer Period, Class B Series 1 Shares are being offered at an initial subscription price of US$ 10 per Share fully paid up. Applications should be for a minimum amount of US$ 2,000.

Following the Initial Offer Period, further Class B Series 1Shares may be issued, fully paid up, with effect from any Dealing Day at a price equal to the Net Asset Value per Share of the Class B Series 1 on the Valuation Day. Applications for further Class B Series 1 Shares by existing Class B Shareholders should be made in multiples of US$ 500.

The prospective investor shall, as and when and in accordance with the procedure decided by the Board, also have an option to make investment in the Class B Series 1 Shares through a Systematic Investment Plan ("SIP") in terms of which the investor can invest fixed amounts (subject to minimum investment amount for specified minimum period) at regular intervals ("SIP").

Systematic Investment Plan ("SIP") is a long term investment technique under which the prospective investor invests a fixed sum of money on a fixed period of time in the fund at the prevailing Net Asset Value. The Board will specify the specific dates on which a SIP can be subscribed during a month (example: 2nd and 15th of every month to start the SIP) and the number of instalments applicable.

The Investor will be required to sign a declaration in the Subscription Agreement to subscribe to the SIP for a fixed period of time. The Investor shall agree to send an advice to the Investor's bank to execute automatic remittance of money to the benefit of the specific Class B Series 1 of the Fund on pre specified dates, along with necessary client identification to the Administrator, as indicated in the Subscription Agreement.

Investors who subscribe to the SIP will have the option of cancelling their SIP without any additional charges being incurred. Applications for Class B Series 1 Shares through the SIP route should be made by existing Class B Shareholders in multiples of US$ 100 for a minimum of US$ 500 per installment and for a minimum period of 12 months

The prospective investor shall, as and when and in accordance with the procedure decided and prescribed by the Board, also have an option to make investments in Class B Series 1 Shares through a Systematic Transfer Plan ("STP").

STP is an investment facility in terms of which the prospective investor remits a sum of money into a sub-account of the bank account of the Fund, which sub-account shall be created separately for the STP facility for investment in the Class B Series 1 Shares (subject to the minimum investment amount requirements).

Upon an investor making investment in terms of the STP facility, the concerned bank will systemically transfer, in accordance with the agreement that shall be entered into by the Fund with the bank, at the specified frequencies and based on standing instructions provided by the Administrator or such other person(s), as the Board may decide, a specified amount out of the monies remitted by the investor, into the subscription bank account of the Fund, towards investment into the Class B Series 1 Shares at the Net Asset Value prevailing on the date of such transfer. The first investment under the STP shall be made on the date of initial remittance of subscription monies by the investor. The amount that shall be chargeable by the bank, Administrator and other parties for undertaking the obligations towards provision of the STP facility shall be borne by the investor, or at the sole discretion of the Board, by the Fund.

The Board shall specify the dates on which a STP transfer can take place during a month in respect of the investors and the operational guidelines for the investment through STP. The Board shall specify the guidelines for the STP facility and shall also have the right to modify, amend, suspend, withdraw or cancel the STP facility at any time at its sole discretion.

The Subscription Price for each Dealing Day following the Initial Offer Period will equal the Net Asset Value per Class B Series 1 Share on the Valuation Day.

The Initial Target Subscription Amount for Class B Series 1 is US$ 50 million. In the event the Minimum Funding is not received during the first six months of the Initial Offer Period, the subscription monies received by the Fund from the Applicants shall be returned to the Applicants with any interest earned thereon, unless the period of six months is extended in accordance with the laws of Mauritius.

ISSUE AND REDEMPTION OF SHARES

Application Procedure

Applicants for Class B Series 1 Shares in the Initial Offer Period should complete an Subscription Agreement and send it to the Administrator by fax or by e-mail (with the original to follow) so as to arrive no later than 1.00 p.m. (Mauritius time) one Business Day before the Initial Closing Date. Applicants for Class B Series 1 Shares following the Initial Offer Period should complete an Subscription Agreement and send it by fax or by e-mail (with the original to follow) to the Administrator so that it is received by the Administrator no later than 1:00 p.m. (Mauritius time) one Business Day prior to the relevant Dealing Day.

The Subscription Agreement should be completed and returned to:

The Administrator
Emergent India Investments Ltd
4th Floor, Raffles Tower,
19 Cybercity
Ebene
Mauritius

Tel: (230) 404 8800
Fax: (230) 404 8899
E-mail: relianceemergent@apex.mu

The Board may, in its absolute discretion and in accordance with the applicable laws and regulations, accept the Application for Subscription, Additional Subscription and Redemption of Participating Shares, through means and modes, other than those specified hereinabove.

Class B Series 1 Shares will not be finally allotted unless the Administrator is satisfied that cleared funds in US Dollars have been received by no later than 1.00 p.m. (Mauritius time) one Business Day before the Initial Closing Date (in respect of the Initial Offer Period, and always subject to receiving the Minimum Funding) or thereafter by 1:00 p.m. (Mauritius time) one Business Day prior to the relevant Dealing Day, subject to the discretion of the Directors to charge interest and adjust the relevant subscription price in respect of late payment. If cleared funds are not received by this time then the application will be held over to the following Dealing Day and Class B Series 1 Shares will then be issued at the relevant subscription price on that Dealing Day.

Subject to the Administrator receiving cleared funds in respect of the initial subscription price, and duly completed subscription documentation (including all "know your client" information requested in the Subscription Agreement), Class B Series 1 Shares will be issued on the Initial Closing Date (in respect of the Initial Offer Period and always subject to receiving the Minimum Funding) or the relevant Dealing Day (in respect of applications following the Initial Offer Period).

Each potential investor will be required to represent and warrant in its Subscription Agreement that, among other things, such investor is purchasing Class B Series 1 Shares for its own account and that such investor is able to acquire the Class B Series 1 Shares without violating applicable laws and regulations (including anti-money laundering provisions), and failure to do so may result in the suspension of the processing of such application or any subsequent purchase requests. Measures aimed at the prevention of money laundering may require an applicant to verify its identity to the Fund, the Directors, the Administrator, or any of their appointees, delegates or agents.

The Directors reserve the right to decline or to accept applications, either generally in relation to any Dealing Day or in relation to a specific application, in whole or in part and without giving any reason for declining any applications. The Fund may also scale down any or all applications. In particular, the Fund may decline or scale down applications if such applications would result in any investor holding more than 10 percent of the total issued Class B Shares. Any monies paid in respect of rejected or scaled down applications will be returned to the applicants without interest at their risk and cost.

Share ownership will be reflected in book entries recorded by the Administrator on the register of members.

Fractions of Shares will be issued up to four decimal places, with the balance retained for the benefit of Class B.

Payment

Payment of subscription monies should reach the bank listed below by 1:00 p.m. (Mauritius time) one Business Day before the Initial Closing Date (in respect of the Initial Offer Period) or by 1:00 p.m. one Business Day before the relevant Dealing Day (in respect of applications after the Initial Offer Period). Payment, net of charges, should be sent by telegraphic transfer in accordance with the Administrator's instructions.

Redemption

All redemption will be made in accordance with the Companies Act of Mauritius and the Constitution. Only fully paid up Shares may be redeemed. Shares may be redeemed on any Dealing Day, subject to the provisions relating to suspension of redemptions referred to below and in the Memorandum. Requests for redemptions should be made to the Administrator in writing or by fax, telex or e-mail to the address/numbers set out above under "Application Procedure" so as to be received by no later than one Business Day prior to the relevant Dealing Day.

