

THE OFFERING OF THE FUND AND THE SHARES HAS NOT BEEN APPROVED OR LICENSED BY THE UNITED ARAB EMIRATES CENTRAL BANK OR ANY OF THE OTHER RELEVANT LICENSING AUTHORITIES IN THE UNITED ARAB EMIRATES., AND DOES NOT CONSTITUTE A PUBLIC OFFER OF SECURITIES IN THE UNITED ARAB EMIRATES IN ACCORDANCE WITH THE COMMERCIAL COMPANIES LAW, FEDERAL LAW NO. 8 OF 1984 (AS AMENDED) OR OTHERWISE. ACCORDINGLY THE FUND MAY NOT BE OFFERED TO THE PUBLIC IN THE UNITED ARAB EMIRATES.

THE SHARES HAVE NOT BEEN AND WILL NOT BE OFFERED OR SOLD TO THE PUBLIC NOR PUBLICLY PROMOTED OR ADVERTISED IN THE UNITED ARAB EMIRATES OTHER THAN IN COMPLIANCE WITH LAWS APPLICABLE IN THE UNITED ARAB EMIRATES, GOVERNING THE ISSUE, OFFERING OR SALE OF SECURITIES.

THIS MEMORANDUM IS STRICTLY PRIVATE AND CONFIDENTIAL AND IS BEING ISSUED TO A LIMITED NUMBER OF INSTITUTIONAL AND INDIVIDUAL INVESTORS WHO QUALIFY AS SOPHISTICATED INVESTORS AND MUST NOT BE PROVIDED TO ANY PERSON OTHER THAN THE ORIGINAL RECIPIENT, AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. THE COMPANY REPRESENTS AND WARRANTS THAT THE SHARES WILL NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED TO THE PUBLIC IN THE UNITED ARAB EMIRATES.

THE SHARES TO WHICH THIS MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE INVESTORS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE FUND.

Reliance on this amended and restated private placement memorandum for the purpose of buying the shares referred to herein may expose an individual to a significant risk of losing all of the property or other assets invested.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PRIVATE AND CONFIDENTIAL

**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)**

Private Offering of non-voting redeemable Participating Shares of no par value in such Class as may be created, the private offering of which will be contained in a Supplement to this Private Placement Memorandum

AMENDED AND RESTATED CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Date 1 April 2010

THE SHARES ISSUED BY **EMERGENT INDIA INVESTMENTS LTD** ARE NOT FOR SALE TO U.S. PERSONS EXCEPT IN A LIMITED NUMBER OF CASES AS DETERMINED IN THE SOLE DISCRETION OF THE BOARD OF DIRECTORS OF **EMERGENT INDIA INVESTMENTS LTD**. NO PERSON HAS BEEN AUTHORISED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, EXPRESS OR IMPLIED, OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ANY SUPPLEMENT, AND IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY ANY PERSON. PLEASE DIRECT ANY ENQUIRIES TO THE ADMINISTRATOR.

THE PARTICIPATING SHARES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR OTHER JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT

MEMORANDUM OR ANY SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED HEREIN. IT IS NOT TO BE REPRODUCED IN ANY FORM OR MANNER NOR IS IT TO BE DISTRIBUTED OR DISCLOSED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISERS OF THE PROSPECTIVE INVESTOR).

PRIVATE PLACEMENT MEMORANDUM NO.:_____

SUPPLIED TO: _____

IMPORTANT NOTICE

This Amended and Restated Confidential Private Placement Memorandum (“PPM”) is submitted in connection with a private placement of non-voting redeemable Participating Shares of EMERGENT INDIA INVESTMENTS LTD (“the Fund” or “the Company”) in such different Classes of Participating Shares that may be created by the Fund from time to time, to a limited number of potential investors not resident in India. This PPM must be read in conjunction with the Constitution of the Fund. The terms of any future offering in relation to any Class created by the Fund will be documented by means of a Supplement.

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

This PPM is confidential and intended solely for the use of the person to whom it has been delivered for the purpose of evaluating a possible investment in the Participating Shares described herein and is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this document) or used, in whole or in part, without the consent of the Directors. By accepting delivery of this PPM, you agree to the foregoing, and agree to return this PPM to Company if you do not purchase Participating Shares in the Fund.

The value of the investments of the Fund, which may be designated in any currency, may rise or fall due to global market conditions and to exchange rate fluctuations of individual currencies. Prospective investors should be aware that the price of Participating Shares and the income from them can go down as well as up and they may not realise their initial investment. Your attention is drawn to the section entitled “Risk Factors” below.

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

Investments in the Fund may not be accepted by or held by a person who is or whose controller is a Person Resident in India (collectively “Restricted Persons”). This restriction applies to anyone who is currently a Restricted Person or becomes a Restricted Person in the future. For the purposes of this certification, a “controller” means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who: (a) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or (b) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or (c) who in fact exercises control over an entity and “control” means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner. Provided that, in the case only where an entity’s investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity’s controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity’s financial, investment and /or operating policies.

An investment in the Fund is only suitable 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. You should not treat the contents of this PPM as advice relating to the investment or legal or taxation matters. It is recommended that, you consult your stockbroker, bank manager, legal adviser or other professional adviser to understand the contents of this PPM.

Prospective investors should be aware that the price of any Class of Participating Shares and the income derived from them could go down as well as up. There is no assurance that the investment objectives of the Fund will actually be achieved.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with any offering, subscription or sale of Participating Shares, other than those contained in this PPM and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Fund, its Directors, the Investment Manager. Neither the circulation of this document nor the allotment or issue of Participating Shares shall under any circumstances create any implication that there has been no change in the financial position or affairs of the Fund since the date hereof.

Statements made in this PPM are based on the law and regulations of Mauritius as currently in force and are subject to changes in such law and rules. This PPM does not constitute an offer to sell or a solicitation of an offer to buy the Participating Shares in the Fund in any state or other jurisdiction where, or to any person or entity to whom, it is unlawful to make such offer or solicitation.

The Directors of the Fund whose names appear in Section 4, accept responsibility for the information contained in this PPM. 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 this PPM 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. No person has been authorised to give any information or to make any representation concerning the Fund other than the information contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorised by the Fund.

The Directors do not expect that an active secondary market in any Class of Participating Shares will develop.

The Statements and information contained in this PPM have been compiled as of [date] unless otherwise stated herein, from sources believed to be reliable. Neither the delivery of this PPM nor any offer, allotment or issue of any Participating Shares shall under any circumstances create any implication or constitute a representation that the information given in this PPM is correct as of any time subsequent to the date hereof.

Copies of the current PPM and the Constitution together with a copy of a copy of the Global Business Licence issued by the FSC are available for inspection at the registered office of the Fund situated at Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene, Republic of Mauritius.

INDIA AND MAURITIUS

This PPM should not be distributed directly or indirectly in India or to residents of India, a Restricted Person or to residents of Mauritius and the Participating Shares are not being offered and may not be sold directly or indirectly in India or Mauritius (except to holders of Global Business Licences) or to or for the account of any resident of India or resident of Mauritius (except to holders of Global Business Licences).

The Fund is not regulated by SEBI, whether by way of the Indian Securities and Exchange Board of India (Mutual Funds) Regulations 1996 and guidelines issued thereunder, or in any other way.

This PPM contains information relating to the Fund and the Classes of Participating Shares.

The Fund is registered in Mauritius and holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007. The Fund is licensed by the Financial Services Commission, Mauritius (the "FSC") to operate as a Collective Investment Scheme. It must be distinctly understood that in giving this authorization, 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.

Prospective investors should be aware that investment in the Fund carries a significant degree of risk. The Fund is only suitable for investment by investors who are aware of and understand the risks involved and are able to withstand the loss of their invested capital. Prospective investors are referred to the section of this PPM entitled "Risk Factors" for a summary of certain of the risks involved.

SECURITIES LAWS

United Kingdom

THE FUND IS CLASSIFIED AS AN OPEN-ENDED MULTI CLASS INVESTMENT COMPANY AND AN UNREGULATED COLLECTIVE INVESTMENT SCHEME IN THE UNITED KINGDOM AND ITS PROMOTION BY AUTHORISED PERSONS IN THE UNITED KINGDOM IS RESTRICTED BY SECTIONS 238 AND 240 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA").

ACCORDINGLY, THIS MEMORANDUM MAY ONLY BE DISTRIBUTED, AND THE SHARES MAY NOT BE, AND ARE NOT BEING, OFFERED IN THE UNITED KINGDOM OTHER THAN TO PERSONS OF A KIND DESCRIBED IN ARTICLES 14 (PERSONS HAVING PROFESSIONAL EXPERIENCE OF PARTICIPATING IN UNREGULATED SCHEMES), 18 (EXISTING PARTICIPANTS IN AN UNREGULATED SCHEME) AND 22 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (AS AMENDED) ("RELEVANT RECIPIENTS"). PERSONS WHO ARE NOT RELEVANT RECIPIENTS SHOULD NOT ACT ON OR RELY ON THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS MEMORANDUM RELATES IS AVAILABLE ONLY TO RELEVANT RECIPIENTS AND WILL BE ENGAGED IN ONLY WITH RELEVANT RECIPIENTS. IN ADDITION, FOR THE

PURPOSES OF UNITED KINGDOM LEGISLATION AN AUTHORISED PERSON HAS NOT APPROVED THE CONTENT OF THIS MEMORANDUM.

THIS MEMORANDUM MAY NOT BE DISTRIBUTED TO ANY PERSON IN CONTRAVENTION OF SECTION 21 OF THE FSMA. ACCORDINGLY, THIS DOCUMENT AND THE INVESTMENT ACTIVITY TO WHICH IT RELATES MAY ONLY BE COMMUNICATED TO, AND ARE ONLY DIRECTED AT, (I) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND OF PARTICIPATING IN UNREGULATED SCHEMES SUCH PERSONS FALLING WITHIN ARTICLE 19 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 AS AMENDED (THE “ORDER”), (II) HIGH NET WORTH COMPANIES OR UNINCORPORATED ASSOCIATIONS ETC. FALLING WITHIN ARTICLE 49 OF THE ORDER OR (III) OTHER PERSONS TO WHOM THIS COMMUNICATION MAY OTHERWISE BE LAWFULLY MADE (PERSONS FALLING WITHIN PARAGRAPHS (I), (II) OR (III) AND TO WHOM THIS MEMORANDUM CAN BE DISTRIBUTED BEING “RELEVANT PERSONS”). PERSONS WHO ARE NOT RELEVANT PERSONS SHOULD NOT ACT ON OR RELY ON THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS MEMORANDUM RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

ANY PERSON WHO IS IN ANY DOUBT ABOUT THE INVESTMENT TO WHICH THIS MEMORANDUM RELATES SHOULD CONSULT AN AUTHORISED PERSON SPECIALISING IN ADVISING ON INVESTMENTS OF THE KIND IN QUESTION. SUBSCRIBERS FOR SHARES ARE NOT PROTECTED BY ANY COMPENSATION SCHEME (STATUTORY OR OTHERWISE). A UNITED KINGDOM SUBSCRIBER WHO ENTERS INTO AN AGREEMENT TO ACQUIRE SHARES IN RESPONSE TO THIS MEMORANDUM WILL NOT HAVE THE RIGHT TO CANCEL THE AGREEMENT UNDER THE CANCELLATION RULES MADE BY THE FINANCIAL SERVICES AUTHORITY IN THE UNITED KINGDOM.

United States of America

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (“THE SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)). IN ADDITION, THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “1940 ACT”) AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THAT ACT. THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SHARES OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE COMPANY MAY REDEEM ANY SHARES SOLD IN CONTRAVENTION OF ANY OF THE PROHIBITIONS CONTAINED IN THIS MEMORANDUM. IN ADDITION, THE COMPANY MAY COMPULSORILY REDEEM THE SHARES OF ANY INVESTOR AT ANY TIME IF, AT THE DIRECTORS' DISCRETION, SUCH REDEMPTION WOULD BE APPROPRIATE TO PROTECT THE COMPANY FROM A REQUIREMENT TO REGISTER AS AN INVESTMENT COMPANY UNDER THE 1940 ACT, TO PREVENT THE ASSETS OF THE COMPANY FROM BEING TREATED AS "PLAN ASSETS" UNDER THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), FROM ADVERSE TAX CONSEQUENCES, OR FROM OTHER ADVERSE LEGAL OR REGULATORY CONSEQUENCES.

ADDITIONAL NOTICES

THE FSC HAS ISSUED A CATEGORY 1 GLOBAL BUSINESS LICENCE TO THE FUND TO OPERATE AS A COLLECTIVE INVESTMENT SCHEME. 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.

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

THIS PPM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE PARTICIPATING SHARES OF THE FUND FROM ANY PERSON OTHER THAN **THE FUND**. NO PERSON, OTHER THAN SUCH PERSON, RECEIVING A COPY OF THIS PPM MAY TREAT THE SAME AS CONSTITUTING AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE PARTICIPATING SHARES IN THE FUND DESCRIBED HEREIN.

THE INFORMATION CONTAINED HEREIN IS NOT IN THE FORM OF A PROSPECTUS OR A STATEMENT IN LIEU OF PROSPECTUS AS PER THE PROVISIONS OF THE (INDIAN) COMPANIES ACT, 1956 ("**COMPANIES ACT**") AND HAS NOT BEEN OR WILL NOT BE REGISTERED AS A PROSPECTUS OR A STATEMENT IN LIEU OF PROSPECTUS. THE INFORMATION SET OUT HEREIN DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR OR IN CONNECTION WITH, AN OFFER OR SOLICITATION TO DO BUSINESS OR PURCHASE ANY SECURITIES OR OWNERSHIP INTERESTS BY ANY PERSON IN INDIA OR IN ANY OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION.

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. 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 THIS PPM IS A SUMMARY OF CERTAIN TAX CONSIDERATIONS BUT IS NOT INTENDED TO BE A COMPLETE DISCUSSION OF ALL TAX CONSIDERATIONS. THE CONTENTS OF THIS PPM ARE NOT TO BE CONSTRUED AS INVESTMENT, LEGAL, OR TAX ADVICE. INVESTORS SHOULD CONSULT THEIR OWN COUNSEL, ACCOUNTANT, OR INVESTMENT ADVISOR AS TO:

- (A) **THE LEGAL REQUIREMENTS WITHIN THEIR OWN COUNTRIES FOR THE PURCHASE, HOLDING, REDEMPTION OR OTHER DISPOSAL OF PARTICIPATING SHARES;**
- (B) **ANY FOREIGN EXCHANGE RESTRICTIONS THAT THEY MIGHT ENCOUNTER; AND**
- (C) **THE INCOME AND OTHER TAX CONSEQUENCES THAT MAY APPLY IN THEIR OWN COUNTRIES RELEVANT TO THE PURCHASE, HOLDING, REDEMPTION OR OTHER DISPOSAL OF PARTICIPATING SHARES.**

THIS PPM IS QUALIFIED IN ITS ENTIRETY BY THE FORMS 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.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING AS WELL AS THE ADVICE FROM THEIR OWN REPRESENTATIVES, INCLUDING THEIR OWN LEGAL ADVISERS AND ACCOUNTANTS, AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THE COMPANY AND AN INVESTMENT THEREIN AND INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PPM.

PARTICIPATING SHARES IN THE FUND ARE ILLIQUID AS THEY ARE UNLISTED AND ARE NON-READILY REALISABLE SECURITIES. YOUR ABILITY TO REDEEM YOUR INVESTMENT IN THE FUND MAY BE SEVERELY IMPAIRED.

THE LEVELS AND BASES OF TAXATION AND ANY RELEVANT RELIEFS FROM TAXATION REFERRED TO IN THIS PPM CAN CHANGE, ANY RELIEFS REFERRED TO ARE THE ONES WHICH CURRENTLY APPLY AND THEIR VALUE DEPENDS UPON THE CIRCUMSTANCES OF EACH INDIVIDUAL INVESTOR.

THE COMPANY IS NOT SUBJECT TO ANY INVESTMENT GUIDELINES OF ANY REGULATORY BODY WHICH IMPOSE PRUDENTIAL REQUIREMENTS TO LIMIT RISK.

THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVE OF ANY OF THE CLASSES WILL BE ACHIEVED. THE RESULTS OF INVESTMENT MAY VARY SUBSTANTIALLY BETWEEN THE CLASSES.

AS IS TRUE OF ANY INVESTMENT, THERE IS A RISK THAT AN INVESTMENT IN A CLASS OF SHARES MAY BE LOST ENTIRELY OR IN PART AND AN INVESTMENT IN THE COMPANY IS ONLY SUITABLE FOR INVESTORS WHO ARE AWARE OF AND UNDERSTAND THE RISKS INVOLVED AND ARE ABLE TO WITHSTAND THE LOSS OF THEIR INVESTED CAPITAL. PROSPECTIVE INVESTORS ARE REFERRED TO SECTION 11 FOR A SUMMARY OF CERTAIN OF THE RISKS INVOLVED. IF YOU ARE IN ANY DOUBT ABOUT THE SUITABILITY OF INVESTING IN THE FUND, YOU SHOULD CONTACT AN INDEPENDENT FINANCIAL ADVISER.

AN INVESTMENT IN ANY FUND IS NOT INTENDED TO BE A COMPLETE INVESTMENT PROGRAMME FOR ANY INVESTOR AND PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WHETHER AN INVESTMENT IN ANY OF THE CLASSES OF SHARES IS SUITABLE FOR THEM IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL RESOURCES.

THE INFORMATION IN THIS CONFIDENTIAL PPM IS QUALIFIED IN ITS ENTIRETY BY THE AGREEMENTS AND DOCUMENTS REFERRED TO HEREIN, BY ANY SUPPLEMENT IN RELATION TO ANY CLASS AND BY THE CONSTITUTION OF THE FUND, COPIES OF WHICH ARE AVAILABLE FROM THE ADMINISTRATOR UPON REQUEST.

THE DISTRIBUTION OF THE PPM AND THIS OFFERING FOR NON-VOTING REDEEMABLE PARTICIPATING SHARES OF THE FUND MAY BE RESTRICTED IN CERTAIN JURISDICTIONS. THE ABOVE INFORMATION IS FOR GENERAL GUIDANCE ONLY AND IT IS THE RESPONSIBILITY OF THE PROSPECTIVE INVESTOR AND ANY PERSON OR PERSONS IN POSSESSION OF THE PPM AND WISHING TO SUBSCRIBE FOR THE NON-VOTING REDEEMABLE PARTICIPATING SHARES OF THE FUND TO INFORM THEMSELVES OF, AND TO OBSERVE, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR THE NON-VOTING REDEEMABLE PARTICIPATING SHARES OF THE FUND SHOULD INFORM THEMSELVES AS TO ANY APPLICABLE LEGAL REQUIREMENTS, EXCHANGE CONTROL REGULATIONS AND TAXES IN THE COUNTRIES OF THEIR RESPECTIVE CITIZENSHIP, RESIDENCE OR DOMICILE. THE INFORMATION ON TAXATION CONTAINED IN THE PPM IS A SUMMARY OF CERTAIN TAX CONSIDERATIONS BUT IS NOT INTENDED TO BE A COMPLETE DISCUSSION OF ALL TAX CONSIDERATIONS.