The Redemption Price on each Dealing Day will equal the Net Asset Value per Share of the Series on the Valuation Day less a CDSC and Exit Load, if applicable.

In accordance with the Constitution, the Directors may suspend or defer redemptions and may delay redemption payments under certain circumstances. See "PROCEDURE FOR REDEMPTIONS" in the Private Placement Memorandum.

Redemption requests shall be irrevocable (save as agreed by the Fund) and should state the Class B Shareholder's registered name, personal account number (if any) and the number of Shares proposed to be redeemed or the amount of redemption proceeds requested. The processing of redemption requests is subject to compliance with applicable laws and regulations and if a redeeming Class B Shareholder fails to comply with such applicable laws and regulations the Administrator may defer payment of redemption monies until such Class B Shareholder does comply with such applicable laws and regulations. Any redemption request which would reduce the value of a Class B Shareholder's holding in the Fund below US$ 500 may be treated, at the discretion of the Directors, as a request for redeeming that Class B Shareholder's entire holding. Unless the Directors agree otherwise, the Fund will only pay redemption proceeds to the account in the name of the Shareholder from which subscription proceeds originated. No third party payments will be made.

Further, there will also be levied a charge of USD 25 towards a part of redemption fees or bank charges, which sum shall be deducted from the redemption amounts. The Fund will bear all additional charges such as redemption fees or bank charges on redemption. However, the Board may, in its absolute discretion, waive the whole or any part of such redemption fee or bank charges chargeable to the investor and may also revise the same from time to time.

Redemption Procedure

Redeeming shareholders should return the relevant share certificate(s) (if any) and, in the case of a faxed, e-mailed or telexed redemption request, should confirm the same in a written request delivered so as to arrive as soon as practicable. Requests for redemptions must be received by the Administrator no less than one Business Day before the relevant Dealing Day.

Shares will be redeemed at prices calculated by reference to the Net Asset Value per Share of the Series calculated as at the Valuation Day.

Remittance of redemption amounts will be made in US Dollars as soon as is reasonably practicable following the Dealing Day by wire transfer to the bank account from which the subscription money was received and generally within seven Business Days, except that no redemption proceeds will be paid out until the Administrator is in receipt of any applicable Share certificate(s) and original redemption request. Remittance of redemption amounts may be delayed if the repatriation of funds to or from India is delayed.

If the Fund receives net redemption requests (that is, redemption requests less valid applications received for new Class B Series 1 Shares in respect of the same Dealing Day) in respect of an aggregate of 5 per cent or more of the outstanding Class B Shares for any Dealing Day (or such other higher limit as the Directors may determine), the Directors may elect to restrict the total net number of Shares redeemed during that Dealing Day to 5 per cent. (or such higher percentage as the Directors may determine), in which case all such redemption requests will be scaled down pro rata to the size of the request. If any redemption requests are not satisfied in full in any such case the balance of all such redemption requests will be carried forward to the next Dealing Day, subject to the same 5 per cent. restriction. Such redemption requests carried forward will be given priority over subsequent redemption requests.

The Fund may also restrict redemptions of Shares from time to time due to foreign exchange restrictions, repatriation of funds restrictions or if redemptions of Units are impossible or impractical. Any such unsatisfied redemption requests will be carried forward and given priority over subsequent redemption requests.

A distribution, whether by way of dividends or redemption, can only be made, if upon the distribution being made the Fund satisfies the Solvency Test. The Solvency Test is satisfied where the Fund can pay its debts as they become due in the normal course of business, and the value of the Fund’s assets is greater than the value of its liabilities. The principles adopted by the Board relating to the payment of the redemption price of Participating Shares, or other distributions, are applied to each Class in isolation, subject to the Fund and the Class satisfying the Solvency Test. Payments in respect of redemptions of Participating Shares and other distributions may only be paid out of the assets of the Class in respect of which the relevant Participating Shares were issued.

Compulsory Redemption

The Directors have the right by giving 7 days' written notice to such Shareholder to redeem compulsorily any holding of Shares which is in breach of the laws or requirements of any country or governmental authority or which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage, legal or regulatory interests which the Fund might not otherwise have incurred or suffered.

In order to give effect to the foregoing, the Fund may request such declarations and information from Class B Shareholders and potential Class B Shareholders as the Directors may consider appropriate and the Class B Shares holders failing to supply any such declarations or information may also be compulsorily redeemed. It should be appreciated, however, that it may not always be possible for the Fund to ascertain the precise details of any person interested in a particular Class B Share, particularly if such Share is held in a nominee name.

The Fund may also require Class B Shareholders to redeem the whole or a specified percentage of their shareholdings if required to ensure that any feeder fund or feeder funds in total have at least 20 investors, with no single investor accounting for an indirect beneficial interest in the Fund equal to more than 49 per cent. of the total issued Class B Share capital. This is in order to ensure that the Fund can invest into the Scheme as per SEBI letter bearing reference number IMD/AT/102775/2007 dated 30 August 2007.

In the event of any compulsory redemption, the Redemption Price will be the Net Asset Value per Share of the Series as at the close of business on the date specified in the notice specified above, less any deduction for the Management Fee payable by the Fund to the Investment Manager. Such Shareholder will have no shareholder's rights with respect to the Shares to be redeemed after the close of business on the date as of which the Redemption Price was calculated except the right to receive the Redemption Price therefor.

Redemption Prices

The Redemption Price of each Share of a Series on any Dealing Day will (subject as provided below and subject to the provisions for adjustments described in the Supplement) be equal to the relevant Net Asset Value per Share of the Series prevailing on that Dealing Day (i.e. calculated on the Valuation Day preceding the Dealing Day) less a CDSC and Exit Load, if applicable.

NET ASSET VALUE

In calculating the Net Asset Value, the Administrator may use information provided by the Investment Manager and its advisors, brokers, market makers or other intermediaries. In such circumstances, the Administrator shall not, in the absence of negligence or wilful default, be liable for any loss suffered by any Shareholder resulting from any inaccuracy in the information provided by any such pricing service, the Investment Manager and its advisors, broker, market maker or other intermediary. Furthermore, in calculating the Net Asset Value, the Administrator shall use reasonable endeavours to verify pricing information provided by any connected person but investors should note that in certain circumstances, the Administrator will not be liable for any loss suffered by any Shareholder by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in such information.

The Net Asset Value per Share of a Series as of a Valuation Day shall be calculated by dividing the Net Asset Value of such Series by the number of Shares in issue in that Series (including any Shares in such Series to be redeemed) and adjusting the resultant amount upwards to the nearest cent.

The Net Asset Value per Share of a Series and Subscription and Redemption Prices are calculated by the Administrator in US Dollars as of the close of business on the Valuation Day. This Net Asset Value per Share of a Series forms the basis for determining Subscription and Redemption Prices. Details of the Subscription and Redemption Prices of Shares of a Series and of the Net Asset Value are available on request from the Administrator.

The assets of Class B will be valued in accordance with IFRS and the directions from time to time of the Directors. The Net Asset Value of each Series of Class B will be computed by the Administrator in accordance with such standards and guidelines, and in the case of Units, in accordance with the price supplied by the Mutual Fund for the Scheme.

Under the initial guidelines, listed investments will be valued on the basis of their closing prices in the absence of the latest bid prices. Unlisted securities and quoted securities for which a recent price is unavailable will be valued on such bases as may be determined by the Fund. Liabilities and deposits will be valued with accrued interest or at market prices as appropriate. If the Directors consider that any of the above valuation rules do not give rise to a fair value, they may adopt or approve such other valuations as they consider fair in the circumstances.

ELIGIBLE INVESTORS

Class B Series 1 Shares may be purchased only by Eligible Investors. Each investor must represent and warrant to the Fund that, among other things, he is eligible to acquire Class B Series 1 Shares without violating applicable laws. The Fund will not knowingly offer or sell Class B Series 1 Shares to any investor to whom such offer or sale would be unlawful, or to any investor who, by investing in the Fund, would commit a breach of the laws and regulations relating to the prevention of money laundering in Mauritius and in his jurisdiction. The Fund or the Investment Manager shall not be responsible where the Class B Series 1 Shares are offered or sold by any distributor / referral agent to any investor to whom such offer or sale would be unlawful, or to any investor who, by investing in the Fund, would commit a breach of the laws and regulations relating to his jurisdiction.

RIGHTS OF SHARES

The Shares in Class B shall have the following rights:

1. No right to receive notice of any Shareholders’ Meeting and no voting rights except in case of a modification or variation of rights of that Class;
2. In a winding up, the rights set out in Article 48 of the Constitution; and
3. Be redeemable at the option of the Shareholder or the Fund in accordance with the provisions of this Supplement and the Constitution.

The rights, privileges and liabilities of a holder of Participating Shares shall in general and subject to certain exceptions be in relation to its Class, and to no other Class.

Transfers of Shares

The Shares are transferable with the consent of the Directors. They are issued in registered form and 2may be transferred by an instrument in the form prescribed by the Directors signed by the transferee and the transferor.

Prior to processing or accepting such transfer form for registration, the Administrator may require a transferee to provide such representations, warranties and undertakings as may be necessary to establish the suitability of the transferee as a Class B Shareholder in the Fund and to comply with relevant laws and regulations (including anti-money laundering provisions). It is expected that proposed transferees will have to fill out Subscription Agreements in the same manner as new subscribers.

CHARGES AND EXPENSES

Establishment Costs

The costs of establishing the Class B Shares and of the initial offering of Class B Shares are estimated to amount to approximately US$ 500,000.

Investment Management Fees

The investment management fee at the aggregate rate of 1.75 (including Scheme management fee payable to the investment manager of the Scheme) per cent per annum of Net Asset Value of the Class B Share is payable to the Investment Manager in respect of the Shares. The Investment Manager is also entitled to reasonable out of pocket expenses incurred in the performance of its duties. The investment management fee may be reviewed by the Board from time to time.

Initial Sales Charge

The Investment Manager may appoint affiliated and unaffiliated sales agents to solicit on a private placement basis, subscriptions for Class B Series 1 Shares. Such sales agents may to the extent legally permissible charge applicants for Class B Series 1 Shares an Initial Sales Charge of up to 3 per cent of the amount subscribed for Class B Series 1 Shares, whose subscription they have solicited. The Fund will bear the bank charges for brokerage payouts. The investors will bear bank charges of US$25 or such amount as the Board may decide, on redemption proceeds with any excess amount charged by the bank being borne by the Fund. The same may be changed at the discretion of the Board. In the event that any such placement fee is paid to the Fund, the Administrator will deduct such Initial Sales Charge from the subscription amount received by it, net of applicable charges, and pay the same to the Investment Manager for distribution to the relevant sales agent. The Fund will bear the cost of any bank charges to affect the transfer of Initial Sales Charge to the Investment Manager including the bank charges incurred by the Investment Manager to remit the Initial Sales Charge to the sales agents.

Service Charge:

A Service Charge of up to 2.2% per cent of the applicable Net Asset Value of Class B Series 1 Shares is deducted from the Net Asset Value and paid to the Investment Manager to compensate the Distributors. This Service Charge is only chargeable to Class B Series 1 Shares during the period of one year from the date of subscription.

For administration purposes in respect of NAV computation, Class B Series 2 Shares have been created, upon which no Service Charge shall be levied for NAV computation purposes. On the first anniversary of each investment(s) of every Class B Series 1 Shareholder, that outstanding investment(s) of such Class B Series 1 Shareholder, which completes its first anniversary, will be converted into Class B Series 2 Shares, of portfolio value equivalent to the Class B Series 1 Shares being converted, at the then prevailing NAV of Class B Series 2 Shares. There will be no charges or expenses for the allotment to Class B Series 2 Shares.

Contingent Deferred Sales Charge ("CDSC")

The CDSC on Class B Series 1 Shares shall be payable in case of redemption of Class B Series 1 Shares, before the expiry of a period of one year from the date of subscription in respect of such Class B Series 1 Shares. CDSC is equal to the following percentage of the applicable Net Asset Value, of

Class B Series 1 Shares for the period from the redemption date to the maximum period (one year from the initial date of investment) to which CDSC is applicable.

	Year 1	Year 2 onwards
Class B Series 1 Shares	2% per annum	0% per annum

In determining whether a CDSC is applicable to the proceeds of redemption, the calculation will be determined on a first in first out (“FIFO”) basis. Therefore, the redemption of outstanding Class B Series 1 Shares will be first of those Class B Series 1 Shares that are held longest. The proceeds of CDSC are payable to the Investment Manager.

Redemption Fees / Exit Load

A Redemption fee of 2 per cent is charged to Class B Series 1 Shareholders in respect of any Class B Series 1 Shares redeemed within a period of 1 year of the issue of such Class B Series 1 Shares. The Redemption fee will accrue and be payable to the Investment Manager.

Total Expense Ratio (“TER”)

The TER Cap for Shares is expressed as a percentage of the Net Asset Value. The defined TER Cap includes all and any fees paid / payable by the Fund with respect to Shares including the Scheme cost (including the investment management, promotion/distribution and marketing fees, the Custodian, Administration Agent and the Transfer Agent, as well as all other costs and expenses borne by the Fund). The TER of Shares will not exceed 2.75 per cent per annum, excluding CDSC and Service Charges.

Administration

The Administrator in relation to its administration services with respect to the Shares is entitled to receive from the Fund a fee, as may be agreed between the Fund and the Administrator, and specified in the Administrator, Registrar, Valuation and Transfer Agent Agreement dated as at 24 January 2008

ACCOUNTS

Class B Shareholders will be sent a copy of the Fund’s annual report and audited financial statements within six months of the end of the Accounting Period to which they relate and not less than 21 days before the annual meeting. The Fund’s annual accounts will be prepared in accordance with IFRS.

TAXATION AND EXCHANGE CONTROL

India Tax Considerations

India

The Mutual Fund has been registered with SEBI as a mutual fund under the SEBI (Mutual Fund) Regulations, 1996. The Scheme will therefore not be liable to pay any tax on its total income provided it complies with the necessary conditions stipulated for this purpose under the Indian Income-tax Act, 1961 (the "IT Act") and SEBI (Mutual Fund) Regulations, 1996. The Scheme also will not be liable to pay any wealth tax on the value of assets or investments of the Scheme. The Master Fund and the Scheme however, will be liable to pay Securities Transaction Tax (the "STT") on taxable securities transactions as mentioned hereinafter.

Income-tax

The discussion of Indian tax matters contained herein is based on existing law, including the provisions of the IT Act and the provisions of the Double Taxation Avoidance Agreements, as of the date of this Memorandum. The IT Act is amended every year by the Finance Act of the relevant year, and this summary reflects changes through the date hereof. No assurance can be given that future legislation, administrative rulings or court decisions will not significantly modify the conclusions set forth in this summary, possibly with retrospective effect.