FORWARD LOOKING STATEMENTS

THE PPM CONTAINS STATEMENTS WHICH CONTAIN WORDS OR PHRASES INCLUDING "WILL", "AIM", "WILL RESULT", "POSSIBLE", "LIKELY", "BELIEVE", "PROPOSE", "EXPECT", "WILL CONTINUE", "ANTICIPATE", "ESTIMATE", "INTEND", "PLAN", "CONTEMPLATE", "SEEK TO", "FUTURE", "OBJECTIVE", "GOAL", "SHOULD", "PROJECT", "WILL PURSUE", AND SIMILAR EXPRESSIONS OR VARIATIONS OF SUCH EXPRESSIONS, THAT ARE "FORWARD-LOOKING STATEMENTS". ANY PROJECTIONS OR FORWARD-LOOKING STATEMENTS OR OPINIONS CONTAINED IN THE PPM CONSTITUTE ESTIMATES BY THE BOARD OR THE INVESTMENT MANAGER, AS THE CASE MAY BE, BASED UPON SOURCES

DEEMED TO BE RELIABLE, BUT THE ACCURACY OF THIS INFORMATION IS NOT GUARANTEED NOR SHOULD YOU CONSIDER THE INFORMATION ALL-INCLUSIVE. BY THEIR NATURE, CERTAIN FORWARD LOOKING STATEMENTS ARE ONLY ESTIMATES AND COULD BE MATERIALLY DIFFERENT FROM WHAT ACTUALLY OCCURS IN THE FUTURE AS A RESULT, ACTUAL FUTURE GAINS AND LOSSES COULD MATERIALLY DIFFER FROM THOSE THAT HAVE BEEN ESTIMATED.

CONFIDENTIALITY

THE PPM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN A POSSIBLE INVESTMENT IN THE FUND. THE RECIPIENT OF THE PPM AND ANY OTHER RELATED DEEDS AND DOCUMENTS (TOGETHER, "**INFORMATION DOCUMENTS**") SHALL MAINTAIN UTMOST CONFIDENTIALITY REGARDING THE CONTENTS OF THE INFORMATION DOCUMENTS. THE INFORMATION DOCUMENTS ARE FOR THE CONSIDERATION OF THE PERSON TO WHOM THEY ARE ADDRESSED TO AND THE RECIPIENT SHALL NOT REPRODUCE OR DISTRIBUTE THE INFORMATION DOCUMENTS, IN WHOLE OR IN PARTS, OR MAKE ANY ANNOUNCEMENT IN PUBLIC OR TO ANY THIRD PARTY REGARDING THE CONTENTS OF THE INFORMATION DOCUMENTS WITHOUT THE CONSENT OF THE COMPANY OR THE INVESTMENT MANAGER. THE RECIPIENT, HOWEVER, SHALL NOT BE LIABLE FOR DISCLOSURE OR USE OF ANY INFORMATION CONTAINED IN SUCH INFORMATION DOCUMENTS WHERE THE SAME IS REQUIRED TO BE DISCLOSED BY LAW OR REGULATION OR PURSUANT TO LEGAL PROCESS.

PROSPECTIVE INVESTORS WHO DO NOT WISH TO PURSUE THIS INVESTMENT ARE ASKED TO RETURN THIS PPM AND ANY ACCOMPANYING DOCUMENTATION AT ONCE TO THE COMPANY AT THE FOLLOWING ADDRESS:

SUITE 2005, LEVEL 2,
ALEXANDER HOUSE,
35 CYBERCITY, EBENE,
REPUBLIC OF MAURITIUS

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PRIVATE PLACEMENT MEMORANDUM

1. DEFINITIONS

Capitalised terms used in this document and otherwise not defined herein shall have the meanings specified in the Constitution of the Fund. The following definitions apply throughout this PPM unless the context otherwise requires:-

"Act"	The Mauritius Companies Act No. 15 of 2001 as may be amended from time to time.
"Accounting Period"	a period of twelve calendar months ending on and including 31 March in each year (or such other date as the Directors may determine and notify to Participating Shareholders)
"Administration Agreement"	The Administration, Registrar and Transfer Agent and Secretary Agreement dated 24 th January 2008 and made between the Fund and the Administrator as amended from time to time.
"Administrator"	Apex Fund Services (Mauritius) Ltd, Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene, Republic of Mauritius.
"Applicable Jurisdiction"	any jurisdiction in which Participating Shares are to be offered for subscription or distribution or permitted to be traded, including any jurisdiction in which this PPM is to be distributed or is to be made available to any prospective investor;
"Article(s)"	The article(s) of the Constitution of the Fund.
"Board" or "Directors"	The board of directors of the Fund.
"Broad Based Fund"	A fund established or incorporated outside India, which has at least 20 (twenty) investors, with no single individual investor holding more than 49% (forty nine) percent shares or units of the fund, provided that if the broad based fund has institutional investor(s) it shall not be necessary for the fund to have 20 (twenty) investors, provided further that if the broad based fund has an institutional investor who holds more than 49% (forty nine) percent of the shares or units in the fund, then the institutional investor must itself be a broad based fund.

“Business Day”	Any day (except Saturdays, Sundays, public holidays and such other day as the Directors may determine) on which banks in Mauritius, India or such other places as may be decided by the Directors from time to time, are open for normal 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.
“Cent”	One hundredth of a Dollar of the United States of America.
“Certificated shareholders”	Members to whom a share certificate has been issued.
“Class”	A class of Participating Shares created by the Fund in accordance with Article 11.
“Class Assets”	In relation to any Class, the assets of the Fund attributable to that Class comprising assets represented by the proceeds of the issue of Participating Shares of that particular Class, reserves (including retained earnings, and capital reserves) and all other assets attributable to that Class.
“Class Liabilities”	A liability of the Fund attributable to a Class.
“Class Share”	A Participating Share of whatever Class, the proceeds of which issue are comprised in the Class Assets attributable solely to the Class in respect of which the Class Share was issued.
“Company Secretary”	Apex Fund Services (Mauritius) Ltd, Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene, Republic of Mauritius.
“Constitution”	The Constitution of the Company.
“Custodian”	HSBC Bank (Mauritius) Limited or such other Custodian as may be appointed by the Board from time to time.
“Custodian Agreement”	The custody agreement between the Fund and the Custodian dated [date].

“Dealing Day”	In relation to any Class, such day as the Directors may determine, as being a day on which Participating Shares may be issued and redeemed, as set out in the Supplement in relation to that Class.
“Directors”	the members of the board of directors of the Fund, 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.
“Fiscal Year”	The Fund’s fiscal year-end being 31 March. (or such other date as the Directors may determine and notify to Shareholders).
“FSC”	The Financial Services Commission of Mauritius.
“Fund” or “Company”	EMERGENT INDIA INVESTMENTS LTD, a multi-class public company, incorporated under the laws of Mauritius on 20 September 2004 with registration number 52663, and holding a Category 1 Global Business License.
“Functional Currency”	The currency in which the Fund maintains its books and records and its financial statements, being U.S. Dollars.
“India”	The Republic of India.
“Initial Closing Date”	In relation to any Class that may be created by the Fund, it shall be such period as set out in the Supplement in relation to that Class.

“Initial Offer Period”	In relation to any Class that may be created by the Fund, it shall be such period as set out in the Supplement in relation to that Class.
“Initial Offer Price”	In relation to any Class that may be created by the Fund, it shall be such price as may be determined by the Board set out in the Supplement in relation to that Class and payable in full on application.
“Initial Target Subscription Amount”	In relation to a Class, the amount that the Fund aims to receive from Subscribers as subscriptions monies for the acquisition of Participating Shares of that Class pursuant to the offering set out this PPM and the Supplement in relation to that Class
“Initial Sales Charge”	The initial charge payable by a Subscriber on each subscription of Participating Shares of the particular Class of the Company and in such amount as may be decided by the directors from time to time as specified in the relevant subscription agreement.
"Investment Manager"	Reliance Asset Management (Mauritius) Limited, a company incorporated under the laws of Mauritius
“Investment Agreement”	The agreement dated 24 th January 2008 made between the Fund and the Investment Manager.
“Investor/Investors”	Persons who acquire Participating Shares in the Fund under the Placement.
“Law”	The Laws of the Republic of Mauritius.
“Management Shares”	A share in the capital of the Fund of US\$1.00 par value designated as the Management Share and having the rights provided for under the Constitution and as summarised in this PPM.
“Mauritius”	The Republic of Mauritius.
“Meeting”	A meeting of the Shareholders.
“Member/Shareholder”	A person who is registered as the holder of Shares in the ‘Register of Members’ for the time being, kept by or on behalf of the Fund.

“Minimum Funding”	In relation to a Class, 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 Participating Shares of that Class so as to begin operating as a scheme.
“Mutual Fund”	Reliance Mutual Fund being a Trust under the Indian Trust Act 1882, registered with SEBI Regn. No. MF/022/95/1;
“Net Asset Value” or “NAV”	In relation to any Class, the amount determined pursuant to Article 18 of the Constitution, as being the value of the assets of such Class less the liabilities attributable to that Class.
“Net Asset Value per Share”	The net asset value per Participating Share in a Class calculated in accordance with the provisions of Article 18.6 of the Constitution.
“Participating Share”	A non-voting participating share of any Class of no par value, redeemable at the option of the Subscriber or of the Fund in the capital of the Fund, issued in accordance with the provisions of the Law and the Constitution and having the rights provided for under the Constitution and this PPM and the Supplement with respect to such Class of Shares. In this document, the term “Participating Share” shall embrace all Classes of such Participating Shares except when referred to in their separate Classes.
“Person Resident in India”	A person resident in India as such term is defined in FEMA, as amended from time to time.
“Placement”	The private placement of Participating Shares as contemplated by this PPM.
“Qualified Holder”	Any Person (being over the age of 18 years), corporation or entity other than (i) a United States Person which is not a Qualified US Person; (ii) any person, corporation or entity which cannot acquire or hold Participating Shares without violating laws or regulations applicable to it; or (iii) any person who is or is controlled by a Person Resident in India. (for the purposes of this certification, a

“controller” means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who: (a) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or (b) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or (c) who in fact exercises control over an entity and “control” means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner. Provided that, in the case only where an entity’s investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity’s controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity’s financial, investment and /or operating policies) (iv) any person, corporation or entity whose holding of shares, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company might not otherwise have incurred or suffered (v) any person, corporation or entity whose holding of Participating Shares, in the opinion of the Directors, does not conform with the requirements of the PPM and the Constitution (vi) a custodian, nominee or trustee for any person or entity described in (i) to (v) above.

“Qualified US Person”

A person or entity of United States who has acquired Participating Shares with the consent of the Directors and subject to further restrictions as may be imposed by the Fund from time to time in order to comply with applicable laws, including, but not limited to, a limitation on the number of Qualified US Persons in the Fund, which shall not exceed with the knowledge of the Directors such number as the Directors shall determine with a view to precluding the Fund from being required to register as an

	investment company under the Investment Company Act of 1940 of the United States of America.
“RBI”	The Reserve Bank of India.
“Regulations”	The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, issued under the Securities Act 2005 of Mauritius
“Redemption Notice”	A notice given in accordance with Article 20.2 for the redemption of Participating Shares.
“Redemption Price”	The price at which Participating Shares will be redeemed, calculated in accordance with the provisions of Article 20.2(j) of the Constitution.
“Redemption Payment Instructions”	The written instructions provided by an applicant or the duly authorised agent of the applicant relating to the bank to which redemption proceeds and any other payments due from time to time on a holding of Participating Shares are payable to and any subsequent written amendment thereto notified by the Participating Shareholder or his duly authorised agent.
“Regulated Entity”	A person regulated by an appropriate foreign regulatory authority (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations, as revised from time to time).
“Scheme”	Reliance Emergent India Fund, a scheme of the Mutual Fund, into which the proceeds of the issue of any Class will be invested and any reference in this PPM to acts by the Scheme shall mean acts by the Mutual Fund for and on behalf of the Scheme
“SEBI”	The Securities and Exchange Board of India.
“Settlement Day”	Any Business Day within seven Business Days from the Dealing Day.
“Share”	Includes a Participating Share and the Management Share in the capital of the Fund, from time to time.

“Shareholder/Member”	A person who is registered as the holder of Shares in the Register of Members for the time being kept by or on behalf of the Fund.
“Subscriber”	Any person whose application to acquire Participating Shares has been accepted by the Fund.
“Subscription Agreement”	The agreement to be entered into between the Fund and the Subscriber.
“Subscription Price”	The subscription price per Share of a Class, as specified in the relevant Supplement of that Class.
“Supplement”	The supplement document produced by the Fund setting out the terms of any future offer in relation to any Class of Shares created by the Fund.
“US dollars” or “US\$”	The lawful currency of the United States of America for the time being in force.
“United States Person”	Subject to applicable laws and to such changes as the Directors shall notify to applicants for Participating Shares or transferee of Participating Shares, (a) any natural person who is a citizen or resident of the United States; (b) any partnership or corporation organised or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a US Person as defined in sub-paragraphs (a) and (b) herein; (d) any trust of which any trustee is a US Person as defined in sub-paragraphs (a) and (b) herein; (e) any agency or branch of a foreign entity located in the United States; (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or, if an individual, resident in the United States; or (h) any partnership or corporation (i) organised or incorporated under the laws of any foreign jurisdiction and (ii) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act,

unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons estates or trusts; United States Person does not include (a) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated or, if an individual, resident in the United States; (b) any estate of which any professional fiduciary acting as executor or administrator is a US Person if (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by foreign law; (c) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person; (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; or (e) any agency or branch of a US Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

“Unregulated Entity”

A person other than a person regulated by an appropriate foreign regulatory authority (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations of India, as revised from time to time).

“Valuation Day”

In relation to any Class, such day as the Directors may determine as set out in the Supplement in relation to that Class, as being a day on which Net Asset Value shall be calculated

2. DIRECTORY

Administrator, Secretary and Registrar and Transfer Agent	Apex Fund Services (Mauritius) Ltd, Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene, Mauritius Tel: + 230 466 8000 Fax: +230 465 9600 Email:
Auditors	Ernst & Young 9th Floor, NexTeracom Tower I, Cybercity, Ebene, Mauritius
Banker and Custodian	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18, Cybercity Ebene Mauritius
Directors	Chandra K Gujadhur Mahmad Tahleb Rujub Love Yadav
Investment Manager	Reliance Asset Management (Mauritius) Limited Suite 2005, Level 2 Alexander House 35 Cybercity Ebene Mauritius
Legal Advisor and Tax Consultant on matters of Indian Law:	Nishith Desai Associates 93 B, Mittal Court, Nariman Point, Mumbai 400021, India
Legal Advisor on matters of Mauritian Law:	Anand Kumar Gujadhur Madun Gujadhur Chambers 1 st Floor, Fon Sing Building Pope Hennessy Street Port Louis, Mauritius
Registered Office	Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene, Mauritius

3. THE FUND

EMERGENT INDIA INVESTMENTS LTD is a multi-class company, incorporated under the laws of Mauritius on 20 September 2004 as a private company limited by shares under the Act with registration number 52663. On 20 September 2004, the Fund was issued with a Category 2 Global Business Licence. On 6 November 2006, the Fund converted its status and obtained a Category 1 Global Business Licence issued by the FSC. On 24 January 2008, the Fund adopted a constitution by way of a special resolution of the holders of the Management Shares, after obtaining the prior approval of the FSC, and on 31 March 2010, the Fund revoked that constitution and adopted a new Constitution by way of a special resolution of the holders of the Management Shares. The Global Business Licence provides that the stated purpose of the Fund is to act as a Collective Investment Scheme and the Global Business Licence is valid for a period of one year and is renewable provided that the Fund complies with the conditions attached thereto.. For the purposes of SEBI FII Regulations, the Company shall be a Broad Based Fund.

The Fund has established one separate Class, Class A, as at the date of this PPM. The terms of the offering in connection with Class A are set out in the Supplement relating to Class A.

The Fund's performance since it has commenced activities as a collective investment scheme is enclosed as Annexure 1 to this PPM.

The Board may in the future create additional Classes of Participating Shares with their own distinct name or number or designation, in its sole discretion. The Class Assets and Class Liabilities of each Class shall be kept separate and separately identifiable from Class Assets and Class Liabilities attributable to other Classes. The rights, privileges and liabilities of a holder of Participating Shares shall be in relation to that Class Share only and to no other Class. The Participating Shares of a particular Class may be further subdivided into any number of sub-classes which shall be known as a Series of that Class.

The terms of any future offering of shares of different Classes will be contained and documented by means of a Supplement related to each such offering, or in such other document or manner as the Directors may determine. The FSC will be notified of each additional Class established by the Fund, and of the relevant documentation in connection therewith.

In the multi-class fund, 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 (as defined in the Act). 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. To the extent permissible, assets of a Class of the Fund will only be available to meet liabilities of creditors of the Fund who are creditors in respect of the relevant Class. See "RISK FACTORS" for the multi-class company.

The assets, liabilities, income, expenditure and taxation attributable to each Class with respect to investments made pursuant to this PPM and future Share offerings will be applied to an account (or book entry) maintained for each Class subject as provided herein and to applicable law. The assets so held in respect of each Class will be applied

solely in respect of that Class except to the extent that expenses of the Fund that are not directly attributable to a specific Class shall be allocated among each Class at the discretion of the Directors. The Net Asset Value of each Class will be calculated separately and Participating Shares of a particular Class will be redeemed at the Net Asset Value per Share of that Class at the relevant time. For limitations of such a corporate structure as regards the liabilities of the Fund, see “RISK FACTORS” for cross class liability.

On a winding-up, the assets from any Class available for distribution to Participating Shareholders after the payment of creditors and of the nominal value will be applied in payment to the holders of that particular Class of Share. It should be noted, however, that the Fund is one distinct legal entity and in the unlikely event that the assets available in one Class are insufficient to discharge the liabilities attributable to that Class, the assets in the other Classes (if any) shall be available to discharge the balance of such liabilities. As at the date of this PPM, the Directors are not aware of any such existing or contingent liability.

4. MANAGEMENT AND ADMINISTRATION

4.1 The Board of Directors

The Board's primary function is to direct and supervise the business and affairs of the Fund. The Directors are responsible for the direction and central management of the Fund. Among other things they are responsible for establishing and keeping under review the investment objective and investment strategy of each Class created, for monitoring the Fund's performance, for appointing, supervising, directing and, if necessary, removing the Fund's service providers. Under Mauritian law the Directors must exercise their powers honestly in good faith in the best interests of the Fund. The Fund shall always have at least two directors who shall be resident in Mauritius.