The IT Act authorises the Government of India to enter into agreements with the Governments of other countries for avoidance of double taxation of income and for the granting of relief in respect of income on which tax has been paid in both countries. Further, the IT Act also clarifies that a non-resident, eligible to claim treaty benefits, would be governed by the provisions of the IT Act to the extent that they are more beneficial.

Double Taxation Avoidance Agreement between India and Mauritius

India has entered into a treaty with Mauritius for the avoidance of double taxation. As per section 90(2) of the IT Act, a non-resident, eligible to claim treaty benefits, would be governed by the provisions of the IT Act to the extent that they are more beneficial. In order to claim the beneficial provisions of the Treaty, the Master Fund must be a tax resident of Mauritius. In light of the judgment of the Supreme Court of India in the case of Azadi Bachao Andolan 263 ITR 706 (October 2003) and Circular 789 issued by the Central Board of Direct Taxes of India, the Master Fund should be eligible for benefits under the Treaty if it has a Tax Residence Certificate issued by the Mauritian Revenue Authorities.

Whilst the Directors of Reliance Emergent India Fund Limited have been advised that the India tax treatment will be as described above, such advice is not entirely free from qualification and investors are referred to the section of this Private Placement Memorandum entitled "Risk Factors" for further details of some of the perceived tax risks associated with the Fund's operations.

Taxation in the event the Master Fund is eligible to the Treaty benefits

On the assumption that the management and control of the Master Fund will continue to be exercised from within Mauritius and provided the Master Fund does not have any permanent establishment ('PE') within India, the following will apply:

Capital Gains

(a) As per Article 13 of the Treaty, capital gains resulting from sale of Indian securities (listed or unlisted) will not be subject to tax in India, provided the income of the Master Fund is not regarded as business income and the securities do not form part of a PE of the Master Fund in India.

(b) conversion of ADRs, GDRs or FCCBs into shares will not give rise to capital gains chargeable to income-tax in India;
(c) gains earned by the Master Fund on transfer of ADRs, GDRs or FCCBs outside India to a non-resident are not liable to tax in India;
(d) capital gains earned on the sale of the underlying securities in India of the ADRs, GDRs or FCCBs are exempt from tax in India;

Dividend and interest

(e) The Master Fund will not be subject to any income-tax in India on any income in the form of dividend, on which distribution tax has been paid. Dividends distributed by Indian companies are liable to Dividend Distribution Tax ('DDT') of 16.61%. The Finance Bill, 2011 proposes to reduce the surcharge rate applicable to DDT from 7.5% to 5% thereby reducing the DDT rate to 16.22%.

The Scheme currently is liable to pay an additional income-tax on any income distributions made by it on funds other than equity oriented funds. The table below provides details of the current rates applicable as well as the proposed rates under the Finance Bill, 2011:

Type of Scheme	Current Rates	Proposed Rates [1]
Money Market mutual fund or Liquid fund		
- Individuals and HUF	25% [2]	25% [2]
- Others	25% [2]	30%[2]
Other than Money Market mutual fund or Liquid fund		
- Individuals and HUF	12.5% [2]	12.5% [2]
- Others	20% [2]	30% [2]

[1] The proposed rates shall be effective from June 1, 2011
[2] Rates are exclusive of surcharge and education cess. The Finance Bill, 2011 proposes to reduce the rate of surcharge on distribution tax from 7.5% to 5%.

(f) interest on Foreign Currency Convertible Bonds ('FCCB') satisfying certain specified conditions will be taxed at 10.558% (including surcharge and cess). The Finance Bill, 2011 proposes to reduce the rate of surcharge on tax for foreign companies from 2.5% to 2%. Hence, interest on FCCBs is proposed to be taxed at 10.506% under the Finance Bill, 2011.

Business Income

It would be important to note that in light of certain judicial precedents in India, the gains arising on disposal of shares or securities could be characterised by the tax authorities as business income and not as capital gains. As per the provisions of the Treaty, if the gains arising on sale of shares or securities are characterized as business income then the same would be taxable in India only if the Master Fund has a PE in India as per the provisions of Article 7 of the Treaty

In case the Master Fund has a PE in India, income earned by it would be treated as business income and the applicable tax rate in this case would be 42.23% (including surcharge and cess) on the net income to the extent such income is attributable to the activities of the PE in India. As a result of the proposed reduction in the rate of surcharge on tax in the Finance Bill, 2011, the tax rate on business income of foreign companies is proposed to be reduced to 42.02%. However, in case gains arising from sale of shares or securities are characterized as business income then the amount equivalent to the Securities Transaction Tax ('STT') paid on the transaction value will be deducted from the gains earned in computing the business income.

Taxation in the event Treaty benefits are denied

On the assumption that the Master Fund continues to be treated as a non-resident for the purposes of the IT Act, the following will be the tax implications:

Capital Gains

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

Particulars	LTCG[1]		STCG[2]	
	Subjected to STT		Subjected to STT	
	Yes	No	Yes	No
Listed equity shares and units of equity oriented mutual fund	Exempt	-	15.836%[3] [15.759%][5]	-
Securities [4]	-	10.558%[3] [10.506%][5]	-	31.673%[3] [31.518%][5]

[1] Long Term Capital Gains
[2] Short Term Capital Gains
[3] The rates are inclusive of surcharge and cess.
[4] As defined under section 2(h) of the Securities Contracts (Regulation) Act, 1956
[5] Rates after giving effect to the reduction in the rate of surcharge on tax from 2.5% to 2% proposed under the Finance Bill, 2011

(b) gains earned by the Master Fund on transfer of ADRs, GDRs or FCCBs outside India to a non-resident are not liable to tax in India;
(c) conversion of ADRs, GDRs or FCCBs into shares will not give rise to capital gains chargeable to income-tax in India.

Dividend and interest

(d) dividends, subjected to distribution tax, received from shares held in Indian companies and from Units in the Scheme shall be exempt from tax in India. Dividends distributed by Indian companies are liable to Dividend Distribution Tax ('DDT') of 16.61%. The Finance Bill, 2011 proposes to reduce the surcharge rate applicable to DDT from 7.5% to 5% thereby reducing the DDT rate to 16.22%.

The Scheme currently is liable to pay an additional income-tax on any income distributions made by it on funds other than equity oriented funds. The table below provides details of the current rates applicable as well as the proposed rates under the Finance Bill, 2011:

Type of Scheme	Current Rates	Proposed Rates [1]
Money Market mutual fund or Liquid fund		
- Individuals and HUF	25% [2]	25% [2]
- Others	25% [2]	30%[2]
Other than Money Market mutual fund or Liquid fund		
- Individuals and HUF	12.5% [2]	12.5% [2]
- Others	20% [2]	30% [2]

[1] The proposed rates shall be effective from June 1, 2011
[2] Rates are exclusive of surcharge and education cess. The Finance Bill, 2011 proposes to reduce the rate of surcharge on distribution tax from 7.5% to 5%.

(e) interest on Foreign Currency Convertible Bonds ('FCCB') satisfying certain specified conditions will be taxed at 10.558% (including surcharge and cess). The Finance Bill, 2011 proposes to reduce the rate of surcharge on tax for foreign companies from 2.5% to 2%. Hence, interest on FCCBs is proposed to be taxed at 10.506% under the Finance Bill, 2011.

Business Income

In the event the gains on sale of shares and other securities are taxed under the head "profits and gains of business or profession", the Master Fund (in case it is held to have a PE in India and such gains are attributable to the PE) will be liable to tax at the rate of 42.23% (including surcharge and cess). As a result of the proposed reduction in the rate of surcharge on tax in the Finance Bill, 2011, the tax rate on business income of foreign companies is proposed to be reduced to 42.02%. The amount equivalent to the STT paid on the transaction value will be allowed as a deduction from the gains earned in computing the business income;

Securities Transactions Tax

STT is payable in respect of taxable securities transactions, with effect from October 1, 2004. The rates of STT currently are:

Particulars	Rate
Purchase and sale of equity shares in a company or units of an equity oriented fund on a recognised stock exchange in India and settled by actual delivery or transfer of such shares or units	0.125%
Sale of equity shares in a company or units of an equity oriented fund on a recognised stock exchange in India, where the contract for sale is settled otherwise than by actual delivery or transfer of shares or units	0.025%
Sale of a unit of an equity oriented fund to the mutual fund	0.25%
Sale of an option in securities	0.017%
Sale of an option in securities, where option is exercised (payable by purchaser)	0.125%
Sale of a futures in securities	0.017%

STT is not allowable as a deduction in computation of capital gains. However, in the event it is held that the gains on sale of securities are in the nature of business profits then the amount equivalent to the STT paid on the transaction value will be allowed as a deduction from the gains earned in computing the business income.

Minimum Alternative Tax

In the event it is held that the Master Fund has a PE in India, the Master Fund may be subject to a Minimum Alternate Tax ("MAT"). As per the IT Act if the tax payable by any company (including a foreign company) is less than 18% of its book profits, it will be required to pay MAT which will be 19.003% (including surcharge and cess) of such book profits (for foreign companies). The Finance Bill, 2011 proposes to increase the MAT rate from 18% to 18.5%; thus the effective MAT rate for foreign companies is proposed to be increased to 19.44%. Long-term capital gains arising on the sale of listed equity shares on the recognised stock exchange and units of equity oriented mutual funds that are liable to STT are included in the definition of "book profits" for the purposes of calculation MAT.

EXCHANGE CONTROL

India

Under the current exchange controls regulations all remittances into and out of India whether of an income or capital nature have to be made at the prevailing market rate on the date of remittance.

By way of a letter dated 30 August 2007 bearing reference number IMD/AT/102775/2007 and addressed to the Investment Adviser, SEBI has granted its "In-principle" approval in respect of the Fund investing in the Mutual Fund, subject to compliances with certain conditions. Consequently the Fund does not require approval from the Reserve Bank of India for the acquisition and disposal of Indian securities in primary and secondary markets in India, provided that such acquisitions and disposals comply with the restrictions and conditions prescribed under the FII Regulations.

RISK FACTORS

An investment in the Fund is speculative and involves a substantial degree of risk. Investment in the Fund should only be made after consulting with independent, qualified sources if investment, legal, tax, accounting and other advice. In addition to the Risk Factors set out in the Memorandum, among the risks of investing in the Shares are the following:

(1) **Redemption of Units in the Scheme:** The Fund has been established to inter alia invest in the Scheme (and other feeder funds and/or vehicles as may also be established in the future to invest in the Scheme). As there are only limited restrictions on the frequency with which the Fund may redeem its holdings of Units in the Scheme, and no maximum limit placed on the number or value of Units that may be redeemed at any given time, the Scheme may be required to liquidate certain investments prematurely to meet such redemptions or to realise its more liquid investments in order to meet redemptions on a timely basis, and this may result in the Scheme holding relatively illiquid investments as a result.

(2) **Reliance on Investment Manager and Investment Advisor:** The Fund is reliant on the Investment Manager and the Scheme is reliant on the Investment Advisor, which both have significant discretion as to the implementation of the Fund’s and Scheme's investment objectives and policies. In particular, the Scheme’s performance is likely to be dependent on the success of the Investment Advisor's investment process. The termination of the investment management agreement or investment advisory agreement, could lead to a material adverse effect on the business, financial condition or results of the Fund and of the Scheme.

(3) **SEBI “In-principle" Approval:** An in-principle approval letter issued by SEBI to the Investment Advisor prescribes certain terms and conditions that the Fund is required to comply with. To the extent the Fund is unable to comply with any of such terms and/or conditions, SEBI may cancel or withdraw its approval. It is unlikely that SEBI will issue a final approval in the event that all the terms and conditions are achieved as the general SEBI practice is to issue an "in-principle" approval only and then merely ensure the terms and/or conditions in such letter are complied with.

(4) **The Structure:** The SEBI has vide letter no. IMD/AT/102775/2007 dated 30 August 2007 addressed to the Investment Advisor, stated that the Fund is required to be a "broad based" fund within the meaning of the FII Regulations. Thus the Fund will need to comply with the FII Regulations which currently requires the Fund to have a minimum of 20 Shareholders, and none of them holding more than 49 per cent of the shares. If the Fund has any institutional investor(s) (who in itself is broad based) holding more than 49 per cent, the Fund will be deemed to be broad based and it shall not be necessary for the Fund to have 20 (twenty) shareholders.

If these requirements are not fulfilled then the Investment Advisor may be required to discontinue providing advisory services in respect of the Fund for investment in India.

(5) **Limited Ability to Liquidate Investment in Shares:** No secondary public market for the sale of the Shares exists, nor is one likely to develop. In addition, a transferee of Shares may become a substituted shareholder only with the consent of the Directors. Shares may be redeemed on any Dealing Day upon at least 1 Business Day prior written notice to the Administrator, unless redemptions have been suspended and subject to certain restrictions. The Fund may defer or suspend redemptions under certain circumstances.

(6) **Risks associated with Investments in Unlisted Securities:** The investment will be held in unlisted company, whose securities should be considered illiquid. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such securities is much greater than the risk of investing in publicly traded securities. Moreover, unlisted companies are not regulated by the same disclosure and investor protection norms that apply to listed companies.

(7) **Possible Effects of Redemptions:** Substantial redemptions of Shares and/or other Classes of Participating Shares could require the Fund to liquidate its positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. These factors could adversely affect the value of the Shares being redeemed and of the remaining Shares. In addition, regardless of the period of time during which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult for the Fund to generate profits or recover losses.

(8) **Multi-class company**: In a multi-class company the assets attributable to individual classes are not protected from the creditors of other classes. In the event that the liabilities of one or more Classes exceed the assets of those respective Classes, the Fund may be compelled to meet the deficiency by drawing on assets of other Classes. Creditors of the insolvent Classes may also attach the assets of other Classes. This could directly and/or indirectly result in partial or total loss in the Net Asset Value of solvent Classes. Also, at the time of each redemption of any Class Shares, the Company as a whole would have to meet the Solvency Test. In case the Company does not meet the Solvency Test, then redemption of Shares of a particular Class would not be possible. The Company will satisfy the Solvency Test under the Act where the Company is able to pay its debts as they become due in the normal course of business and the value of its assets is greater than the value of its liabilities.

(9) **Political, Economic, and Regulatory Risks:** The Company or the Mutual Fund (as the case may be) and the price and liquidity of its investments may be affected generally by exchange rates and controls, interest rates, changes in Indian governmental policy, taxation, social and religious instability and political, economic or other developments in or affecting India. In particular future political and economic conditions in India may result in its government adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, with potentially adverse effects on the Company's or Mutual Fund's investments. Future actions of the Indian central government or the respective India state governments could have a significant effect on the India economy, which could adversely affect market conditions and prices and yields of the Company's or Mutual Fund's investments. The Company does not intend to obtain political risk insurance.