The Board shall meet as often as necessary, but shall meet no less than twice a year, to review the operations, administrative affairs and the investments of the Fund.

A brief biographical description of each of the Directors:

Chandra Kumar Gujadhur, a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Society of Trust and Estate Practitioners, has long standing experience in auditing of offshore funds, fund structuring and tax planning. He was a member of the Accounting and Auditing task team of the Corporate Governance Committee of Mauritius and the Chairman and member of the Consultative Sub-Committee on the drawing up of the New Listing Rules of the Stock Exchange of Mauritius. He retired as a senior partner with Deloitte at the end of September, 2006 after 18 years to assume the responsibility of Managing Director at Apex Mauritius. As a board member of numerous India focused funds and companies he has gained extensive experience and knowledge on key industries in India and its principal capital markets.

Mahmad Tahleb Rujub, is a member of the Association of Chartered Certified Accountants. He joined Apex Fund Services (Mauritius) Ltd (“Apex Mauritius”), which forms part of the Apex Group which has offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland, since 2006 and holds the role of Manager. Tahleb also holds other directorships on the Boards of Global Business Companies through which he has acquired extensive experience and knowledge on key industries globally. Prior to joining Apex Mauritius, he has held positions at the Mauritius Ministry of Labour, Industrial Relations and Employment and at a leading Offshore Management Company.

Love Yadav
Chief Operating Officer
Reliance Asset Management (Malaysia) Sdn Bhd .

Love carries more than a decade experience in financial services setting businesses and raising assets covering Middle East, Europe, Africa & Regional India.

He is associated with Reliance Capital Group for more than 6 years on various domestic and international assignments, He has been instrumental in expanding the global footprint for Reliance Capital Asset Management(RCAM) in the Middle Eastern, European & African markets by setting up RCAM's first overseas office in Dubai.

He played an instrumental role in the launch of the maiden offshore fund by Reliance Capital Asset Management. He also serves on the board of **Reliance Asset Management Mauritius Ltd., Emergent India Investment Ltd, Reliance Emergent India Fund Ltd.**

He is Currently Involved with **Reliance Asset Management (Malaysia) Sdn. Bhd.** As its Chief Operating Officer setting up the flagship venture of Reliance Capital in Islamic Asset Management, responsible for setting up and running core fund operations, International Business Development along with HR and Finance functions. He also serves on the board of this company as an Executive Director.

He holds an MBA with specialization in Finance and Marketing from SP Jain, Agra University in India.

No Director has:

- (i) any unspent convictions in relation to indictable offences; or
- (ii) been bankrupt or the subject of a voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) been a director of any Fund which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or Fund voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
- (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any Fund.

For the purposes of this PPM, the address of each of the Directors of the Fund is the registered office of the Fund.

The Fund's Constitution contains provisions for the indemnification of each of the Directors and officers of the Fund against any loss or liability incurred by reason of being or having been a Director or officer. Further provisions regarding the Directors are included in the Fund's Constitution.

4.1.2 Directors' remuneration

- (a) Each Director receives a flat annual fee for serving in such capacity. The fee will be in accordance with reasonable and customary directors' fees. The Directors shall be entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

- (b) Any Director may also act in a professional capacity as provided for by law and he or his firm will be entitled to be remunerated for such services.
- (c) There are no service contracts in existence between the Fund and any of its Directors in their personal capacity, nor are any such contracts proposed.
- (d) None of the Directors has any interest either beneficial or non-beneficial, in the share capital of the Fund.

4.2 Investment Manager

The Board of the Fund has engaged as its investment manager, Reliance Asset Management (Mauritius) Limited (RAMM) a company incorporated under the laws of Mauritius. The Investment Manager has not adopted a constitution. The Investment Manager holds a Category 1 Global Business Licence issued by the FSC. The Investment Manager is authorised by the FSC to act as a CIS Manager under the Securities Act 2005 of Mauritius. The Investment Manager will, inter alia, manage the Fund's investments, reinvestment and realisation of the assets of the Fund in relation to each Class, subject to the overall supervision of the Fund's Board.

The Investment Manager, is a wholly owned subsidiary of Reliance Capital Asset Management Limited (RCAM), a company incorporated under the laws of India. 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.

The Investment Manager and appointed representatives will be responsible for directing the business and affairs of the Investment Manager.

The directors of the Investment Manager are:

- (a) Maheshwar Doorgakant** is a member of the Institute of Chartered Accountants of England and Wales. He is a Director of Apex Fund Services (Mauritius) Ltd (“Apex Mauritius”), which forms part of the Apex Group which has offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland. Mahesh holds a number of directorships on the Boards of numerous India focused funds and companies through which he has acquired extensive experience and knowledge on key industries in India and its principal capital markets. Prior to joining Apex Mauritius, he was the Group Financial Controller of a major listed group in Mauritius. He had also previously managed another Mauritian Management Company specialising in the management and administration of Global Business Companies.
- (b) Dennis Helmut Theisen** holds an Economics degree from University of Guelph, Ontario, Canada. He is a Senior Accounts Manager of Apex Fund Services (Mauritius) Ltd (“Apex Mauritius”), which forms part of the Apex Group having offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland. Before joining Apex Mauritius, he was an Accounts Manager at BISYS Hedge Fund Services Limited in Bermuda for 5 years. Prior to that he worked for CIBC Mellon, Canada, in Investor Services. Dennis holds a number of Directorship positions on India focused funds giving him invaluable insight in the Indian market

- (c) **Mr. Love Yadav** is currently working as Chief Operating Officer, Reliance Asset Management (Malaysia) Sdn Bhd. Love carries more than a decade experience in financial services setting businesses and raising assets covering Middle East, Europe, Africa & Regional India.

He has been associated with Reliance Capital Group for more than 6 years on various domestic and international assignments. He has been instrumental in expanding the global footprint for Reliance Capital Asset Management Limited (RCAM) in the Middle Eastern, European & African markets by setting up RCAM's first overseas office in Dubai.

He has played an instrumental role in the launch of the maiden offshore fund by RCAM. He also serves on the board of the Fund and Reliance Emergent India Fund Ltd.

He is currently involved with Reliance Asset Management (Malaysia) Sdn. Bhd. as its Chief Operating Officer, setting up the flagship venture of Reliance Capital in Islamic Asset Management, and is responsible for setting up and running core fund operations, International business development along with HR and Finance functions. He also serves on the board of this company as an Executive Director.

He holds an MBA with specialization in Finance and Marketing from SP Jain, Agra University in India.

- (d) **Mr. Soumen Ghosh** is a Group Chief Executive Officer of Reliance Capital Ltd., the financial services company of the Reliance Anil Dhirubhai Ambani Group since 1st April 2008.

Prior to joining the ADAG group, he was Regional CEO of Middle East and India Sub Continent (MENA) for Allianz SE looking after Life and Non life Insurance business in countries from Egypt, GCC countries to Bangladesh. He had stints as a CEO & Country Manager of Bajaj Allianz Life Insurance Company; Bajaj Allianz General Insurance Company; and Allianz Operation's in India.

Prior to that he was involved in setting up operations for Allianz in South East Asia. He spent 10 years in Australia in various capacities with Allianz from CFO to Managing subsidiary companies as well as operations in the Pacific Rim.

Mr. Ghosh carries with him enormous experience in the financial sector. He has held key positions in some of the most reputed financial organizations. This includes directorship at Allianz ROSNO Life (Russia), Allianz Takaful Bahrain Ltd.(Bahrain), Allianz Insurance Co. Egypt Ltd. (Egypt), Bajaj Allianz Life Insurance co. Ltd (India); to name a few. His professional footprint has taken him to several countries across the globe.

The Investment Manager will devote as much time to the investment activities of each Class of the Fund as it shall determine to be necessary for the efficient operation of the Fund in relation to such Classes. The Investment Manager may at its sole discretion appoint advisors, at its own cost and shall accept responsibility for the acts and/or omissions of such advisors.

The Investment Management Agreement provides that, subject to applicable law, the Investment Manager shall not be liable in respect of any act or omission of any person, firm or company through whom transactions in Investments are effected for the Fund's account, of the Administrator or any other party having custody or possession of the Fund's assets from time to time, or of any clearance or settlement system. The Investment Manager will not be responsible for any loss of opportunity whereby the value of a portfolio could have been increased or for any decline in the value of the portfolio howsoever arising, except to the extent that such loss or decline is due to the Investment Manager's gross negligence, wilful default or fraud or that of any of its employees. Nor will the Investment Manager be liable for any loss arising from errors of fact or judgement or any action taken (or omitted to be taken) by it howsoever arising except to the extent that any such error or action (or the omission thereof) is due to the Investment Manager's gross negligence, wilful default or fraud or that of any of its employees. The Investment Management Agreement contains provisions, subject to applicable law, for the indemnification of the Investment Manager and the directors, officers and employees of the Investment Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred by or asserted against the Investment Manager in its capacity as Investment Manager of the portfolio other than those resulting from the negligence, wilful default or fraud on its part or that of its directors, officers and employees.

The Investment Manager will not hold client money on behalf of the Fund. Investments shall be held in accordance with the custody arrangements agreed with the Administrator or with banks, or other brokers and dealers, approved and appointed, and on terms agreed, by the Fund, as the case may be.

The Investment Management Agreement may be terminated by either party thereto by giving 90 days written notice subject to termination by either party as set out in the Investment Management Agreement. On termination of the Investment Management Agreement, the Investment Manager shall be entitled to receive all fees and other monies accrued due up to the date of such termination but shall not be entitled to compensation in respect of such termination.

The Investment Manager and its affiliates, principals and employees may engage or participate in other activities or ventures, whether or not of the same nature as the Fund. No Shareholder shall be entitled to any profits that the Investment Manager or any of its affiliates, principals or employees shall derive from any activities or ventures, whether or not such businesses or ventures are of the same nature as, and/or compete with the Fund. The Investment Manager, its affiliates, principals and employees shall not be prohibited from buying or selling securities for their own account, including securities that are the same as those held by the Fund. As a result of its other activities, the Investment Manager may have conflicts of interest in allocating time, services and functions among the Fund and other business ventures. See "POTENTIAL CONFLICTS OF INTEREST."

See "FEES AND EXPENSES" herein for a general description of the fees payable to the Investment Manager.

4.3 Administrator, Registrar and Transfer Agent, and Company Secretary

4.3.1 The Administrator

The Administrator is incorporated in Mauritius and is licensed by the Financial Services Commission as a Management Company to, inter alia, provide company management services to global business companies.

The Fund has entered into a contract (“Administration Agreement”) with Apex Fund Services (Mauritius) Ltd as Administrator, Registrar, Valuation and Transfer Agent, and Company Secretary (the “Administrator”) to provide administration services to the Fund and on its behalf for each Class of Shares created and that may be created by the Board. The Administrator will perform various administrative and registrar, valuation and transfer agency and company secretarial services for the Fund, including:

- (a) As Administrator, calculation of the Net Asset Value of the Participating Shares of each Class of the Fund.
- (b) As Registrar and Transfer Agent, inter alia, in relation to each Class:
 - (i) maintaining the register of Shareholders of the Fund and generally performing all actions related to the issuance and transfer of Participating Shares and the safe-keeping of certificates, if any;
 - (ii) performing all acts related to the redemption and/or purchase of the Participating Shares;
 - (iii) maintaining a record of dividends declared, if any, and dividends paid;
 - (iv) on behalf of the Fund, dealing with and replying to all correspondence and other communications addressed to the Fund in relation to the replacement or transfer of Participating Shares; and
 - (v) performing all other incidental services necessary to its duties, which duties shall be set out in the Administration Agreement or pursuant to any Registrar and Transfer Agent Agreement.
- (c) As Company Secretary, inter alia:
 - (i) providing guidance to the Board relating on its duties, responsibilities and powers;
 - (ii) informing the Board of all legislation pertaining to meetings of the shareholders and the Board;
 - (iii) ensuring that the minutes of all meetings of shareholders and directors are properly recorded, and that all statutory registers are properly maintained; and
 - (iv) certifying in the annual financial statements, that the Fund has filed with the Registrar of Companies all such returns as are required under the Act.
- (d) Managing the Fund’s affairs in Mauritius.

The Administration Agreement provides that, subject to applicable law, the Administrator and its affiliates, employees and directors shall not be liable to the Fund or its Shareholders for any act or omission, in the course of, or in connection with, the services rendered by it under the Administration Agreement or for any loss or damage which the relevant Classes of the Fund may sustain or suffer as a result of, or in the course of, the

discharge by the Administrator of its duties pursuant to the Administration Agreement in the absence of gross negligence, wilful default or fraud. The Administrator's liability in these instances is limited. The Administration Agreement also contains provisions for the indemnification of the Administrator and its affiliates, employees and directors by the Fund for all liabilities, losses, costs or expenses arising in connection with the performance of its services, other than such losses resulting from the gross negligence, wilful default or fraud on the part of the Administrator and its affiliates, employees and directors.

Under the terms of the Administrative Agreement, any liability of the Administrator in contract or tort or otherwise for indirect or consequential loss or damages is, subject to applicable law, excluded.

The Fund reserves the right to change the administration arrangements described above by agreement with the Administrator and/or in its discretion to appoint additional or alternative administrators.

As a result of its other activities, the Administrator may have conflicts of interest in allocating time, services and functions among the Fund and other business ventures. See "POTENTIAL CONFLICTS OF INTEREST."

See "FEES AND EXPENSES" herein for a description of the fees payable to the Administrator pursuant to the Administration Agreement.

4.3.2 Indemnification

The Fund's Board, the Investment Manager and the Administrator, and their respective officers, directors, employees, agents and representatives (the "**Indemnified Person**") will be indemnified by the Fund and be exculpated from liability to the Fund and the Shareholders to the fullest extent permissible by law for any actions taken in good faith, provided that the losses to be indemnified or the liability to be exculpated was not the result of the Indemnified Person's breach of fiduciary duty to the Fund or gross negligence, wilful misconduct.

4.4 Prime Brokerage and Custody

The Fund is authorised to appoint custodians, brokers, banks, clearing associates, depositories, future commission merchants, introducing brokers, counterparties and other financial institutions (collectively, the "Prime Broker and Custodian") from time to time, in accordance with the extant applicable laws, including the provisions of the FII Regulations, and which will be appointed on such terms and conditions as may be agreed upon.

The Fund is not obligated to maintain its relationship with the Prime Broker and Custodian for any minimum period of time and may discontinue such relationship and engage a new or additional prime broker(s) and custodians without further notice to the Shareholders.

Portfolio transactions for the Fund are allocated to brokers by the Investment Manager. The brokers effecting transactions for its account will be selected by the Investment Manager and will be paid brokerage commissions by the Fund at levels to be determined

by the Investment Manager. The Fund understands that the Investment Manager's allocation of brokerage business in effecting transactions for its account will not be based solely on a desire to get the best price possible; rather the Investment Manager will select brokers in part on the basis of certain non-monetary benefits offered by those firms, which may include, among other things, research reports, services and conferences, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, consultations, performance measuring data, on-line pricing, special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, offering to the Investment Manager on-line access to computerized data regarding clients' accounts, clearance, settlement, reputation, financial strength and stability, efficiency of execution and error resolution, the availability of stocks to borrow for short trades, confidentiality, custody, recordkeeping and similar services, and other matters involved in the receipt of brokerage services generally. The Investment Manager may also purchase from a broker or allow a broker to pay for certain office equipment (including computer hardware and software), supplies, newswire and data processing charges, proxy voting services, quotation services, periodical subscription fees, all costs and expenses of offering and selling Shares and communicating with existing and prospective Shareholders, all costs and expenses incurred in visiting companies and attending research conferences, all accounting and administrative fees (including the expenses of the accounting and bookkeeping services of the Administrator or any similar third party vendors that provide such services), legal fees and the like (a "soft dollar" relationship). The Fund recognizes that it may pay brokerage commissions in excess of those that other broker/dealers might charge for effecting the same transactions in recognition of the value of the brokerage, research and other services provided. In such cases, however, the Investment Manager will determine in good faith that the commissions are reasonable in relation to the value of brokerage, research and other services and soft dollar relationships provided by such broker/dealer, viewed in terms of either the specific transaction or the Investment Manager's overall responsibilities to the portfolios over which the Investment Manager exercises investment authority. Brokerage, research and other services furnished by brokers through whom the Investment Manager intends to effect Investment transactions may be used in servicing any or all of the Investment Manager's accounts (including the Fund's account), but not all of such services may be used by the Investment Manager in connection with the Fund.

4.5 Conflict of Interest

The services of the Investment Manager, the Administrator, and the Directors are not exclusive and each such person is free to render similar services to other persons so long as the services to be performed by it are not impaired thereby and to retain for its own use and benefit all fees or moneys payable thereby. Should a conflict of interest arise in relation to the Fund, the Directors will endeavour to ensure that it is resolved fairly.

4.6 Promoter

The Fund is promoted by the Investment Manager.

4.7 Directors and interested parties

Save as disclosed in this PPM, no Director has any interest, direct or indirect, in the promotion of the Fund and no Director is materially interested in any contract or

arrangement subsisting at the date hereof which is unusual or significant in relation to the business of the Fund.

Save as disclosed herein, no Director of the Fund or any connected person has any interest, direct or indirect, in the share capital of the Fund.

The aggregate fees payable by the Fund to the Directors for the first Accounting Period of the Fund are not expected to be in excess of US\$5,000 per Director.

At the date of this PPM, 100 per cent. of the Fund's issued Management Shares are beneficially owned by Reliance Asset Management (Mauritius) Limited.

There are no service contracts in existence between the Fund and any of its Directors, nor are any such contracts proposed.

Any affiliate of the Investment Manager may deal in any Class of Participating Shares of the Fund for its own account without accounting for any profits made to the Fund.

The Directors shall determine their own remuneration.

Subject to the provisions of Section 133(2) (b) of the Act as regards persons over the age of 70 years, there is no other provision for the retirement of Directors on their attaining a certain age.

5. STATED CAPITAL AND INITIAL OFFERING

5.1 The Fund's Stated Capital

The Fund will have a Stated Capital which shall consist of the total of all amounts received by the Fund or due and payable to the Fund in respect of the nominal paid up value of the Management Shares (which carry voting rights) and Participating Shares (which do not carry any voting rights) issued, and the share premium in relation to those Shares. The Stated Capital will vary upon the issue and redemption of Shares.

The Fund has issued 10 Management Shares of U.S.\$1.00 par value each, and intends to issue, over a period of time, an unspecified number of non-voting, redeemable Participating Shares of no par value each in each Class of Shares that it will create. The Management Shares of the Fund are held by the Investment Manager; and, save as provided for in the Constitution of the Fund or in the Act are the only Shares of the Fund with voting rights. As at the date of this PPM Participating Shares in Class A have been issued.

Save as disclosed in this PPM:

- (i) no Shares have been issued or agreed to be issued for cash or other consideration and no such Shares are now proposed to be issued; and
- (ii) no Shares are under option or agreed conditionally or unconditionally to be put under option.

The Fund's Constitution provides that the Directors may issue Participating Shares at any time, to any person and in any number it thinks fit without the prior approval of the members. The Fund may, in its sole discretion, create additional Classes, and issue Shares of those additional Classes on terms determined upon their issuance without the consent of or notice to the Shareholders. The exception to this is where the rights attached to any existing Class of Shares will be varied by the issue of such other Class or classes of Participating Shares ranking in priority thereto, in which event the consent of the holders of Participating Shares of other Classes will be sought in accordance with the Law. In addition, the Fund may, insofar as it is permitted by applicable law, redeem or purchase any of the Participating Shares and increase or reduce its Stated Capital pursuant to its Constitution.

Subject to the provisions of the Law, the rights attached to any class of Share may (unless otherwise provided by the terms of issue of the shares of that class or the Constitution) from time to time (whether or not the Fund is wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of that Class or with the sanction of a resolution passed at a separate general meeting of the holders of Shares of that Class by a majority of three-fourths of the votes cast at such general meeting. The provisions of the Constitution relating to general meetings apply, mutatis mutandis, to every such separate general meeting, except that the necessary quorum shall be, where there is a sole member of a Class, the sole member holding or only one member representing by proxy all of the issued shares of the Class.

The special rights attached to any Class of Participating Shares having preferential rights shall (unless otherwise expressly provided by the conditions of issue of such Shares) be deemed not to be varied by the creation, allotment or issue of further Shares ranking pari

passu therewith or by the creation, allotment or issue of Management Shares or Participating Shares

The net proceeds from the sale of Participating Shares will be invested by the Fund as described herein or in the relevant Supplement. The Fund will pay the expenses of offering the Participating Shares. See "FEES AND EXPENSES".

5.1.2 Initial Offering of Shares

The terms of the offering in connection with each Class created by the Fund shall be set out in the Supplement in relation to that Class.

5.1.3 Procedure for Applications

Applications for Participating Shares will be accepted during the Initial Offer Period. After the Initial Offer Period has expired in respect of the relevant Class Shares, Participating Shares may be subscribed for at the prevailing NAV per Share (computed on the Valuation Day preceding the relevant Dealing Day) on each Dealing Day and subject to the terms contained in the Constitution, this PPM, the Subscription Agreement and the Supplement in relation to the relevant Class.

Upon acceptance by the Fund of the application during the Initial Offer Period, the Subscriber shall be allotted such number of fully paid up Class Shares that shall be equal to the Subscriber's investment, net of all bank charges, administration charges and Initial Sales Charges, if any, applicable in respect of the respective Class Shares, divided by the initial offer price per Participating Share.

In the event of applications for Participating Shares after the Initial Offer Period, the Subscriber shall be allotted such number of fully paid up Class Shares that shall be equal to the Subscriber's investment net of all bank charges, administration charges and Initial Sales Charges, if any, applicable in respect of the respective Class Shares, divided by the relevant Net Asset Value per Share on the Dealing Day.

Application for Participating Shares should be made by completing and signing the Subscription Agreement that is enclosed with the relevant Supplement, which should then be emailed or faxed to the Administrator at the address listed in the Directory, within such period as may be specified in the relevant Supplement, with the original to follow by post.

Additional subscriptions for Participating Shares may be made by completing and signing the Additional Subscription Form enclosed with the relevant Supplement and emailing or faxing the form to the Administrator at the address listed in the Directory, within such period as may be specified in the relevant Supplement.

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, of electronic advice sent through File Transfer protocol (FTP), Secure File Transfer Protocol (SFPT) and Hypertext Transfer Protocol Secure (HTTPS).

Shares will not be allotted unless the Administrator is satisfied that cleared funds in US Dollars have been received within the period stipulated in the relevant Supplement,

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 day then the application will be held over to the following Dealing Day and 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**), Shares will be issued on the Initial Closing Date, subject to attaining the Minimum Funding (in respect of the Initial Offer Period) or the relevant Dealing Day (in respect of applications following the Initial Offer Period).

Payment for Participating Shares must be effected by wire transfer only to the bank account detailed in the relevant Subscription Agreement/Supplement.

The Fund has the right to accept or reject (in whole or part) any application for Participating Shares. In case the application is rejected, the applicant will be informed, without any reason being ascribed and any application monies received by the Administrator will be returned without payment of interest, by wire transfer to the applicant's bank account, at the applicant's risk and expense. Applicants should be aware of the risks associated with sending faxed applications and that the Administrator accepts no responsibility for any loss caused due to the non-receipt of any fax.

Unless otherwise agreed to in writing, applications for the issuance of Participating Shares on a particular Dealing Day must be received no later than the period specified in the relevant Supplement. Duly completed applications received and accepted by the Fund are irrevocable. The number of Participating Shares to be allotted in respect of each application will be determined by dividing the sum remitted by the prevailing Net Asset Value per Share (computed on the Valuation Day preceding the relevant Dealing Day), or, if so determined by the Directors, the Initial Offer Price per Share on the Valuation Day.

Shares will be held in inscribed form and a confirmation will be sent to the Applicant upon receipt of cleared funds, the properly completed Subscription Agreement and acceptance of such funds by the Fund. Applications received outside the period specified in the relevant Supplement will be held in an account and treated as an application for the next Dealing Day. Payment may also be made in cash equivalents and securities, subject to the approval of the Directors.

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

As part of the Fund's and the Administrator's responsibility for the prevention of money laundering, they require a detailed verification of the applicant's identity and the source of payment for the Shares.

The Fund reserves the right to request such information as it considers necessary to verify the identity of the applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund may refuse to accept the application and all subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

If subscription fees are payable they will be set out in the relevant Supplement / Subscription Agreement.

Sharing of Confidential Information. In the Subscription Agreement, each subscriber agrees that the Fund, the Administrator or the Investment Manager may disclose to each other, to any regulatory body, or to a delegate, agent or any other service provider in any jurisdiction, including jurisdictions outside of the U.S. or the European Economic Area, copies of the subscriber's Subscription Agreement and Offering Questionnaire and any information concerning the subscriber provided by the subscriber to the Fund, the Administrator or the Investment Manager. No such disclosure will be treated as a breach of any restriction on the disclosure of information imposed on such person by law or otherwise.

5.1.4 Eligible Investors

Each Subscriber must represent and warrant to the Company that, among other things, he is a Qualified Holder and is able to acquire Participating Shares without violating applicable laws. The Fund will not knowingly offer or sell Participating Shares to any investor who is not a Qualified Holder or 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 his jurisdiction, or in Mauritius. The Fund or the Investment Manager shall not be responsible where the Participating 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.

5.2 Form of Participating Shares

Participating Shares will be issued in inscribed form "Inscribed Shares". Entry in the Register of Members is *prima facie* evidence of title to Shares.

5.3 Rights Attaching to the Shares

5.3.1 Management Shares

The Management Shares shall have the following rights:

- (a) Voting rights in any Shareholders' Meeting;
- (b) No dividends shall be payable on the Management Shares, nor are the Management Shares redeemable; and
- (c) In a winding up the entitlement only to receive an amount equal to its par value in accordance with Article 48 of the Constitution. In the event that there are insufficient assets to enable such payment in full to the holder of the Management Shares, no recourse shall be had to any other assets of the Fund.

5.3.2 Participating Shares

The Participating Shares shall have the following rights:

- (a) 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;
- (b) No preference or pre-emption rights are available to any Participating Shareholder(s).
- (c) No outstanding options or any special rights are available to any Participating Shares;
- (d) All the Participating Shares of any Class rank pari-passu and inter se participate equally in the net assets of the Class of Shares to which they relate (if applicable) on liquidation of the Fund and in dividends and other distributions, if and when declared.
- (e) In a winding up the rights set out in Article 48 of the Constitution; and
- (f) Be redeemable at the option of the Shareholder or the Fund.

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

5.3.3 Procedure for Redemptions

Participating Shares shall be redeemed in accordance with the Law, the Constitution and in accordance with the procedures set out in this PPM, unless otherwise specified in the relevant Subscription Agreement/Supplement for each Class.

Only fully paid up Participating Shares may be redeemed.

At the conclusion of any Initial Offer Period (subject to any lock-in period as set out in this PPM or the relevant Subscription Agreement/Supplement), Participating Shares in such Class shall be redeemable at the option of the holder or the Fund on the terms provided in the PPM or as specified in the relevant Subscription Agreement/Supplement for each Class.

Except as provided herein or in any Subscription Agreement/Supplement, a Shareholder may request redemption of all or some of its Participating Shares as of each Dealing Day. Shareholders wishing to redeem Participating Shares as of a particular Dealing Day must provide the Administrator with a written notice within such period prior to the intended Dealing Day as specified in the relevant Supplement, stating their intention to redeem, and the number and Class of Shares to be redeemed as of that Dealing Day. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Board. The Board may defer redemption requests on any Dealing Day if in the opinion of the Board the Fund would no longer be a Broad Based Fund. Such deferment shall continue until such time as the Broad Based Fund criteria is satisfied.

The Redemption Price is equal to the relevant Net Asset Value per Share on the corresponding Dealing Day (computed on the Valuation Day preceding the relevant Dealing Day). Unless redemptions have been suspended or delayed, each redeeming Shareholder will be paid on Settlement Day or on availability of redemption proceeds, if later. If redemption fees, administration charges or bank charges in respect of any Class are payable they will be set out in the relevant Subscription Agreement/Supplement. However, the Board may, in its absolute discretion, waive the whole or any part of such redemption fee or bank charges in respect of any Class, with respect to all or for any particular investor.

In circumstances where the Fund is unable to liquidate securities' positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions, may effectuate only a portion of a requested redemption or may even suspend redemptions. In the discretion of the Directors, the Fund may settle redemptions in kind and may extend the duration of the redemption notice period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders.

The Fund may withhold a portion of any proceeds of redemption if necessary to comply with applicable legal or regulatory requirements. Moreover, the Directors have the right to require a compulsory redemption of some or all of the Participating Shares of any Class held by a Shareholder at the price per Participating Share equal to the then prevailing Net Asset Value per Share of the relevant Class in accordance with the Constitution. The Directors may compulsorily redeem a Shareholder's Participating Shares if such Shareholder either no longer qualifies as a Qualified Holder or if such Shareholder has requested a partial redemption which would cause the aggregate holding owned by such Shareholder following such redemption to decline below the minimum holding as was applicable to such Shareholder (if any) or below the minimum holding applicable to that Class (if any). Compulsory redemptions will be made at the Net Asset Value per Share of the relevant Class as of the last Business Day of the month in which such notice of redemption is issued or within 48 hours of such notice issued to the Shareholder, at the discretion of the Directors.

Requests for redemption should be sent to the Administrator with such period of prior written notice as is set out in the Subscription Agreement and above or in the Supplement relating to the Class in question. The Administrator will redeem the Participating Shares at the Net Asset Value per Share of the relevant Class on the Dealing Day less any applicable redemption fees referred to in the PPM or the relevant Subscription Agreement/Supplement. Redemption requests may initially be sent by fax to the Administrator, however, Shareholders should be aware of the risks associated with sending documentation in this manner and that the Administrator will not be responsible in the event of non-receipt of any redemption request sent by fax. The original redemption request must be sent to the Administrator prior to the Settlement Day failing which payment of the Redemption Price shall be withheld. Redemption payments will be made in U.S. Dollars unless made in kind, and will be remitted by wire transfer to the bank account from which the Subscription Price was paid. A request for redemption received outside the period specified in the relevant Supplement will be treated as a request for redemption as of the next Dealing Day, or otherwise in the discretion of the Directors.

The Fund may elect to purchase or to procure the purchase of Participating Shares offered for redemption at a price equal to their Net Asset Value rather than the Fund compulsorily redeeming them, should the Directors unanimously deem it in the best interest of the Fund.

At the time of each redemption of any Participating Shares, the Company as a whole would have to meet the Solvency Test. In the event that the Company does not meet the Solvency Test, then redemption of Participating 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.

5.4 Temporary Suspension of Dealings and Valuation

The Fund's Constitution provides that the Directors, acting unanimously, may declare a temporary suspension of the determination of the Net Asset Value of a Class or Classes and for a period of not more than 30 days, the sale, allotment, issue or redemption of the Participating Shares in the events set out under Article 19 of the Constitution.

The Directors may (but shall not be obliged to) declare a temporary suspension of the determination of the Net Asset Value and Subscription Prices and Redemption Prices in respect of any Dealing Day:

- (i) when one or more exchanges or other regulated markets which provide the basis for valuing a significant portion of assets of the Fund or any Class of Shares (as the case may be) are closed other than for or during holidays or if dealings therein are restricted or suspended or where trading is restricted or suspended in respect of securities forming a material part of the assets of the Fund or any Class of Shares (as the case may be);
- (ii) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund or any Class of Shares (as the case may be), including (without limitation) delay in settlement or registration of securities transaction, the disposal of assets of the Fund or any Class of Shares (as the case may be) is not reasonably practicable without materially and adversely affecting and prejudicing the interests of continuing any Class Shareholders, or if, in the opinion of the Directors, a fair price cannot be calculated for the assets of the Fund or any Class of Shares (as the case may be);
- (iii) in the case of a breakdown of the means normally used for calculating the Net Asset Value or valuing a significant portion of investment of the Fund or any Class of Shares (as the case may be) or if for any reason the value of any asset or assets of the Fund or any Class of Shares (as the case may be) which is material in relation to Net Asset Value (as to which the Directors shall have sole discretion) may not be determined as rapidly and accurately as required;
- (iv) if, as a result of foreign exchange restrictions or other restrictions affecting the transfer of funds, transaction on behalf of the Fund or any Class of Shares (as the case may be) are rendered impracticable, or if purchases, sales, deposits and withdrawals of the assets of the Fund or any Class of Shares (as the case may be) cannot be effected at the normal rates;
- (v) periods of extreme volatility in markets in which the Fund or any Class of Shares (as the case may be) invests, which, in the opinion of the Fund or any Class of Shares (as the case may be), are prejudicial or to the disadvantage to the interests of the Shareholders; or
- (vi) redemptions of units or subscriptions to units are impossible or impractical.

If there is a suspension of the determination of the Net Asset Value in relation to any Dealing Day then the issue and redemption of all Classes of Shares on such Dealing Day will be suspended. All subscription applications and redemption requests will be carried forward to the first Dealing Day on which the determination of Net Asset Value resumes. Any suspension lasting for more than seven Business Days shall be notified to all Class Shareholders without delay. An applicant for any Class of Shares or redeeming any Class of Shares may withdraw any subscription application or redemption request (as the case may be) at any time while the calculation of Net Asset Value is suspended. If the notice is not so withdrawn, the redemption request will be dealt with on the first Dealing Day following termination of such suspension. Where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as practicable.

5.5 Determination of Net Asset Value

Under the overall supervision and direction of the Directors, the Administrator will calculate the Fund's Net Asset Value, the Net Asset Value of each Class and the Net Asset Value per Share of each Class, in each case, as of each Valuation Day. The Net Asset Value of each Class shall be the value of all the assets less all the liabilities attributable to that Class.

The assets of the Fund will be valued in accordance with IFRS and the directions from time to time of the Directors. The Net Asset Value of the Fund will be computed by the Administrator in accordance with such standards and guidelines.

The assets of each Class shall be deemed to include:

- (a) all cash in hand, on loan or on deposit, or on call including any interest accrued thereon, owned or contracted for by the Company on behalf of the Class concerned;
- (b) all bills, demand notes, promissory notes and accounts receivable, owned or contracted for by the Company on behalf of the Class concerned;
- (c) all bonds, time notes, shares, stocks, debentures, debenture stock, subscription rights, warrants, futures, options and other investments and securities owned or contracted for by the Company on behalf of the Class concerned other than rights and securities issued by it;
- (d) all stock and cash dividends and cash distributions to be received by that Class and not yet received by it but declared payable to stockholders on record on a date on or before the day as of which the Net Asset Value of that Class is being determined;
- (e) all interest accrued on any interest-bearing securities owned by that Class except to the extent that the same is included or reflected in the principal value of such security;
- (f) all other Investments of the Class;
- (g) the expenses of the Class in so far as the same have not been written off; and
- (h) all other assets of the Class of every kind and nature including prepaid expenses as valued and defined from time to time by the Directors.

The assets of each Class shall be valued as follows:

- (a) securities traded on a stock exchange or other regulated market are to be valued generally at the last known traded price or last traded price quoted on the relevant exchange or market on or before the day preceding the relevant Dealing Day;
- (b) unlisted equity securities will be valued initially at cost and thereafter with any reduction or increase in value (as the case may be) as the Directors shall in their discretion deem appropriate in the light of the circumstances;
- (c) unlisted securities (other than equities) for which there is an ascertainable market value are to be valued generally at the last known transacted price or last transacted price dealt on the market on which the securities are traded on or before the day preceding the relevant Dealing Day;
- (d) unlisted securities (other than equities) for which there is no ascertainable market value will be valued at cost plus interest (if any) accrued from purchase to (but excluding) the relevant Dealing Day plus or minus the premium or discount (if any) from par value written off over the life of the security;
- (e) any value otherwise than in US dollars shall be converted into US dollars at the market rate (whether official or otherwise) which the Directors shall in their discretion deem appropriate to the circumstances having regard inter alia to any premium or discount which they consider may be relevant and to the costs of exchange;
- (f) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such deduction or discount as the Directors may consider appropriate to reflect the true value thereof;
- (g) the value of units or other security in any unit trust, mutual fund, investment corporation, or other similar investment vehicle or collective investment scheme shall be derived from the last prices published by the managers thereof on or before the day preceding the relevant Dealing Day;
- (h) notwithstanding the foregoing, the Directors may permit some other method of valuation to be used if they consider that such valuation better reflects the fair value; and
- (i) for the purpose of valuing the assets of the Class as aforesaid the Directors may with due care and in good faith rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market.

Notwithstanding the foregoing, where at the time of any valuation any asset of the relevant Class has been realised or contracted to be realised there shall be included in the assets of the Class in place of such asset the net amount receivable by the Class in respect hereof provided that if such amount receivable is not payable until some future time after the time of any valuation the Directors may make such allowance as they consider appropriate.

The liabilities of the Class shall be deemed to include all its liabilities, including all fees that may be payable to the Investment Manager, and such provisions and allowances for contingencies (including tax) payable by the Class but not liabilities represented by Participating Shares of another Class of the Company. In determining the amount of such liabilities the Directors may calculate any liabilities of a regular or recurring nature on an

estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

The Net Asset Value per Share in a Class shall be calculated by dividing the Net Asset Value of the Class by the number of Participating Shares in issue in that Class and adjusting the resultant amount downwards to the nearest cent.