In recent years India has witnessed various terrorist attacks, civil unrest and other acts of violence or war, and it is possible that future such events as well as other adverse social, economic or political events in India may adversely affect the value and prospects of the Company's or Scheme's investments.

(10) **Risks relating to the Fund's investments in India:** In addition to the risk factors described above, in considering investing in the Fund, prospective investor should also be aware of certain risk factors specific to investments in India, which include, but are not limited to, the following:

(a) **Regulation of Indian securities markets.** SEBI is responsible for setting disclosure and other regulatory standards for the Indian securities markets. While the SEBI has issued regulations and guidelines on disclosure requirements, take over, insider trading and other matters, the level of regulation, monitoring, and reporting requirements imposed by the SEBI on the Indian securities markets and Indian companies may be less stringent than those imposed by regulatory authorities and stock exchanges in developed countries such as the United States and Western Europe. Issuers in India are subject to accounting, auditing and financial standards and requirements that differ, in some cases significantly, from those applicable to United States and Western European issuers. In particular, the assets and profits appearing on the financial statements of an Indian issuer may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with GAAP.

Therefore, there may be less publicly available information about Indian listed companies than is regularly made available in many developed countries, and the Fund may have less access to information about the operations and financial conditions of companies listed on Indian stock exchanges than investors would have in the case of companies subject to the reporting requirements of other countries.

Moreover, issuers of securities in India are not subject to the same degree of regulation as are United States and Western European issuers with respect to such matters as insider trading rules, tender offer regulation, shareholder proxy requirements and the timely disclosure of information. Legal principles relating to corporate affairs and the validity of corporate procedures, directors' fiduciary duties and liabilities and shareholders' rights may differ from those that may apply in other jurisdictions. Shareholders' rights under Indian law may not be as extensive as those that exist under the laws of the United States or the member nations of the European Union and it would be more difficult to assert rights as a shareholder of an Indian company than it would as a shareholder of a comparable U.S. or European company.

(b) SEBI "In-principle" Approval. The in-principle approval letter **issued by the SEBI to the Investment Advisor prescribes certain terms and conditions that the Investment Advisor, the Scheme and the Company is** required to comply with. To the extent the Investment Advisor, the Scheme or the Company is unable to comply with any of such terms and/or conditions, it may be deemed that SEBI has cancelled or withdrawn its approval. It is unlikely that SEBI will issue a final approval in the event all the terms and conditions are achieved as the general practice is to issue an "in-principle" approval only and then merely ensure the terms and/or conditions in such letter are complied with.

(c) Changes in India's Political, Social, and Economic Climates. The Fund will focus a portion of their investments in India and in securities of companies that are located in India or conduct business primarily in India. Consequently, the Fund's financial performance will be affected by political, social, and economic developments affecting India, including changes in exchange rates and controls, interest rates, government policies, and taxation policies.

Agriculture occupies a more prominent position in the Indian economy than in the United States or Western Europe, and the Indian economy therefore is more susceptible to adverse changes in weather, such as monsoons and other severe weather conditions. The Indian government has exercised and continues to exercise significant influence over many aspects of the economy, and the number of public sector enterprises in India is substantial.

Since 1991, the government of India has pursued an economic liberalization process. The current ruling coalition, elected in May 2004 and again in 2008, has already taken certain initiatives and announced policies that support the continued liberalization of economic policies, including the significant relaxation of restrictions in the private sector. Nevertheless, the future course of the government of India's liberalization policies cannot be predicted, and changes in India's economic liberalization and deregulation policies could harm business and economic conditions in India generally and the investments by the Fund. In addition, the future of the Fund is dependent upon possible changes effected by current or future governments, including specific laws and policies affecting foreign investment, import tariffs, currency exchange rates, and other matters affecting investment in the Fund. Recent government corruption scandals and protests against privatisation could slow down the pace of liberalisation and deregulation. A significant change in economic liberalisation and deregulation policies could disrupt business and economic conditions.

Religious and border disputes persist in India. Military activity or terrorist attacks in the future could influence the economies by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in emerging companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the economies and could have a material adverse effect on the market for securities. Political instability or changes in the government could impact on the liberalisation of the emerging economies and adversely affect economic conditions.

(d) **Conditions in the Indian securities market**. The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities, and no assurance can be given that such fluctuations will not occur in the future.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the equity shares held by the Company or the Scheme (as the case may be).

(e) **Slowdown in India's Economic Growth.** The performance of a portion of the Fund will be dependent on the performance of the Indian economy. Thus, any slowdown in the Indian economy could negatively affect the value of the Fund's investments.

(f) **Trade Relationships with Other Countries.** India's trade relationships with other countries may influence Indian economic conditions. For example, if trade deficits increase or are no longer manageable, the Indian economy, and with it the value of a substantial portion of the Fund's investments, could be adversely affected.

(g) **Size of Indian securities markets.** Indian securities markets are substantially smaller, less liquid and more volatile than securities markets in the United States or Western Europe. Most stock exchanges are governed by regulatory boards. The Bombay Stock Exchange Limited, ("BSE") and the National Stock Exchange of India Limited, ("NSE") have nationwide trading terminals and, taken together, are the principal Indian stock exchanges in terms of the number of listed companies, market capitalization and trading volume. The relatively small market capitalizations of, and trading values on, the BSE and NSE may cause the Fund's investments in securities listed on these exchanges to be comparatively less liquid and subject to greater price volatility than comparable United States or Western European investments.

(h) **Functioning of the stock exchanges.** Indian stock exchanges, including the BSE and the NSE, have in the past experienced substantial fluctuations in the prices of their listed securities. They have also experienced problems such as temporary exchange closures, broker defaults, settlement delays and broker strikes that, if they occur again in the future, could affect the market price and liquidity of the Indian securities in which the Fund invests. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Disputes have also occurred from time to time among listed companies, the stock exchanges and other regulatory bodies, and in some cases those disputes have had a negative effect on overall market sentiment. Recently, there have been delays and errors in share allotments relating to initial public offerings. In addition, SEBI has recently imposed heavy fines on market intermediaries in relation to manipulations by some investors of the allotment process in several recent initial public offerings with a view to cornering large shares allotments in the “retail investor” category. Such events in turn may affect overall market sentiment and lead to fluctuations in the market prices of the securities of those companies and others in which the Fund may invest.

(i) **Limited Liquidity.** A high proportion of the shares of many Indian issuers are held by a limited number of persons, which may limit the number of shares available for investment. In addition, further issuances, or the perception that such issuances may occur, of securities by Indian issuers could dilute the earnings per share of its investment and could adversely affect the market price of such securities. Sales of securities by such issuer’s major shareholders, or the perception that such sales may occur, may also significantly and adversely affect the market price of such securities and, in turn, the investment . A limited number of issuers represent a disproportionately large percentage of market capitalization and trading value. The limited liquidity of the Indian securities markets may also affect the ability to acquire or dispose of securities at the desired price and time. Anticipation of the global private placement in the Indian securities markets might adversely influence the prices paid when purchasing securities for a portfolio and could affect the speed with which one can invest in Indian securities. Further, the small trading volume concentrated in a limited number of the largest companies, combined with certain investment diversification requirements and other restrictions applicable, may affect the rate at which investments can be made initially in liquid public equity.

(j) **Taxation Considerations:** From time to time there have been press and other reports and speculation that the Indian/Mauritius Tax Treaty may be subject to renegotiation and/or change. In such circumstances, it cannot be assumed that the Company would continue to benefit from any revised or modified Treaty. Investors are referred to the section in this PPM headed "Taxation and Exchange Control" for a fuller discussion of tax issues relevant to the Company.