Any calculations made pursuant to these provisions shall be made by or on behalf of the Directors and shall (except in the case of manifest error) be binding on all persons.

None of the Directors, the Fund or the Administrator shall be liable for any loss or damage caused to any person, where any price or valuation, used in good faith in connection with the above procedure and methodology of valuation, proves to be an incorrect or an inaccurate estimate or inaccurate determination of the price or value of any part of the property of the Fund.

5.6 Registration and Transfer of Shares

Shares are issued in inscribed form and the Fund shall not issue bearer shares. The Administrator will maintain a current Register of Members, containing the names and addresses of the Shareholders of each Class for the previous seven (7) years, and the Registrar and Administrator's entry in the share register is *prima facie* evidence of ownership of such Shares. Certificates representing Shares will only be issued upon written request by the Shareholder to the Administrator.

Transfers of Shares must be made by instruments in writing in the usual form and are permitted only in exceptional circumstances and with the prior written consent of the Directors, which consent may be withheld in the discretion of the Directors without the need for assigning any reason. Any transferee of Shares is required to furnish the same information and complete the same documents that would be required in connection with a direct subscription including, without limitation, being required to complete a Subscription Agreement, in order for a transfer application to be considered by the Directors. In case of violation of applicable ownership and transfer restrictions, the Directors may decline to recognise and register any transfer of Shares.

6. INVESTMENT POLICY

6.1 Investment Objective and Strategy

The overall investment objective of the Fund is to manage the assets of each Class by investing in a diverse array of assets including but not limited to equity, debt, units of mutual funds and derivative securities. Each Class created will be actively managed as a separate pooled arrangement and will have its own Net Asset Value within the Fund.

The Fund may use derivative instruments like Futures, Options etc for the purpose of portfolio hedging and rebalancing. However the Fund shall not take any speculative positions in any kind of derivative instruments. More specifically the Fund shall not take naked short positions in any stock nor shall be net short in any stock. The Fund shall also not take leveraged long positions and the notional value of long positions shall not exceed the cash and cash equivalents.

The Fund shall comply with the Investment Restrictions and Practices set out in Part X of the Regulations (subject to the right of seeking exemptions as permitted in Part X of the Regulations).

Any additional investment objectives pertaining to a particular Class will be set out in the relevant Supplement. Any investment strategies pertaining to a particular Class will be set out in the relevant Supplement.

There can be no assurance that the Fund will achieve its investment objective. The Fund's investment policies and strategies are speculative and entail significant risk. See "RISK FACTORS".

The foregoing description is general, is not intended to be exhaustive and is subject to and should be read in conjunction with any additional description in the relevant Supplement. Investors must recognise that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the markets invested in by the Fund. Finally, the Fund may pursue additional strategies, in its sole discretion, in its pursuit of the Fund's investment objective.

6.2 Borrowing of Cash and Securities and Certain Loans

The Fund is authorised to borrow to fund redemption requests. Loans generally may be obtained from banks or from other financial institutions; such loans (which will relate to a particular Class) will be secured by securities or other capital of that Class which will be pledged to such banks or financial institutions. In accordance with Regulation 66 of the Regulations, such leverage shall not exceed 5 % of the net assets of the Fund taken at market value at the time of borrowing. The Fund shall not borrow or incur indebtedness for the purposes of making investments on behalf of the Fund.

6.3 Plan of Distribution and Use of Proceeds; Cash Equivalents

The net proceeds of the offering contemplated in this PPM will be invested in accordance with the policies set forth under "INVESTMENT POLICY". The Fund, without

limitation, may hold cash or invest in cash equivalents for short-term investments. In the event that the Investment Manager determines that there is not sufficient good value in any securities suitable for investment of the Fund's capital, all such capital may be held in cash and cash equivalents.

In making investment decisions, the Fund will rely on the advice of the Investment Manager rather than any specific investment objectives and criteria.

6.4 Investment restrictions

Investment of the Fund's assets is subject to certain restrictions determined from time to time by the Directors, and as imposed by applicable regulatory agencies. The Fund will not invest in any activities which will expose the Fund to unlimited liability.

In particular, SEBI has granted an "In-principle" approval to the Investment Adviser in respect of the Fund for investment in India, by way of SEBI letter IMD/AT/102775/2007 dated 30 August 2007 addressed to the Investment Adviser. Such "In-principle" approval is inter alia subject to the condition that the Fund shall comply with all investment restrictions as specified in the FII Regulations and the guidelines issued thereunder.

The Fund therefore (save in respect of the Scheme) shall:

(i) invest only in the following:

- securities in the primary and secondary markets including shares, debentures and warrants of companies, unlisted, listed or to be listed on a recognized stock exchange in India;
- units of schemes floated by domestic mutual funds including the Unit Trust of India, whether listed on a recognized stock exchange in India or not;
- dated government securities;
- derivatives traded on a recognized stock exchange in India;
- commercial paper;
- security receipts issued by asset reconstruction companies in India; and

(ii) Further, FIIs and FII Sub Accounts are allowed to short sell in addition to engaging in delivery based trading, provide any short selling by FIIs and FII Sub Accounts will have to be in compliance with the short selling and securities lending and borrowing framework laid down by SEBI (via its circular dated December 20, 2007), and also in a manner consistent with the procedures laid down by the respective stock exchanges. FIIs are allowed to tender their shares in case of an open offer following the takeover bid by an acquirer. FIIs are also permitted the take forward cover on their equity and debt exposure to hedge against currency fluctuations. Under the FII Regulations, NRIs are not permitted to register as a FIIs or FII Sub Accounts.

Prospective investors in the Fund should note that, further to the above, the FII Regulations also impose the following general ownership restrictions on Foreign Institutional Investors and/or FII Sub Accounts which the Fund (save in respect of the Scheme) shall comply with:

(i) The aggregate Foreign Institutional Investor holding in any Indian company cannot exceed 24 per cent of the entire paid-up share capital of that company but this 24

per cent limit can be further extended to the applicable foreign investment limit in a specific sector if the board of directors of such investee company pass a resolution followed by the special resolution to be passed by the shareholders of the company to that effect. Currently, barring a few sectors such as telecom services and banking, foreign investment up to 100 per cent is permitted in most sectors.

- (ii) No single FII Sub Account or a Foreign Institutional Investor can hold more than 10 per cent of the paid-up share capital of an Indian company. If the FII Sub Account is registered as a foreign individual or foreign corporate, then this limit of 10 per cent is reduced to 5 per cent.

SEBI has announced certain caps on aggregate debt investments by the FIIs. Currently, aggregate debt investments by FIIs in government securities and treasury bills is capped at US\$ 5 billion whereas the aggregate investment in corporate debt was recently increased from US\$ 6 billion to US\$ 15 billion. SEBI has also vide circular IMD/FII & C/ 37/2009 stated that US\$ 8 billion shall be allocated to the FII or FII Sub Accounts, as the case may be, in an open bidding platform. Successful bids shall be based on the bid price (which will be expressed in basis points). While there are no specific provisions related to treatment of investment in mutual fund units, it is generally understood that SEBI would apply these criteria based on the nature of the scheme. Thus, as regards investments into the units of a debt oriented mutual fund, the same would be classified as debt investment. Investments into the units of any other mutual fund shall be classified as equity related investment.

Where any investment restriction is breached, the investment manager of the Scheme will ensure that immediate corrective action is taken, except where the breach is due to appreciations or depreciations, changes in exchange rates, or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment.

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

The Mutual Fund and The Scheme

The Mutual Fund and the Scheme are subject to certain investment restrictions, in particular the Scheme shall endeavour to:

- (i) not generally invest more than 20 per cent. of the Scheme Net Asset Value in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency, provided that this limit shall not be applicable to investments in money market instruments;
- (ii) not invest more than 10 per cent. of the Scheme Net Asset Value in unrated debt instruments issued by a single issuer and the total of such instruments shall not exceed 25 per cent. of the Net Asset Value of the Scheme;

- (iii) not advance term loans for any purpose;
- (iv) not invest more than 5 per cent. of the Scheme Net Asset Value in unlisted equity shares or equity related instruments;
- (v) the Scheme will not undertake any inter-scheme transfers with any scheme of the Mutual Fund;
- (vi) the Scheme will not invest in any other scheme of the Mutual Fund;
- (vii) The Scheme will not invest more than 10 per cent. of its corpus in the equity shares or equity related instruments of any individual portfolio company.

The Mutual Fund and the Scheme may be subjected to such other restrictions and/or policies as required under applicable law or as may be stipulated by the Investment Adviser.

Prospective investors should note that the above is only a summary of investment restrictions applicable to the Scheme and more complete information is available in the scheme information document for the Scheme.

These investment restrictions apply to any investment at the time that investment is made. The Scheme will not enter into any transaction, which exposes it to unlimited liabilities or results in the encumbering of its assets in any way so as to expose them to unlimited liability. These investment restrictions, shall in the ordinary course, apply as at the date of the most recent transaction or commitment to invest. Changes do not have to be effected merely because of appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Scheme if any such restrictions would thereby be breached. If these investment restrictions are exceeded for reasons beyond its control, the Investment Advisor shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the unitholders. The Trustee of the Mutual Fund in consultation with the Investment Advisor may alter these above stated limitations from time to time.

Borrowing policy

The Scheme may borrow up to 20 per cent. of the Scheme Net Asset Value for a period of up to six months, or as may be permitted by applicable rules and regulations, to meet temporary liquidity needs (e.g. for the purpose of repurchase, redemption, or payment of income or dividend). The Fund will not borrow, except as stated in this Private Placement Memorandum.

Prospective investors are advised to refer to the Scheme's scheme information document for more information in this respect.

7. DISTRIBUTIONS

It is the intention of the Board not to make distribution of net income by way of dividends in the normal course. Net income will, therefore, effectively be reflected in Net Asset Value. However, the Directors may declare dividends with respect to any Participating Share or Class of Shares if in their discretion they deem fit. Any dividends, repayments or other money payable in cash in respect of the Participating Shares may be paid by telegraphic transfer to a bank account designated by the Subscriber in writing. In the event that a dividend is declared and remains unclaimed after a period of 6 years from the date of declaration, such dividend will be forfeited and will revert to the relevant Class. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

If dividends are declared, no dividend shall be authorised unless it is paid out of retained earnings after having made good any accumulated losses at the beginning of the relevant Accounting Period and provided further that the Fund shall upon the distribution being made, satisfy the solvency test as set out in the Act. No dividends will be paid out of capital or realised or unrealised capital gains.

The Fund has not paid any amount of dividends or other distributions during the last three completed financial years preceding the date of this PPM.

8. TAXATION, EXCHANGE CONTROL AND ANTI-MONEY LAUNDERING

8.1 Taxation

The taxation of income and capital gains of the Fund and of Shareholders is subject to the fiscal laws and practices of Mauritius, countries where investments are envisaged by the Fund and of the jurisdiction in which Shareholders are resident or otherwise subject to tax. The provisions under any applicable double taxation treaty ('Treaty') may also be relevant.

The following summary of certain relevant tax provisions is based on current law and practice and does not constitute legal or tax advice. The relevant tax provisions are subject to change.

Prospective investors should consult their own professional advisers on the relevant taxation considerations applicable to acquisition, holding and disposal of Participating Shares and the receipt of distributions. The Fund, its Directors, Administrator, Investment Manager, and their advisers accept no responsibility for any loss suffered by any investor as a result of current, or changes in, taxation law and practice.

Mauritius Tax Considerations

The Fund

The Fund holds a Category 1 Global Business Licence and as a tax resident is governed by the Income Tax Act 1995 and as per current tax laws shall be taxed at 15% in Mauritius on its net chargeable income. However, the Fund will be allowed a credit for foreign tax on its foreign source income against its tax liability. If no written evidence is presented to the Director General of the Mauritius Revenue Authority (MRA) showing the amount of foreign tax charged, the amount of foreign tax will nevertheless be conclusively presumed to be equal to 80 percent of the Mauritius Tax chargeable with respect to that income.

Currently, no capital gains tax is payable in Mauritius in respect of the Company's realised investments. Dividends and redemption proceeds paid by the Company to the Shareholders would be exempt in Mauritius from any withholding tax. The Fund's investments will principally be undertaken in India. Accordingly the Fund has applied for and obtained a Tax Residence Certificate ("TRC") dated 6 November 2009 has been issued by the Director-General of the MRA to accede the India-Mauritius Double Taxation Avoidance Agreement (the Treaty). The TRC is valid for a period of one year and is renewable annually provided the Fund adheres to the undertakings it has given to the FSC and the MRA.

The Fund should therefore be entitled to claim relief from Indian tax. There can, however, be no assurance that the Treaty will continue to be in full force and effect during the existence of the Fund or that the Fund will continue to enjoy the benefit of the tax treaties.

Shareholders

Shareholders will not be subject to any form of Mauritian tax on redemption of Participating Shares and payment of dividend by the Fund.

8.2 Exchange Control

Mauritius

Exchange control laws and regulations have been suspended in Mauritius since 1994 and in any case, the Fund is a global business company and therefore not subject to any exchange control restrictions in Mauritius. Any payments made to or by the Fund are therefore not restricted by the exchange control regulations.

The Fund will have to comply with the exchange control regulations of the countries where the investments are envisaged.

8.3 Anti-Money Laundering

To ensure compliance with the Financial Intelligence and Anti-Money Laundering Act 2002 and the Code on the Prevention of Money Laundering and Terrorist Financing (“Code”) issued by the FSC, the Administrator will require an applicant for Participating Shares to provide certain information and documents for the purpose of verifying the identity of the applicant, the source of funds and obtain confirmation that the application monies do not represent directly or indirectly, the proceeds of any crime. The request for information may be reduced where an applicant is a regulated financial services business based in Mauritius or in an equivalent jurisdiction (i.e. subject to the supervision of a public authority) or in the case of public companies listed on recognised stock exchanges, as set out in the Code.

In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided. Investors should note specifically that the Administrator reserves the right to request such information as may be necessary in order to verify the identity of the investor and the owner of the account to which the redemption proceeds will be paid. Redemption proceeds will not be paid to a third party account.

Each applicant for Participating Shares acknowledges that the Administrator shall be held harmless against loss arising as a result of a failure to process or delay in processing an application for Participating Shares or redemption request if such information and documentation as requested by the Administrator has not been provided in full with sufficient detail by the applicant.

The Administrator may, at any time, request such additional information as may be required to comply with the Company’s reporting obligations in Mauritius and abroad.

Anti-Money Laundering Laws in India

The Prevention of Money Laundering Act, 2002 (the "PMLA"), which came into force on July 1, 2005, embodies India's legislative commitment to the elimination and prevention of money laundering. The main objects of PMLA are (i) the prevention and control of activities concerning money laundering and (ii) the confiscation of property derived or involved in money laundering.

Under the PMLA, a person is guilty of an offence of "money laundering" if that person "directly or indirectly attempts or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property". The term "proceeds of crime" has been defined under the PMLA to mean property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to an offence listed in the schedule to the PMLA.

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

9. FEES, CHARGES AND EXPENSES

9.1 Organisation Expenses

The Investment Manager has paid for certain organisational costs of the Fund. The Fund will reimburse the Investment Manager for such costs. The Fund will treat its organisational costs and expenses in accordance with the internationally recognised accounting standards the Fund has adopted. The Fund and for each Class of Shares issued, will be responsible for all of the necessary expenses of its operation including, without limitation, fees in respect of borrowed moneys, the cost of maintaining the Fund's registered office, the Fund's annual government fees, brokerage commissions, legal and auditing expenses, secretarial, accounting, fund administration, income tax, investment-related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to the Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information and similar ongoing operational expenses. Fees and expenses that are identifiable with a particular Class will be charged to that Class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board.

The Investment Manager is responsible for providing all office personnel, space and facilities required for the performance of its services to the Fund.

9.2 Investment Management Fees

The Investment Manager shall be entitled to receive fees in respect of the services performed for each Class. The details of the Investment Manager's fees, in relation to each Class shall be set out in the relevant Supplement.

The Investment Manager will also be entitled to reasonable out of pocket expenses incurred in the performance of its duties.

The Fund's management expense ratio, being the percentage that the management expenses represent of the Fund's average net assets ("MER") since it has commenced activities as a collective investment scheme is as follows:

The MER of Emergent India Investments Limited for the year ended 31st March 2009 is 1.53%

9.3 Fees of the Administrator

For performing and supervising the performance of corporate and administrative services necessary for the operation and administration of the Fund and for acting as Registrar and Transfer Agent and Company Secretary, the Administrator will receive its customary monthly fee for each Share Class. This fee will be paid monthly in arrears. The details of the Administration fees, in relation to each Class shall be set out in the relevant Supplement.

The Administrator will also be reimbursed for all reasonable out-of-pocket expenses agreed to in advance with the Company.

9.4 Other Fees and Operating Expenses

The Investment Manager is responsible for providing all personnel, office space and facilities required for the performance of its services. The Fund bears all other expenses incidental to its operations and business, including (i) fees and charges of custodians, (ii) interest and commitment fees on loans and debit balances, (iii) income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (iv) fees of the Fund's Administrator, legal advisers and independent auditors, (v) Directors' fees and expenses, (vi) the cost of maintaining the Fund's registered office, (vii) the cost of printing and distributing this PPM, any other marketing cost and any subsequent information memorandum or other literature concerning the Fund and subscription materials and any reports and notices to Shareholders or investor communication, (viii) consultant and other services provider expenses deemed desirable in the sole discretion of the Directors, (ix) the costs incurred in connection with any listing of the Shares, if such listing is deemed desirable by the Shareholders, (x) the cost of insurance premiums (if any), including, without limitation, the cost of director and officer liability insurance policies, (xi) the Fund's annual Government fees; and (xii) all similar ongoing operational expenses.

Each Director of the Fund who is not an officer or employee of the Administrator or related companies may receive fees from the Fund for serving in such capacity. All Directors will receive reimbursement of reasonable travel (provided such travel is undertaken at the request of the Company and the costs are agreed in advance with the Company) and other reasonable costs incurred in connection with their services.

The Other Fees and Operating Expenses referred to above that are identifiable with a particular Class will be charged against that Class in computing its Net Asset Value. All Other fees and Operating Expenses that are not identifiable with a particular Class will be apportioned between all the Classes in such manner as the Directors in their discretion deem just and equitable.

9.5 Performance Fee

The Investment Manager will receive performance fees in respect of Participating Shares allocated to each Class, save as otherwise varied in relation to a particular Class. Details of the Investment Manager's fees for each Class of Participating Shares can be found in the relevant Supplement.

9.6 Variation of Fees and Expenses

The Directors may from time to time vary the fees and charges payable by the Fund or as described in this section on giving written prior notice to affected Shareholders.

9.7 Costs associated with offshore investments

The Fund may from time to time appoint intermediaries such as advisers or custodians for managing and administering offshore investments. This could entail additional fees and expenses, such as investment management fees, custody fees, fees of appointed advisers and sub-managers, transaction costs, and overseas regulatory costs.

9.8 Establishment Costs

The Fund will treat its organisational costs and expenses in accordance with IFRS. For the purpose of Net Asset Value calculation, such expenses may be amortised or written off over such period commencing on the first Business Day of the month during which the Fund commences investment activities, or as the Directors may determine from time to time. A note reconciling the Net Asset Value calculation at the yearend shall be included in the statutory accounts of the Fund

10. ACCOUNTS AND INFORMATION

The Company's fiscal year-end is 31 March.

The annual meeting of the shareholders of the Fund shall be held every year at the registered office of the Fund or at any other place in Mauritius as may be specified by the notice of the meeting.

Special meetings of Shareholders shall be in accordance with the Constitution of the Fund at such time and place in Mauritius as may be specified by the notice of the meeting.

Notice of any Meeting of Shareholders shall be mailed by registered letter to each registered Shareholder entitled to receive notice of the Meeting, at least 14 Business Days prior to the meeting or sent by electronic means and would be taken to have been received by the Shareholder on the date that it is transmitted.

At any Meeting of the Fund convened to vote on any matter, the holders of the Management Shares are entitled to receive notice of such Meeting and to attend and vote thereat. On a vote taken by voice or a show of hands, every Management Shareholder who is present in person or by proxy has one vote and on a poll every holder of Management Shares present in person or by proxy shall have one vote for each Management Share held by such Management Shareholder. The Chairperson of the Meeting shall not be entitled to a casting vote.

The Fund will furnish annual audited financial statements to its Shareholders. Shareholders will be sent copies of the audited financial statements prior to the Fund's annual general meeting each year prepared in accordance with the internationally recognised accounting standards adopted by the Fund.

The Fund's audited financial statements for the financial year end 31st March 2009, presented in accordance with the Sixth Schedule of the Regulations is enclosed as Annexure 2 to this PPM.

11. RISK FACTORS

Investing in the Fund involves certain considerations in addition to the risks normally associated with making investments in securities. There can be no assurance that the Fund will achieve its investment objective in respect of any Class of Shares. The value of any Class of Shares may go down as well as up and there can be no assurance that on a redemption, or otherwise, investors will receive the amount originally invested. Accordingly, investment in any Class of Shares is only suitable for investors who understand the risks involved and who are willing and able to withstand the total loss of their investment.

Discussed below are some of the major risks that potential investors should consider carefully before investing in the Fund. The Fund is a highly speculative investment and is not intended as a complete investment program. It is designed only for persons who are able to risk losing their investment in the Fund and who have limited need for liquidity. The risks described below are not exhaustive. Potential investors should review this Private Placement Memorandum carefully and in its entirety and consult with their professional advisors before deciding whether to invest in the Fund.

11.1 Umbrella Structure. Although each Sub-Fund will be treated as bearing its own liabilities, the Company will remain liable as a whole to third parties for all liabilities of the Company. Accordingly, in the event of any insolvency of any one or more Sub-Funds under this umbrella structure, any creditors in respect of such insolvent Sub-Fund or Sub-Funds would be creditors of the Company as a whole and accordingly could proceed against any assets of the Company, including assets held in other Sub-Funds of the Company. The Directors are currently not aware of any such existing or contingent liability.

11.2 Dependence on Management. The Fund's success depends on the skill and acumen of the Investment Manager. The Investment Manager may devote only part of its time to the Fund's activities and devote a significant amount of time to other activities, including managing Other Accounts, and investing in transactions without presenting such opportunities to the Fund, even if such opportunities may be appropriate. See "Risk Factors -- Conflicts of Interest." If the Investment Manager should cease to participate in the Fund's activities, its ability to select attractive investments and manage its portfolio could be impaired severely. The Fund has a limited operating history, which cannot be relied upon by prospective investors to evaluate the Fund's likely performance. The Fund cannot assure investors that: (a) it will realise its investment objectives; (b) its investment strategy will prove successful; or (c) investors will not lose all or a portion of their investment in the Fund.

The Investment Manager has the authority to manage and control the Fund's investments and affairs, subject to the overall supervision of the Board of the Fund and express limitations in the Agreement or provided by the Act notwithstanding the Agreement. The Investment Manager will select the Securities in which the Fund invests and to determine the amount of funds to be used for each purpose.

11.3 Investment Risks. The Fund invests principally in equity, equity-related Securities and mutual fund units that are traded publicly and privately in Indian and non-Indian markets. The Investment Manager expects to invest a portion of the Fund's assets in Illiquid Securities, which generally are restricted Securities of public and private companies. The

Fund also engages in short sales of Securities, margin trading, hedging and other investment strategies. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. In addition, such Securities may be issued by unseasoned companies and may be highly speculative. The Fund's investment portfolio may not generate any income or appreciate in value.

The Investment Manager can never learn all relevant information regarding a company or a Security. Further, the Investment Manager may misinterpret or incorrectly analyse the information that it has about a particular company or Security. These and other factors may cause the Investment Manager to (a) invest in Securities at times that will lead to losses in the Fund's portfolio and may cause an investor to lose a significant portion of its investment in the Fund or (b) refrain from investing in particular Securities at times that would have resulted in gains in the Fund's portfolio if the Investment Manager would have caused the Fund to invest.

- 11.4 Limited Liquidity of Investments.** The Fund may invest in thinly traded and relatively illiquid Securities, Securities that may not be traded at the time the Fund invests or Securities that may cease to be traded after the Fund invests. The Fund also may take positions in particular Securities that are relatively large as compared to trading volumes or overall market capitalisation. In such cases and in the event of extreme market activity, the Fund may not be able to liquidate its investments promptly if necessary. In addition, the Fund's sales of thinly traded Securities are likely to depress the market value of such Securities and thereby reduce the Fund's profitability or increase its losses. Such circumstances or events could affect the Fund's gain or loss materially and adversely.

The Fund may invest in PIPE (private investments in public equity) financings. In a PIPE transaction, the Fund typically purchases unregistered equity Securities of a class of Securities that is publicly traded and receives registration rights with respect to the unregistered Securities that it purchases. The Securities are not publicly tradeable when the Fund purchases them, however, and they may never become publicly tradeable.

The Fund also may invest in restricted Securities that are subject to substantial holding periods or that are not traded in public markets. Restricted Securities generally are difficult or impossible to sell at prices comparable to the market prices of similar Securities that are publicly traded. Such restricted Securities may not be eligible to be traded on a public market even if a public market for Securities of the same class were to exist or develop. It is highly speculative as to whether and when an issuer will be able to register its Securities so that they become eligible for trading in public markets.

- 11.5 Significant Volatility.** The Fund's investments in Illiquid Securities and Securities of companies with small or mid-sized market capitalisations may involve significant business and financial risk and can result in substantial or complete loss. Even if the Securities of such companies are sold publicly, the public trading markets for those Securities may be extremely volatile from day to day or from period to period. Additionally, the Fund may invest in portfolio companies that experience substantial variation in operating results from period to period, and the Fund's portfolio may be concentrated in only a few issuers, all of which could be in the same business, industry or geographic region, increasing the volatility and risk of the Partnership's portfolio.

- 11.6 Additional Capital Needs.** After the Fund makes an initial investment in a portfolio company, that portfolio company may require additional funding, or the Fund may have

the opportunity to increase its investment in a successful portfolio company (if any are successful). For example, portfolio companies are subject to the risk that a proposed service or product cannot be developed successfully with the resources available to the enterprise. The development efforts of any portfolio company may fail, or may not be completed within the budget or time originally estimated. Additional funds may be necessary to complete such development, and such funds may not be available. The Fund may not make follow-up investments. Any decision by the Fund not to make follow-up investments, or the Fund's inability to make them, may have substantial adverse effects on portfolio companies in need of such investment, may result in missed opportunities for the Fund to increase its participation in successful ventures, or may cause a decrease in the value of the Fund's portfolio.

- 11.7 Competition.** Numerous risk capital investors, many or most of which are much larger and more experienced than the Fund, will be competing with the Fund for desirable investment opportunities. Because of this competition and if the Fund does not have available capital, the Fund might not be able to participate in attractive investments that would otherwise be available to it.

The securities industry and the arbitrage business in particular, are extremely competitive. The Fund competes with firms, including many of the larger investment banking firms, which have substantially greater financial resources than the Investment Manager has, substantially greater numbers of research staff and more securities traders than the Investment Manager has. In any given transaction, arbitrage activity by other firms may tend to narrow the spread between the price at which a security may be purchased by the Fund and the price it expects to receive upon conclusion of the transaction.

- 11.8 Time Required for Maturity of Investments.** Private businesses can take several years or longer from the date of initial investment to reach a state of maturity when selling outstanding Securities can be considered. It is unlikely that distributions of profits, if any, generated from the operations of these nonpublic companies or disposition or liquidation of the Fund's investments in them will be made until well after the investments are made, if at all.

- 11.9 Information Sources.** The Investment Manager selects investments for the Fund based in part on information and data that the issuers of such Securities file with various government agencies or make directly available to the Investment Manager or that it obtains from other sources. The Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

- 11.10 Inside Information.** The Investment Manager (through its representatives or otherwise) may receive information that restricts its ability to cause the Fund to buy or sell Securities of a company for substantial periods of time when the Fund otherwise could realise profit or avoid loss. This may adversely affect the Fund's flexibility in buying or selling Securities.

- 11.11 Investment Selection.** The Fund primarily engages in long purchases and short sales of Securities. The Fund also engages in hedging, option trading, leverage (including, but not limited to, margin trading and investing in derivatives) and other strategies. The Fund

may invest in Securities with relatively low prices, which may be subject to greater percentage price fluctuations than higher priced Securities.

Hedging strategies usually are intended to limit or reduce investment risk, but also can limit or reduce the potential for profit and may increase the Fund's transaction costs, interest expense and other costs and expenses. Options, futures and commodities trading, other derivatives trading, short sales, hedging, margin trading and other techniques and strategies may result in material losses for the Fund.

The Fund may have higher portfolio turnover than other investment funds. The Fund's brokerage commissions and other transaction costs generally are higher than those incurred by a fund with a lower portfolio turnover rate.

The investors have no opportunity to select or evaluate any Fund investments or strategies. The Investment manager selects all Fund investments and strategies. The likelihood that investors will realise income or gain depends on the skill and expertise of the Investment Manager, Reliance Asset Management (Mauritius) Limited.

- 11.12 Short Sales.** The Fund may sell Securities short. A short sale results in a gain if the price of the Securities sold short declines between the date of the short sale and the date on which Securities are purchased to replace those borrowed. A short sale results in a loss if the price of the Securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Fund may be required to pay with respect to the borrowed Securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Fund's short positions may be more likely to result in losses because Securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

To make a short sale, the Fund must borrow the Securities being sold short. It may be impossible to borrow Securities at the most desirable time to make a short sale, particularly in illiquid Securities markets. In addition, special rules, which differ from jurisdiction to jurisdiction, apply to short sales. If the prices of Securities sold short increase, the Fund may be required to provide additional funds or collateral to maintain the short positions. This could require the Fund to liquidate other investments to provide additional collateral. Such liquidations might not be at favorable prices. Further, the lender can request the return of the borrowed Securities and the Fund may not be able to borrow those Securities from other lenders. This would cause a "buy-in" of the short position, which may be disadvantageous to the Fund.

Some market participants seek to exploit short-sellers such as the Fund by identifying and buying large quantities of Securities that are significantly shorted in an attempt to benefit from the price increase that the participants expect when the short sellers buy the Securities to cover the short sales. If these so-called "short squeezes" are executed successfully, as described above, the Fund may have to cover its short position at a disadvantageous time regardless of the Investment Manager's view of the true value of the Securities, thereby causing significant losses.

- 11.13 New Enterprise; Potential of Loss.** The Fund is an enterprise with limited operating history. Accordingly, an investment in the Fund entails a high degree of risk. There can be no assurance that the Fund will achieve its investment objective or that the strategies

described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Fund.

- 11.14 Reliance on Key Personnel.** All decisions with respect to the investment of the Fund's capital will be made by the Investment Manager's principals. Shareholders will have no right or power to take part in the management of the Fund. As a result, the success of the Fund for the foreseeable future will depend largely upon the ability of the aforementioned individuals and should any of them terminate their relationship with the Investment Manager, die or become otherwise incapacitated for any period of time and should the replacement (if any) for any of them not equal his or her predecessor's performance, the profitability of the Fund's investments may suffer. In addition, should the Investment Manager terminate its relationship with the Fund, the profitability of the Fund's investments may suffer. There can be no assurance that the Investment Manager will be successful.
- 11.15 No Current Income.** The Fund's investment policies should be considered speculative, as there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Fund will probably not pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.
- 11.16 Risk of Early Losses.** If the Fund begins trading under market conditions which result in substantial early losses, the risk of the Fund having to terminate its trading will be substantially increased. The Fund could experience substantial cash flow difficulties were its assets to be depleted early, particularly in view of the charges to which the Fund is subject. The Fund may commence trading operations at an unpropitious time resulting in significant initial losses.
- 11.17 Reliance on Certain Information.** The Investment Manager may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the U.S. Securities and Exchange Commission or made directly available to the Investment Manager by the issuers of the securities and other instruments or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data and makes no representation and gives no warranty in that regard.
- 11.18 Risk Relating to Size of Issuer.** There is no limitation on the size or operating experience of the companies in which the Fund may invest. Some small companies in which the Fund may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialise. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small players in their industries and may face intense competition from larger companies and an investment in such companies may entail a greater risk than investment in larger companies.

- 11.19 Concentration of Investments.** From time to time a significant portion of the Fund's capital may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Fund's capital shall not be afforded the protection otherwise available through greater diversification of its investments.
- 11.20 Exchange Rules.** Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Fund to liquidate positions and, accordingly, could expose the Fund to losses. Similarly, the Directors have the right to suspend or limit redemptions when, in their opinion, the Fund's net assets are not sufficiently liquid to fund redemptions.
- 11.21 Leverage.** The Fund is authorised to borrow money to fund redemption requests when deemed appropriate by the Board. The loans to the Fund are collateralised with Class securities that may decrease in value and so the Fund may be obliged to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Fund, in their sole discretion, may change the leverage limits that they extend to the Fund.
- 11.22 Illiquidity of Shares.** Transfers of Shares are restricted; redemptions of a Class of Shares may be subject to suspension or limitation as described in the section of this PPM entitled "Subscriptions and Redemptions". In any event it is expected that an active market in any Class of Shares will not be developed or maintained. Accordingly, it may not always be possible for a Shareholder to realise an investment in the Company promptly at an appropriate price
- 11.23 Distributions/Redemptions in Cash or Kind.** The Fund is not required to distribute cash or other property to the Shareholders, and the Fund does not intend to make any such distributions. Notwithstanding the foregoing, the Fund may, in its discretion, settle redemptions in kind.
- 11.24 Notice Required.** A Shareholder must give prior written notice to the Administrator to make a partial or total redemption of its Shares. During such notice period, the Shareholder's investment remains at risk and may decrease in value from the date that notice of redemption is made to the Administrator until the effective date of redemption.
- 11.25 Compliance and Legal Requirements.** The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension and other laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.
- 11.26 Institutional Risk and Custodial Risks.** The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. Brokers may trade with an exchange as a principal on behalf of the Fund, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Fund (for example, the transactions which the broker has entered into on

behalf of the Fund as principal as well as the margin payments which the Fund provides). In the event of such broker's insolvency, the transactions which the broker has entered into as principal could default and the Fund's assets could become part of the insolvent broker's estate, to the detriment of the Fund. In this regard, Fund assets may be held in "street name" such that a default by the broker may cause the Fund's rights to be limited to that of an unsecured creditor.

- 11.27 Reserves.** Under certain circumstances, the Fund may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Shareholder's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund's activities.
- 11.28 Forced Liquidation.** Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund's capital. The resulting reduction in the Fund's capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, such substantial redemptions would result in the remaining Shareholders proportionally bearing a greater percentage of the Fund's fees and expenses.
- 11.29 Litigation and Claims.** The Fund and the Investment Manager, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a law suit or proceeding arising from a Director's wilful default or fraud or the Investment Manager's gross negligence, wilful default, or fraud in the performance of its duties, expenses or liabilities of the Fund arising from any suit shall be borne by the Fund.
- 11.30 Need for Independent Advice.** The Fund and the Investment Manager have consulted with counsel, accountants and other experts regarding the formation of the Fund. Each prospective investor should consult his/its own legal, tax and financial advisers regarding the desirability of an investment in the Fund.
- 11.31 Registration.** The Fund is not registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Company Act"), (or any similar state laws). Investors, therefore, will not be accorded the protective measures provided by such legislation.
- 11.32 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 Company 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 the event that 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.

- 11.33 Cross Class Liabilities.** The Company is expected to have different Classes of Shares with different investment objectives and strategies. In the event that a particular Class suffers severe losses such that the liabilities of such Class exceeds its assets, creditors of that Class may be permitted to seek to recover from the assets of all the Classes of the Company. There can be no assurance that steps taken by the Board of Directors of the Company to minimise this risk will successfully eliminate any cross Class liability risk.
- 11.34 Currency Risks.** The Company invests principally in Indian rupee denominated instruments, which may be subject to exchange rate fluctuations with consequent reductions in the US dollar denominated Net Asset Value. Foreign currency exposure will not normally be hedged but the Fund may (but is not obliged to) seek to hedge foreign currency risk. However, it may not be possible or practicable to hedge Rupees (or any other currencies into which the Fund may invest), and/or any such hedges may be imperfect, and/or the Fund may not decide to hedge foreign currency risk. Accordingly, investors may bear the risk of adverse movements in exchange rates. Investors will also bear the risks associated with entering imperfect hedging transactions. To the extent that the assets of the Fund may be invested in securities denominated in other currencies, the value of the net assets, distributions and income from such securities may be adversely affected by changes in the relative value of those other currencies. The repatriation of capital may be hampered by changes in local regulations concerning exchange controls or political circumstances.
- 11.35 Political, Economic, and Regulatory Risks.** The liquidity of the Shares and the Net Asset Value of the Company may be affected generally by changes in policies and laws of the local government (including exchange rates and controls), interest rates and taxation, social and religious instability and political, economic or other developments in the emerging markets. Generally, emerging market regulatory standards and disclosure standards are less stringent than standards in developed countries and there may therefore be less publicly available information about emerging market companies than is regularly available about companies located in developed countries. Accounting standards and requirements in emerging markets differ significantly from those applicable to companies in developed countries. Emerging markets have experienced substantial fluctuations in the prices of listed securities. The emerging market stock exchanges have been subjected to broker defaults, failed trades and settlement delays and local regulators can impose restrictions on trading in certain securities, limitations on price movements and margin requirements.