(k) **Exchange controls:** Exchange controls in India may restrict the ability of the Fund to repatriate the investment. The ability of the Fund to invest in Indian securities, exchange Indian rupees into U.S. dollars and repatriate investment income, capital and proceeds of sales realized from investments in Indian securities is subject to FEMA and the rules, regulations and notifications issued thereunder.

(l) **India-Mauritius Taxation Concerns.** The Mauritius legal framework may undergo changes in the future, which could impose additional costs or burdens on the operations of any investment vehicles organized in Mauritius through which the Funds seek to achieve their investment objectives (each, a “Mauritius Investing Vehicle”). Future changes to Mauritius or Indian law, or the India-Mauritius Double Taxation Avoidance Agreement (the “Taxation Treaty”), or the interpretations given to them by the regulatory authorities could impose additional costs or obligations on the Mauritius Investing Vehicle’s activities and the status of the Mauritius Investing Vehicle in Mauritius. Significant adverse tax consequences would result if the Mauritius Investing Vehicle did not qualify for the benefits under the Taxation Treaty. Having qualified for the benefits under the Taxation Treaty, adverse tax consequences would also result if gains from sale of investments are held to be “business profits” rather than “capital gains” and such business profits are attributable to a permanent establishment in India.

(m) **Recent controversy on taxability of transfer with underlying capital asset situated in India**: There has been a recent tax litigation prevailing in India, wherein Indian revenue authorities have attempted to tax the gains derived by a foreign company from sale of investments held in a company abroad which indirectly results into transfer of a capital asset situated in India. Therefore, such a position and interpretation by the Indian revenue authorities may result in imposition of Indian income tax on the Fund and its SPVs, if any, where the Fund and its SPVs derive income from disposition of investments held in companies outside India. This has been extended even to gains made by P-Note holders having underlying Indian securities. Accordingly, if the Tax Department were to rely on the above litigation, it may seek to tax the gains arising to the Fund from redemption of P-Notes in case where the benefits of the India-Mauritius Treaty are denied to the Fund in respect of such gains.

(n) **Exposure to Status of Permanent Establishment in India:** While the Fund believes that the activities of the Fund or the Investment Manager described in this Memorandum should not create a permanent establishment of the Fund or the Investment Manager in India, there is a risk that based on analysis of the nature of activities of the Fund, the Indian tax authorities could take a contrary view and subject Fund’s profits to tax in India.

India’s reservations on the updation of Commentary to the Organisation of Economic Cooperation and Development (‘OECD’) Model Convention

The OECD has recently released "The 2008 Update to The OECD Model Convention" which is well accepted source of reference for interpreting tax treaty issues. India is now granted an Observer status and has for the first time given its comments / reservations on the OECD Model and the OECD Commentary. Some of the reservations made by the Indian tax authorities are contradictory to the interpretations / positions generally adopted so far and if these reservations are practically implemented by tax authorities, it could result in tax litigation.

(o) **Borrowings**: The Scheme may, from time to time, borrow to fund investments or for short term funding purposes as set out in the section "Investment Policy". Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the borrower will be unable to service the interest repayments, or comply with other requirements, rendering it repayable, and the risk that available funds will be insufficient to meet required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Scheme's control) may make it difficult for the Scheme to obtain new finance on attractive terms or even at all.

(p) **Concentration of Investments**: The Fund will invest all of its assets (to the extent not retained in cash) in the Units of the Scheme and will accordingly not be diversified. Although it will be the policy of the Scheme to diversify its investment portfolio, the Scheme may at certain times hold relatively few investments. The Scheme could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

(q) **Indian Controls on Repatriation of Capital and Profits**: The repatriation of capital to Mauritius or from India may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to the Company of other restrictions on investment. The Company may have to pay applicable taxes on gains from such investment.

(r) **Indian Foreign Investment Restrictions**: There may be laws in force, or enacted from time to time, which may limit direct foreign investment and require government approval or registration prior to effecting any foreign investments in domestic securities. Thus, the Fund may not be able to recover investment proceeds or otherwise realize gains to which it is entitled. These restrictions could also have an adverse effect on the companies in which the Fund invests.

(s) Indian Corporate Disclosure Standards: Issuers operating in India may not be required to, and often do not, prepare financial statements as comprehensive as those conforming to generally accepted accounting principles in the United States or other developing markets. As a result, certain disclosure required of publicly traded issuers in the United States may not be available.

(t) Indian Clearing, Settlement and Registration Systems: Although the Indian primary and secondary equity markets have grown rapidly over the last few years and the clearing, settlement and registration systems available to effect trades on the Indian stock markets have significantly improved with mandatory dematerialization of shares, these processes may still not be on a par with those in more mature markets. Problems of settlement in India may impact on the Net Asset Value and the liquidity of the Fund's investments.

(u) India: Fraudulent Practices: SEBI was set up by the Indian Government in April 1992, and performs the function of "promoting the development of and regulation of the Indian securities market, the protection of the interest of shareholders as well as matters connected therewith and incidental thereto". The Securities and Exchange Board of India Act of 1992 has entrusted SEBI with much wider powers and duties, which inter alia, include prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have adverse impact on the net asset value of the Fund. In addition, in the event of occurrence of any of the above events, or in the event that SEBI having reasonable grounds to believe that the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market, SEBI can impose restrictions on trading in certain securities, limitations on price movements and margin requirements, which could adversely impact the liquidity of the Fund's portfolio.

(v) Conditions in the Indian securities market: The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities, and no assurance can be given that such fluctuations will not occur in the future.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the equity shares held by the Fund or the Scheme (as the case may be).

(w) Conflicts of Interest: Due to the widespread operations undertaken by the Investment Advisor and its respective affiliates, directors, employees and agents, conflicts of interest may arise. Any such party may manage, advise, sponsor or be otherwise involved in further collective investment vehicles provided that their performance is not thereby impaired. Thus, for example, the Investment Advisor may be involved in the management of other collective investment vehicles investing in India, and the Scheme or the Fund (as the case may be) may be seeking to acquire or dispose of investments at the same time as such other collective investment vehicles, in which case Investment Advisor shall, so far as it is able, allocate purchase or sale (as the case may be) opportunities between the Scheme or the Fund (as the case may be) and such other vehicles on an equitable basis. Affiliates of the Investment

Advisor may provide services to, or deal with the Scheme or the Fund (as the case may be), as principal or agent, provided that the terms on which such services are provided or upon which such transactions are effected shall be no less favourable to the Scheme or the Fund (as the case may be) than could have been expected had the transaction or service been effected with, by or through an independent third party

Should a material conflict of interest actually arise the Directors will endeavour to ensure that it is resolved fairly.

(x) **Economic developments and volatility in securities markets in other countries**: The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the United States and several European countries from 2001 to 2003 adversely affected market prices in the world's securities markets, including the Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

(y) **Indian Market Characteristics**: Trading markets in Indian assets, both onshore and offshore, are substantially smaller (on the basis of market capitalization, value of securities traded and number of participants) than certain other developed markets. As a consequence, the Fund or the Scheme (as the case may be) may invest in a relatively limited number of issuers, some or many of which may operate in the same industry or economic sector. Trading markets in India may be subject to greater price volatility and less liquidity than is usually the case in the developed markets globally.