The increased volume of trading in the emerging markets as a result of the inflow of foreign investment has caused severe settlement difficulties resulting in significant delays in the settling of trades and registering of transfers of securities. The emerging stock markets are more volatile than the stock markets of developed countries. Emerging markets are exposed to the risks of radical, political or economic change which could adversely affect the value of the Company's investments.

Hostilities in emerging markets may have a material adverse effect on the market for securities.

- 11.36 Economic and Business Conditions.** General economic and business conditions may affect the Fund's activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Fund. Unexpected volatility or liquidity in the markets in which the Fund directly or

indirectly holds positions could impair the Fund's ability to carry out its business and could cause it to incur losses.

- 11.37 Limited Diversification.** There is no requirement to diversify the investment portfolio in terms of country, currency or business sector and hence the investment portfolio may, from time to time, become concentrated in investments of particular countries, currencies and/or sectors, which increases the risk of an investment in the Company by increasing the relative impact of changes in the market, economic or political environment affecting countries, currencies or sectors. In particular it is expected that the investment portfolio of the Company will be concentrated in India, and in Rupees.
- 11.38 Risks in relation to Intervening Countries.** Where the Company's investments are held or made through vehicles established in another country, for example, India, the value and performance of investments and returns thereof may be affected by the political, economic and regulatory conditions of that country.
- 11.39 Risks of Taxation.** The section on Tax Aspects is a summary of taxation law and practice in force in the relevant countries at the date of this PPM and is subject to changes therein and is not exhaustive. Levels and bases of taxation in the relevant countries may change. Where investment is made through a Mauritius entity, the repeal or amendment or adverse interpretation of the Mauritius Double Taxation Treaty may adversely affect the performance of the investments and thus the value of the Company.
- 11.40 Risks from Illiquidity.** The Shares are not listed or dealt in on any stock exchange and no application for listing on any stock exchange is anticipated. In addition, no market maker in the Shares has been appointed. It may be difficult therefore for an investor to sell or realise his/its Shares otherwise than as provided in the Articles, the Constitution and this PPM. In addition, the Company may make redemption payments to certain Shareholders in specie. Shareholders receiving redemption payments in specie may incur brokerage costs in converting such securities to cash. Such conversions will be subject to the market risks set forth above. A subscription for Shares should therefore be considered only by persons financially able to maintain their investment for an extended period of time and who can afford the loss of all or a substantial part of such investment. If redemptions or other distributions are affected in kind, investors may be required to bear the economic risk of ownership of such investments for an indefinite period.
- 11.41 Risks in relation to Investment Structure.** Where the Company's investments are held or made through entities established in another country, for example, India, the Company may be subject to risk of financial loss of part/whole of their assets in the event of the bankruptcy, winding up, judicial management, liquidation, or any such similar adverse event affecting such entity.
- 11.42 Winding up.** On a winding up, whether as a solvent or an insolvent company, the liquidator will distribute the assets of the Company in accordance with the Law and the Constitution. The liquidator may choose to meet the liabilities of one Class from the assets of other Classes. This may result in a partial or total write-down in the NAV of Classes.
- 11.43 Limitations on Control by Members.** Members have no right to require that a Class of Shares of the Company be invested in a particular manner. The Directors of the Company may under certain circumstances (as outlined in the Constitution) postpone or mandate

redemptions of particular shareholders and may impose or remove investment limitations on the Company as a whole or on any particular Class of the Company. The Directors shall at their sole discretion determine the voting rights (if any) for Participating Shares of a new designated Class and may issue Shares with no voting rights. Furthermore, any Share transfer requires the approval of the Board of Directors of the Company. These limitations on the rights of Shareholders may adversely affect the Shareholders' ability to implement their desired investment strategies or decisions.

- 11.44 Emerging Markets.** The Company may invest in securities of emerging markets including but not limited to India. Investing in the securities of issuers in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalisation of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the Company's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of Company portfolio securities and cash with non-U.S. sub custodians and securities depositories.
- 11.45 Non-U.S. Securities.** Investing in securities of non-U.S. governments and companies domiciled or operating outside of the United States involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

11.46 Amortisation of Organisational Costs

The Fund's financial statements shall initially be prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS does not permit the amortisation of organisational costs. For the purposes of Net Asset Value calculation, organisational costs may be amortised over a period of up to 5 years or written off over such period as the Directors may determine from time to time. A note reconciling the Net Asset Value calculation at the year-end shall be included in the statutory accounts of the Fund.

11.47 Business Risk

There can be no assurance that the Fund will achieve its investment objective. There is little operating history by which to evaluate their likely future performance. The investment results of the Fund are reliant upon the success of the Investment Manager.

11.48 Economic developments and volatility in securities markets in other countries.

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager’s ability to fulfil the Fund’s investment objective. However, the Investment Manager believes that there is a high likelihood of significantly increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of the Fund’s portfolio.

11.50 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) **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.

- (c) **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).

- (d) **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.

- (e) **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.

- (f) **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.

- (g) **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. **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.

12. MATERIAL CONTRACTS

The Fund has entered into the following contracts (not being contracts in the ordinary course of business) which may be material:

- (A) An Investment Management Agreement between the Fund and the Investment Manager pursuant to which the Investment Manager was appointed Investment Manager in respect of each Class of the Fund for the provision of certain investment advisory and investment management services to the Fund. Details of the fees payable to the Investment Manager are contained in the section of this PPM “Fees, Charges and Expenses”. The Investment Management Agreement contains indemnities and exclusions of liability in favour of the Investment Manager and certain other parties. The Investment Management Agreement may be terminated on 90 days' notice, or earlier under certain circumstances; and
- (B) An Administration Agreement between the Fund and the Administrator pursuant to which the Administrator was appointed administrator and registrar, valuation and transfer agent, and Company Secretary in respect of each Class of the Fund. The Administration Agreement has an initial fixed term of 12 months and thereafter will continue in force until terminated by the Fund on 90 days' notice in writing to the Administrator. If it is determined by the Fund that the Administrator (i) is in material breach of the Administration Agreement and the Administrator has failed to cure such breach within 30 days of being requested to remedy it or (ii) has become bankrupt or insolvent then the Fund shall have the right to terminate the Administration Agreement upon notice. The Administrator may terminate the Administration Agreement upon at least 90 days' prior written notice to the Fund. If it is determined by the Administrator that the Fund (i) is in material breach of the Administration Agreement and the Fund has failed to cure such breach within 30 days of being requested to remedy it, or (ii) has become bankrupt or insolvent, then the Administrator shall have the right to terminate the Administration Agreement upon notice to the Fund. The Administration Agreement provides that in the absence of material breach of the Administration Agreement, wilful misconduct, bad faith, fraud or negligence, the Administrator will not be liable for any loss incurred by the Fund and the Fund agrees to indemnify the Administrator against any loss suffered by the Administrator save where such loss results from material breach of the Administration Agreement, wilful misconduct, bad faith, fraud or negligence on the part of the Administrator. The fees payable to the Administrator under this agreement are summarised in the section headed “Fees, Charges and Expenses”.

The Fund may enter into additional material contracts in respect of a particular Class and details of these shall be set out in the relevant Supplement.

12.1 General Information

12.1.1 Available Documents

This 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 herein. 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; and
- (E) The Tax Residence Certificate.

12.1.2 Counsel

The legal counsel mentioned in **Section 2** titled “**DIRECTORY**” serves as counsel to the Fund and the Investment Manager, in connection with legal matters pertaining to their relevant jurisdiction, and may serve as counsel to other investment funds whether or not sponsored or managed by the Investment Manager and its affiliates. Should a future dispute arise between the Fund and the Investment Manager, separate counsel may be retained as circumstances and professional responsibilities then dictate. Counsel to the Fund do not represent the Shareholders.

12.1.3 Enquiries and Communication with the Fund

All communications and correspondence with the Fund and enquiries concerning the Fund and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value, should be directed to the Administrator at the address set forth in the “**DIRECTORY**”.

12.1.4 Litigation

The Fund is not, nor has at any time in the 12 months immediately preceding the date of this PPM been, engaged in any governmental, legal or arbitration proceedings and the Fund is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Fund, nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this PPM in each case which may have, or have had in the recent past, a significant effect on the Fund's financial position or profitability.

13. POTENTIAL CONFLICTS OF INTEREST

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

- (i) The Investment Manager and each of its directors presently and will in the future, directly or indirectly, direct, sponsor or manage other managed pools or accounts in addition to the Fund. The Investment Manager and each of its directors may have financial or other incentives to favour some such pools or accounts over the Fund. The Investment Manager will make its own decisions for the Fund, which decisions may differ from time to time from those recommended by analysts of the Investment Manager for its other advisory clients.
- (ii) The Investment Manager believes that it will continue to have sufficient staff, personnel and resources to perform all of its duties with respect to the Fund. However, because some of the officers of the Investment Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Fund and other entities similar to the Fund.
- (iii) The Fund may invest the Fund’s capital in investment funds and/or with other accounts managed by the Investment Manager and/or its affiliates. As a result, the Investment Manager may receive fees based on these investments directly from the Fund and, directly or indirectly, from the other investment funds or accounts. Notwithstanding such circumstances, the Investment Manager will act in accordance with its fiduciary duties to the Shareholders.
- (iv) Some or all of the Related Parties may be involved with other entities utilising investment strategies similar to those of the Fund and with other business in general. The Investment Manager may cause the Fund to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships. In the event that the Fund intends to engage in any such transaction, the Fund may appoint an Independent Client Representative to give or withhold the consent of the Fund to such transactions.
- (v) The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature and the Fund has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Related Parties shall not be obliged to account to the Fund for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Fund any of the investment or service opportunities obtained through such activities. Related Parties may own Shares in the Fund, deal as principals with the Fund in the sale or purchase of investments of the Fund or act as brokers, whether to the Fund or to third parties, in the purchase or sale of the Fund’s investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.
- (vi) The Investment Manager and/or its affiliates and/or its employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Fund is recommended, or which in fact is purchased or sold by or otherwise traded for the Fund. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another fund or

account managed by the Investment Manager or a Related Party. Accordingly, the Investment Manager may sell or recommend the sale of a particular security for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Investment Manager's investment recommendations. For example, the Investment Manager may recommend that the Fund sell a security, while not recommending such sale for other accounts in order to enable the Fund to have sufficient liquidity to honour Shareholders' redemption requests. When there is a limited supply of investments, the Investment Manager will use its reasonable efforts to allocate or rotate investment opportunities, but the Investment Manager cannot assure absolute equality among all of its accounts and clients.

13.1 Other Activities

The Investment Manager, each of its affiliates and the Directors may engage in other business activities and manage the accounts of clients other than the Fund including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Fund. The Investment Manager, each of its affiliates and the Directors are not required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as general partner, investment manager or managing agent for investment vehicles with objectives similar to those of the Fund.

14. CERTAIN PROVISIONS OF THE CONSTITUTION

The principal object of the Fund, as specified in Clause 7 of its Constitution, is to carry out qualified global business as defined in the Mauritius Financial Services Act 2007. In addition to provisions dealt with elsewhere in this document, the Constitution contains the following additional material provisions:

Increase and Reduction of Capital

Subject to the laws of Mauritius and to the other provisions of the Constitution, the Fund may from time to time by a special resolution:

- (i) consolidate and divide its share capital or any part thereof into shares of a larger amount than its existing Shares;
- (ii) cancel any shares, which at the date of the passing of the special resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its stated capital by the amount of its Shares cancelled;
- (iii) subdivide its shares or any of them into shares of a smaller amount than that fixed by the Constitution provided that in the subdivision of an existing Share the proportion between the amount paid and the amount (if any) unpaid on each reduced Share shall be the same at it was in the case of the Share from which the reduced Share is derived; and
- (iv) reduce its share capital, in any manner and to such amount as it thinks fit in accordance with the Law.

Borrowing Powers

Subject to the borrowing limit referred to in the section of this PPM entitled "Investment Policy", the Directors may exercise all the powers of the Fund to borrow money and to mortgage or charge its undertaking, property, and assets or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as a security for any debts.

15. MISCELLANEOUS

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

The Fund has not established and does not intend to establish a place of business in the United Kingdom.

A copy of the register of Shareholders may be inspected at the registered office of the Fund during normal business hours.

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

The Fund has appointment HSBC Bank (Mauritius) Limited as its cash custodian in Mauritius.

ANNEXURE 1

	<u>No of shares</u>	<u>Participatin g shares</u> USD	<u>Net assets attributable to holders of Participatin g Shares</u> USD	<u>Total</u> USD
Balance at 01 April 2008	-	-	-	-
Issue of Participating Shares	130,008	12,368,403	-	12,368,403
Redemption of Participating Shares	(26,068)	(1,556,630)	-	(1,556,630)
Loss incurred in preceding year attributable to holders of participating share	-	-	(224,499)	(224,499)
Net loss for the year	-	-	(3,514,563)	(3,514,563)
Balance at 31 March 2009	103,940	10,811,773	(3,739,062)	7,072,711

ANNEXURE 2

EMERGENT INDIA INVESTMENTS LTD

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

**EMERGENT INDIA INVESTMENTS LTD
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

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**EMERGENT INDIA INVESTMENTS LTD
CORPORATE DATA
FOR THE YEAR ENDED 31 MARCH 2009**

1.

		Date of appointment	Date of resignation
Directors:	Chandra Kumar Gujadhur Norman Amey Dilip Sinha Love Yadav Mahmab Tahleb Rujub	October 15, 2007 November 21, 2007 December 14, 2007 December 14, 2007 October 31, 2008	- October 31, 2008 February 3, 2009 - -
Registered Office:	Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene Mauritius		
Administrator and Secretary:	Apex Fund Services (Mauritius) Ltd. Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene Mauritius		
Investment Manager:	Reliance Asset Management (Mauritius) Limited Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene Mauritius		
Auditors:	Ernst & Young Level 20, Newton Tower Sir William Newton Street Port Louis MAURITIUS		
Bankers:	HSBC Bank (Mauritius) Limited 5th Floor, Les Cascades Edith Cavell Street Port Louis Mauirtius		

**EMERGENT INDIA INVESTMENTS LTD
COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2009**

2.

The directors present their annual report, together with the audited financial statements of the Fund for the year ended 31 March 2009.

RESULTS AND DIVIDENDS

The Fund's loss for the year ended 31 March 2009 is USD 3,514,563. (2008: USD 47,449)

The directors do not recommend the payment of a dividend for the year under review.

DIRECTORS

The present membership of the Board is set out on page 1.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Fund's directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet at 31 March 2009, and the income statement, the statement of changes in equity and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001.

The director's responsibility includes: designing, implementing internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

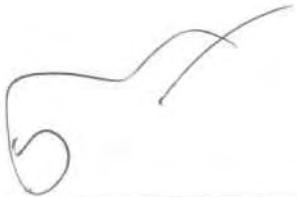
AUDITORS

Ernst & Young have been appointed as auditors of the Fund. The auditors, Ernst & Young, have indicated their willingness to continue in office.

**EMERGENT INDIA INVESTMENTS LTD
SECRETARY'S CERTIFICATE
UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001**

3.

We certify that, to the best of my knowledge and belief, the Fund has filed with the Registrar of Companies all such returns as are required of Emergent India Investments Ltd under the Companies Act 2001 during the financial for the year ended 31 March 2009.



Company Secretary
Apex Fund Services (Mauritius) Ltd.
Suite 2005, Level 2,
Alexander House,
35 Cybercity,
Ebene
Mauritius

Date: 30 SEP 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EMERGENT INDIA INVESTMENTS LTD

4.

Report on the financial statements

We have audited the financial statements of Emergent India Investments Ltd on pages 6 to 24 which comprise the balance sheet as at 31 March 2009, income statement, statement of changes in net assets attributable to holders of participating shares and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 6 to 24 give a true and fair view of the financial position of the Fund as at 31 March 2009, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Other matters

This report, including the opinion, has been prepared for and only for the Fund's shareholders, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EMERGENT INDIA INVESTMENTS LTD

5.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with or interests in the Fund other than in our capacity as auditors and dealings with the Fund in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.

Ernysty

ERNST & YOUNG
PORT LOUIS,
Mauritius

Date.....**30 SEP 2009**

L-kue L O

LI KUNE LAN POOKIM, A.C.A, F.C.C.A
SIGNING PARTNER

EMERGENT INDIA INVESTMENTS LTD
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

6.

	Notes	2009 USD	2008 USD
REVENUE			
Interest Income		3	2
Payables waived	11	217,667	-
		<hr/>	<hr/>
		217,670	2
EXPENSES			
Investment management fees		2,677	-
Administration expenses		56,113	9,000
Audit fees		8,045	3,000
Directors fees		2,001	10,000
Legal and Professional charges		-	13,529
Operating expenses		6,374	1,922
Organisational cost		9,967	-
Set up costs		-	10,000
Operating expenses		<hr/> 85,177	<hr/> 47,451
Profit / (Loss) from operations		132,493	(47,449)
Realised loss on financial assets at fair value through profit and loss		(918,442)	-
Unrealised loss on financial assets at fair value through profit and loss	6	(2,728,614)	-
Loss before taxation		<hr/> (3,514,563)	<hr/> (47,449)
Taxation	4	-	-
Decrease in net assets attributable to holders of participating shares from operations		(3,514,563)	(47,449)
		<hr/>	<hr/>

The notes on pages 10 to 24 form an integral part of these financial statements.

EMERGENT INDIA INVESTMENTS LTD
BALANCE SHEET AS AT 31 MARCH 2009

7.

	Notes	2009 USD	2008 USD
ASSETS			
Financial assets at fair value through profit or loss	6	7,069,305	-
Other receivables	7	521,829	1,932
Cash and cash equivalents		31,248	-
TOTAL ASSETS		7,622,382	1,932
LIAABILITIES			
Trade and other payables	8	549,661	226,421
Total liabilities excluding net assets attributable to holders of participating shares		549,661	226,421
Net assets		7,072,721	(224,489)
Represented by:			
Management shares	9	10	10
Net assets attributable to holders of participating shares		7,072,711	(224,499)
		7,072,721	(224,489)

30 SEP 2009

Approved by the Board on _____ and signed on its behalf:



DIRECTOR



DIRECTOR

EMERGENT INDIA INVESTMENTS LTD
STATEMENT OF NET ASSETS ATTRIBUTABLE TO HOLDERS OF
PARTICIPATING SHARES
FOR THE YEAR ENDED 31 MARCH 2009

8.