The size of the companies traded on Indian securities may pose special risks as they are often smaller than those whose securities are stated in the developed countries globally. Limited product lines, limited markets, and fewer managerial and financial resources, may make smaller companies more vulnerable to losses and increase the possibility of insolvency. Their securities may be more volatile and less liquid because of the less-extensive market making and arbitrage activity. Trades of significant blocks of securities by large investors, and adverse events affecting the markets generally, may have a greater impact than in the market of developed countries.

There may be less reliable information available in the Indian markets than in other developed countries. The level of government supervision of securities exchanges tends to be lower and broker and listed companies are generally subject to less regulation as well. Accounting, auditing, and financial reporting standards are often less rigorous and may not be consistently applied. Local market participants may have information not available to outsiders. Thus, the Fund may have available less information, and less reliable information, than would be norm in developed countries, including the United States and other developed countries.

Transaction costs on securities related to India may be higher than in other developing countries. Foreign security settlements may be delayed or subject to administrative uncertainties.

SCHEDULE 1: SUMMARY OF THE SCHEME

The Scheme and the Mutual Fund

The Mutual Fund was established as a trust under the Indian Trusts Act, 1882 with Reliance Capital Limited as the settlor/sponsor and Reliance Capital Trustee Co. Limited as the trustee. The Mutual Fund has been registered with SEBI (registration number MF/022/95/1 dated 30 June 1995). The name of the Mutual Fund was changed from Reliance Capital Mutual Fund to Reliance Mutual Fund effective 11 March 2004 vide SEBI's letter no. IMD/PSP/4958/2004 dated 11 March 2004. The Mutual Fund was formed to launch various schemes under which units are issued to the public with a view to providing investors the opportunity to make investments in diversified securities.

The Scheme is an open-ended diversified equity fund, whose primary investment objective is to seek to generate capital appreciation and provide long-term growth opportunities by investing in a portfolio of equity and equity-related securities and secondary investment objective is to generate consistent returns by investing in debt and money market securities (including investment in securitized debt). The above asset allocation pattern is only indicative. The Investment Advisor, in line with the investment objective, may alter the above pattern for short term and on defensive considerations.

The Sponsor

Reliance Capital Asset Management Limited (RCAM) is a subsidiary of Reliance Capital Limited, which holds 93.37% of the paid-up capital of RCAM, the balance paid up capital being held by minority shareholders.

Reliance Mutual Fund (RMF) has been sponsored by Reliance Capital Ltd. (RCL). The promoter of RCL is AAA Enterprises Private Limited. Reliance Capital Limited is a Non Banking Finance Company. Reliance Capital Limited is one of India's leading and fastest growing financial services companies. Reliance Capital has interest in asset management and mutual funds, life and non-life insurance, private equity and proprietary investments, stock broking, and other activities in the financial services sector. Reliance Capital Limited has a net worth of USD 2 billion as on December 31, 2010.

The Trustee

The Trustee is responsible for overseeing the operation of the Scheme. In particular, under the terms of the Trust Deed, the Trustee is responsible for, among other things, ensuring the suitability of the Mutual Fund's investment manager, the custody of the Scheme's assets, reviewing the Mutual Fund's contracts with service providers, reviewing investor complaints, and reporting to SEBI on the activities of the Mutual Fund. The Trustee will not be liable for acts done in good faith if it has exercised honest and adequate due diligence.

Pursuant to the Trust Deed constituting Reliance Mutual Fund (RMF), RMF is authorised to pay the Trustee, a fee for their services, in addition to the reimbursement of all costs, charges and expenses, sum computed at the rate of 0.05% of the amount, being the aggregate of the Trust Fund and unit capital of all the schemes put together on 1st April each year or a sum of Rs.500,000, whichever is lower or such other sum as may be agreed upon between the Reliance Capital Limited and the Trustee from time to time. The Trustee may charge further fees as permitted from time to time under the Trust Deed and the Regulations.

Asset Management Company

The Investment Advisor i.e RCAM acts as Asset Management Company to the Scheme. The Investment Advisor's duties include taking investment decisions, maintaining books and records about the Mutual Fund schemes, and providing certain information to the Trustee.

Units and Unitholders

Units have a par value of Rs.10. Unitholders under the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme in which they have invested in, and to the dividend/ bonus declared, if any, by the Mutual Fund under the Scheme. Only one Unitholder in respect of each folio or account representing a holding shall vote and he shall have one vote per Unit in respect of each resolution to be passed.

Net Asset Value

The Net Asset Value of the Scheme will be calculated and declared every Business Day.

The Net Asset Value of Units is to be calculated by dividing the net assets of the Scheme by the number of Units outstanding on the relevant Business Day. Investments will be valued according to applicable laws, rules, regulations and guidelines laid down by SEBI and the Reserve Bank of India from time to time. Valuations may be suspended under certain circumstances.

Subscriptions for Units in the Scheme

By way of a letter dated 30 August 2007 bearing reference number IMD/AT/102775/2007 and addressed to the Investment Advisor, SEBI has granted its "In-principle" approval in respect of the Fund investing in the Scheme, subject to compliances with certain conditions. One of the conditions is that the Units will be subscribed for by the respective offshore funds only, in this case the Fund.

Completed subscription applications which have been received before 3:00 p.m.(India time) on a Business Day units will be allotted on that Business Day. Applications received after that will be processed on the following Business Day.

Units will be allotted at a price of Rs.10 during the Initial Offer and afterwards at a price based on the Net Asset Value per Unit at the close of the relevant Business Day, plus an entry charge if applicable. There is currently no entry charge. The minimum subscription amount is Rs.100,000 and subscriptions must be in multiples of Rs. 1/-.

Redemptions of Units in the Scheme

Units may be redeemed on any Business Day, subject to the provisions for suspension of redemptions described below.

Units in the Scheme will be redeemed at a price based on the Net Asset Value per Unit at the relevant Business Day, less an exit charge if applicable. There is currently no exit charge.

The Trustee may limit redemptions on any given Business Day to 5 per cent. of the total number of units issued, or such other percentage as the Trustee may determine, in response to unforeseen circumstances or unusual market conditions. Any redemption requests in excess of this will be reduced on a pro-rata basis, with the balance being carried forward to the following Business Day.

Suspension of Valuations, Subscriptions and Redemptions

Valuations will normally be carried out on every Business Day. Valuations, subscriptions and redemptions may be suspended if the stock market stops functioning or trading is restricted, during periods of extreme volatility (which, in the opinion of the Investment Advisor, are prejudicial to the interests of unitholders), if there is a natural calamity, if banks do not carry out any of the normal banking activities, or by order of SEBI.

Scheme Costs

The Investment Advisor will receive an annual fee for acting as asset management company to the Scheme and other expenses of the Scheme will be on an actual basis. The quantum of annual fee for acting as the asset management company of the Scheme and other expenses of the Scheme that are payable to the Investment Advisor, together with all other expenses in relation to Class A and the feeder funds shall be within the overall ceiling of expenses as specified in the private placement memorandum of the feeder funds.

The Mutual Fund does not currently levy an entry or exit charge on the Scheme, although this may be changed on a prospective basis.

Documents Available for Inspection

This Supplement, read with the PPM is not intended to provide a complete description of the Fund's Constitution or the agreements with the Investment Manager, Administrator and various brokers summarised therein. Copies of the following documents are available for inspection by Shareholders and prospective investors during normal business hours at the Administrator's office:

(A) The Companies Act, 2001 of Mauritius (as amended);
(B) The Constitution and Certificate of Incorporation of the Fund;
(C) The material contracts referred to above or in any Supplement;
(D) The Category 1 Global Business Licence;
(E) The Tax Residence Certificate; and
(F) The scheme information document for the Scheme