	No of shares	Participating shares USD	Participating Shares USD	Net assets attributable to holders of Participating Shares USD	Total USD
Balance at 01 April 2008	-	-	-	-	-
Issue of Participating Shares	130,008	12,368,403	-	-	12,368,403
Redemption of Participating Shares	(26,068)	(1,556,630)	-	-	(1,556,630)
Loss incurred in preceding year attributable to holders of	-	-	(224,499)	(224,499)	
Net loss for the year	-	-	(3,514,563)	(3,514,563)	
Balance at 31 March 2009	<u>103,940</u>	<u>10,811,773</u>	<u>(3,739,062)</u>	<u>7,072,711</u>	

The notes on pages 10 to 24 form an integral part of these financial statements.

EMERGENT INDIA INVESTMENTS LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2009

9.

	2009	2008
	USD	USD
Cash flow generated from operating activities		
Loss before taxation	(3,514,563)	(47,449)
<i>Adjustments for:</i>		
Interest income	(3)	(2)
Realised loss on disposal of financial assets at fair value through profit or loss	918,442	-
Unrealised loss on financial assets at fair value through profit or loss	2,728,614	-
 Cash flow generated from operating activities before working capital changes	 132,490	 (47,451)
Increase in trade and other payables	323,240	37,332
Increase in other receivables	(519,897)	(1,805)
Acquisition of financial assets at fair value through profit or loss	(12,299,763)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,583,402	-
 (10,780,528)	 (11,924)	
Interest received	3	2
 Net cash used in operating activities	 (10,780,525)	 (11,922)
 Cash flows from financing activities	 	
Proceeds from issue of shares	12,368,404	-
Redemption of shares	(1,556,631)	-
 Net cash flow generated from financing activities	 10,811,773	 -
 Net increase in cash and cash equivalents	 31,248	 (11,922)
 Opening Cash and cash equivalents	 -	 11,922
 Closing Cash and cash equivalents	 31,248	 -

The notes on pages 10 to 24 form an integral part of these financial statements.

1. LEGAL STATUS AND BUSINESS ACTIVITY

Emergent India Investments Ltd (the "Fund") is an umbrella fund incorporated under the laws of Mauritius on 20th September 2004 as a Category 2 Global Business Licence Fund. The Fund has changed its legal regime on 06 November 2006 to a holder of a Category 1 Global Business Licence regulated and licensed by the Financial Services Commission ("FSC") under the Financial Services Act 2007. The Fund has the power to create segregated portfolios of assets ("Sub-Funds"), and to issue different classes of Participating Shares in respect of such Sub-Funds. As at 31 March 2009, the Fund has two classes of participating shares in issue namely Class A and Class B.

The investment objective of the Class A and Class B Shares Sub-Fund is to generate long-term capital growth by investing through The Reliance Emergent India Fund, a unit scheme of The Reliance Mutual Fund being a Trust under the Indian Trust Act 1882, registered with SEBI Regn. No. MF/022/95/1, principally in companies established in or operating in India.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS").

Basis of accounting

The financial statements of the Fund have been prepared under the historical cost convention except for the fair value of financial asset at fair value through profit or loss. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates.

Foreign currencies

Functional and presentation currency

The financial statements are presented in United States Dollars (USD) which is also the currency of the primary economic environment in which the Fund operates (functional currency).

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value through profit or loss

(i) Classification

Financial assets at fair value through profit or loss includes financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on financial assets at fair value through profit or loss held for trading are recognised in profit or loss.

(ii) Recognition / Derecognition

Regular-way purchases and sales of financial assets at fair value through profit or loss are recognised on the trade date - the date on which the Fund commits to purchase or sell the financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed out in the statement of operations. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of the 'financial assets and financial liabilities through profit or loss' category are presented in the income statement in the period in which they arise.

(iv) Fair Value Estimation

The Fund's investment in the equity related securities scheme of Mutual Fund is valued at fair value, which is the Fund's proportionate interest in the net assets of the Mutual Fund equity related securities scheme. The performance of the Fund is directly affected by the performance of the Mutual Fund scheme.

Investments are initially recognized at fair value. Investments are subsequently carried at fair value determined by the Net assets value (NAV) of the Mutual Fund.

Net gain or loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities designated upon initial recognition as 'held at fair value through profit or loss' and excludes interest and dividend income and expenses.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated as proceeds less carrying value. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised on the Fund's balance sheet when the Fund has become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value which include transaction costs. Subsequent to the initial recognition, they are measured as set out below:

(i) *Other receivables*

Other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amount.

(ii) *Trade and other payables*

Trade and other payables are stated at their nominal value.

Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Related parties

Related parties are individuals and companies where the individual or Fund has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making the financial and operating decisions.

Revenue recognition

Revenue earned by the Fund is recognised on the following basis:

- Interest income is accounted for on a time proportion basis.

Expense recognition

All expenses are accounted for in the Income Statement on the accruals basis.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:-

The Fund has adopted the following new and amended IFRs and IFRIC interpretations as of 1 January 2008.

- IFRIC 11 IFRS 2 - Company and Treasury Share Transactions
- IFRIC 12 - Service Concession Arrangements
- IFRIC 14 IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of IFRIC 11 IFRS 2, IFRIC 12 and IFRIC 14 IAS 19 has had no material impact with accounting policies of the Fund and the methods of computation in the Fund's financial statements.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

IAS 1 (Revised 2007) Presentation of Financial Statements and Amendments to IAS 32, Financial Instruments: Presentation

Effective 1 January 2009. The standard requires entities to change their presentation of primary statements. The major changes include (i) all items of income and expense (including those accounted for directly in equity) are required to be presented either in a single statement (a 'statement of comprehensive income') or in two statements (a separate 'income statement' and 'statement of comprehensive income'); and

(ii) the statement of changes in equity will include only details of transactions with owners, while all non-owner changes in equity presented as a single line, total comprehensive income, with details included in a separate statement. When an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements, it will be required to present a statement of financial position as at the beginning of the earliest comparative period.

When an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements, it will be required to present a statement of financial position as at the beginning of the earliest comparative period.

IFRS 8 - Operating Segments

Effective 1 January 2009. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard - Statement of Financial Accounting Standards ("SFAS") 131, 'Disclosures about Segments of an Enterprise and Related Information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This standard is not applicable to the Fund.

IAS 23 Borrowing Costs

Revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Fund will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred by the Fund to date.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

IAS 27 (Amended) Consolidated and Separate Financial Statements

Amended IAS 27 is issued to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a Fund of entities under its control. The amendments shall be applied for annual periods beginning on or after 1 July 2009. However an entity shall not apply these amendments for annual periods beginning before 1 July 2009 unless it also applies IFRS 3 as revised in 2008.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement

On 31 July 2008, the International Accounting Standards Board (IASB) published amendments to IAS 39 Financial Instruments: Recognition and Measurement which provide clarification on two issues in relation to hedge accounting:

- identifying inflation as a hedged risk or portion; and
- hedging with options.

The amendments are effective for annual periods beginning on or after 1 July 2009.

IFRS 3 (Revised) Business Combinations

Revised IFRS 3 replaces IFRS 3 as issued in 2004 and comes into effect for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This is not applicable to the Fund.

IFRIC 8 Operating Segments

Effective 1 January 2009. This standard will require entities to report financial and descriptive information about its reportable segments. The Fund does not have different reporting segments.

IFRIC 13 - Customer Loyalty Programmes

Effective July 2008. This Interpretation addresses accounting by the entity that grants award credits to its customers. This interpretation is not applicable to the Fund.

IFRIC 15 - Agreements for the Construction of Real Estate

IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after 1 January 2009. The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how the Fund does not conduct such activity.

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

IFRIC 16 was issued in July 2008 and becomes effective for financial years beginning on or after 1 October 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such, it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment; where hedging instruments may be held in the hedge of a net investment; and, how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, that should be recycled in disposal of the net investment. The Fund is currently assessing which accounting policy to adopt for the recycling on disposal of the investment.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

Amendments to IFRS 1 - First-time adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements

The amendments to IFRS 1 allow an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statements and do not have an impact on the consolidated financial statements.

IFRS 2 - Share based payment (Revised 2008), effective for period beginning on or after 1 January 2009

The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by the other parties, should receive the same accounting treatment.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied.

IFRS 5 - Non-current Assets held for sale and Discontinued operations (Revised May 2008), effective for annual periods beginning on or after 1 July 2009

The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Fund will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

IAS 16 - Property, Plant and Equipment (Revised May 2008), effective for annual periods beginning on or after 1 January 2009

Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

IAS 18 - Revenue

The term 'direct costs' has been replaced with 'transaction costs', as defined in IAS 39.

IAS 19 - Employee Benefits (Revised May 2008), effective for annual periods beginning on or after 1 January 2009

The definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits has been revised. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment. The reference to the recognition of contingent liabilities has been deleted to ensure consistency with IAS 37.

IAS 20 - Government grants and disclosures of Government Assistance (Revised May 2008) effective for annual periods beginning on or after 1 January 2009

Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

IAS 28 - Investment in associates (Revised 2008), effective for annual periods beginning on or after 1 July 2009

If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

IAS 29 - Financial Reporting in Hyperinflationary Economies (Revised May 2008), effective for annual periods beginning on or after 1 January 2009

The reference to the exception to measure assets and liabilities at historical cost has been revised, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, various terms used to be consistent with other IFRS have been revised.

IAS 31 - Interests in joint ventures (Revised 2008), effective for annual periods beginning on or after 1 July 2009

If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirement of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

IAS 32 - Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for financial years beginning on or after 1 January 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features.

IAS 34 - Interim Financial Reporting

Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

IAS 36 - Impairment of assets, (Revised May 2008), effective for annual periods beginning on or after 1 January 2009

When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

2.3 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

IAS 38 - Intangible Assets (Revised May 2008), effective for annual periods beginning on or after 1 January 2009

Expenditure on advertising and promotional activities is recognised as an expense when the Fund either has the right to access the goods or has received the services.

The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed.

IAS 39 and IFRS 7 - reclassification of financial assets (issued 13 October 2008), effective for annual periods beginning on or after 1 July 2008

Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. The reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge has been removed. The use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting will be required.

IAS 40 - Investment Property (Revised May 2008), effective for annual periods beginning on or after 1 January 2009

Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, the conditions for a voluntary change in accounting policy has been revised to be consistent with IAS 8. It has further been clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

IAS 41 - Agriculture (Revised May 2008), effective for annual periods beginning on or after 1 January 2009

The reference to the use of a pre-tax discount rate to determine fair value has been removed. The prohibition to take into account cash flows resulting from any additional transformations when estimating fair value has also removed. Also, replaced of the term 'point-of-sale costs' with 'costs to sell'.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, which are described in Notes 2, the directors have made the following judgements that have the most effect on the amounts recognised in the financial statements.

Determination of functional currency

The determination of the functional currency of the Fund is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Fund is the USD.

**EMERGENT INDIA INVESTMENTS LTD
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4. TAXATION

The Fund being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax chargeable on its foreign source income. As at 31 March 2009, the Fund had tax losses of USD 13,332 (2008: USD 49,256) which are available for offset against future taxable profits. Capital gains of the Fund are exempt from tax in Mauritius.

5. AGREEMENTS

The Fund has entered into the following contracts:

- (a) an Investment Management Agreement among Reliance Emergent India Fund Limited (the "Feeder"), Reliance Asset Management (Mauritius) Limited and the Fund pursuant to which the Feeder and the Fund have appointed the Investment Manager to manage and invest on a discretionary basis the Portfolio of the Feeder and the Fund. The Investment Manager is entitled to a fee of 0.75% per annum of the net asset value of Class B shareholders. The Investment Manager is also entitled to receive a performance fee from the Fund with respect to Class B shareholders.
- (b) an Administration, Registrar, Valuation and Transfer Agent Agreement between the Fund and Apex Fund Services (Mauritius) Ltd (the "Administrator") pursuant to which the Administrator was appointed as administrator, registrar, valuation and transfer agent of the Fund.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	USD	USD
Addition during the year	12,299,763	-
Disposal during the year	(2,501,844)	-
Unrealised loss on financial assets at fair value through profit or loss	(2,728,614)	-
	<hr/>	<hr/>
	7,069,305	-
	<hr/>	<hr/>

Name of Company	Country of Incorporation	No. of shares	Fair value per share	Fair value
			USD	USD
Reliance Mutual Fund	India	56,109,930	0.126	7,069,305

7. OTHER RECEIVABLES

	2009	2008
	USD	USD
Prepayments	-	1,805
Other receivable	127	127
Receivable from related parties	521,702	-
	<hr/>	<hr/>
	521,829	1,932
	<hr/>	<hr/>

The amount receivable from related parties is unsecured, interest free and repayable on demand.

EMERGENT INDIA INVESTMENTS LTD
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8. TRADE AND OTHER PAYABLES

	2009	2008
	USD	USD
Payable to related party	521,702	190,091
Accruals	27,959	36,330
	<hr/>	<hr/>
	549,661	226,421
	<hr/>	<hr/>

The amount payable to related party is unsecured, interest free and repayable on demand.

9. MANAGEMENT SHARES

	2009	2008
	USD	USD
<i>Issued and fully paid</i>		
10 Management shares of USD 1 each	10	10
Total	<hr/>	<hr/>
	10	10
	<hr/>	<hr/>

Management Shares

The Management Shares are not redeemable and shall confer on the holders thereof:

- (a) voting rights in any Members' Meeting;
- (b) the right to participate in so much only of the profits and assets of the Fund as are attributable to the Management Shares; and
- (c) in a winding up the right to the return of capital only as set out in Article 48 of the Fund's Constitution.

10. PARTICIPATING SHARES

The Participating Shares shall confer on the holders thereof:

- (a) no voting rights; and
- (b) in a winding up to the rights as set out in Article 48 of the Fund's constitution.

Participating shares are redeemable at the option of the holder or the Fund.

As at 31 March 2009, there were 69,879 Class A shares and 34,060 Class B shares in issue.

The Class A and Class B shares have the same rights except for their scheme of cost in respect to management and performance fees.

Class A Shares are liable for any investment management fee or performance fee. Whereas, Class B shares shall be liable to the Investment manager a management fees of 0.75%. The Investment Manager is also entitled to receive a performance fees from the Class B Share. Any such Performance Fee shall be as agreed in writing between the Fund and the Subscriber.

11. PAYABLES WAIVED

The organizational expenses borne by the Company up to 3 February 2009 have been charged to Reliance Emergent India Fund Limited and Reliance India Investments L.P.

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12. RELATED PARTY DISCLOSURES

During the year to 31 March 2009, the Fund transacted with related parties. The nature, volume of transactions and the balances with the entity are as follows:-

Related Party	Relationship	Nature of transaction	Volume of Transactions to	Balance at 31
			31 March 2009 USD	March 2009 USD
Reliance Asset Management (Mauritius) Limited	Investment Manager	Other payables	326,019	(521,702)
Reliance Emergent India Fund Limited	Feeder Fund	Advances given	347,801	347,801
Reliance Emergent India Investment Limited LP	Feeder Fund	Advances given	173,901	173,901

Related Party	Relationship	Nature of transaction	Volume of Transactions to	Balance at 31
			31 March 2008 USD	March 2008 USD
Reliance Asset Management (Mauritius) Limited	Investment Manager	Payables	16,834	177,696
DITCML	Shareholder	Payables	90	12,395
Merchant Banking Solutions	Shareholder	Payables	11,922	-
				190,091

13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased securities is limited to the fair value of those positions.

13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) Price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The trading equity price risk exposure arises from the investment that the Fund has in a scheme of the Mutual Fund in India whereby the scheme is for the investment in equity related securities. As at year end, the scheme has investments in quoted securities.

The following table details the Fund's sensitivity to an increase and decrease in the equity share price by 5%. If equity prices had been 5% higher, the net profit for the period would increase by USD 353,465. There would be an equal and opposite impact if the equity prices had been 5% lower.

Fair value of investments as at 31 March 2009:

Investments	No of shares	Cost USD	NAV value 31 March 2009 USD	Fair value investment USD	Unrealised depreciation USD
Reliance Mutual Fund	56,109,930	9,797,919	0.126	7,069,305	(2,728,614)

A 5% change in the equity price of securities held in the scheme of the mutual fund

Investments	No of shares	Cost USD	NAV value 31 March 2009 USD	Fair value investment USD	Unrealised depreciation USD
Reliance Mutual Fund	56,109,930	9,797,919	0.132	7,422,770	(2,375,149)
2009 : Effect of changes in equity prices of Mutual Fund				353,465	

2008 : Effect of changes in equity prices of Mutual Fund

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13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(ii) Currency risk

The Fund has investments denominated in Indian Rupee ("INR"). Consequently, the Fund is exposed to the risk that the exchange rates of the USD relative to INR may change in a manner which have a material effect on the reported value of the Fund's investments denominated in these currencies.

The currency profile of the Fund's financial assets and liabilities is summarised as follows:-

	2009		2008	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	USD	USD	USD	USD
Indian Rupees	7,069,305	-	-	-
United States Dollars	553,077	7,622,372	-	226,421
	<u>7,622,382</u>	<u>7,622,372</u>	<u>-</u>	<u>226,421</u>

The following demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Fund's profit before tax (due to changes in fair value of monetary assets and liabilities) and net assets.

Investments	No of shares	Fair value investment	Exchange rate	Fair value investment
		INR	USD	USD
Reliance Mutual Fund	56,109,930	358,665,898	50.74	<u>7,069,305</u>

A 5% change in the exchange rate

Investments	No of shares	Fair value investment	Exchange rate	Fair value investment
		INR	USD	USD
Reliance Mutual Fund	56,109,930	358,665,898	53.28	<u>6,732,981</u>
2009: Effect of changes in exchange rates				<u>336,324</u>
2008: Effect of changes in exchange rates				<u>-</u>

At 31 March 2009, had the Indian Rupees 'INR' strengthened by 5% in relation to the US Dollar 'USD', with all other variables held constant, profit before tax would have increased by USD 336,324.

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13. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(iii) *Cash flow interest rate risk*

The Fund's income and operating cash flows are dependent of changes in interest rates. The Fund's interest earning financial assets are cash and cash equivalents. Interest income from cash at bank may fluctuate in amount, in particular due to changes in market interest rates. As at 31 March 2009, the Fund's has insignificant interest income and therefore, does not consider interest rate risk to be significant to the Fund.

(b) *Liquidity risk*

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's participating shares are redeemable at the option of the Fund or the shareholders and hence can be redeemable at any time.

The table below summarised the maturity profile of the Fund's financial liabilities at 31 March 2009 based on contractual undiscounted payments:

Liabilities	2009		2008	
	Less than one year	On demand	Less than one year	On demand
	USD	USD	USD	USD
Payable to related party	-	521,702	-	190,091
Other payables	-	-	-	-
Accruals	27,959	-	36,330	-
Net assets attributable to holders of participating shares	-	7,072,711	-	-
	<hr/> <hr/> 27,959	<hr/> <hr/> 7,594,413	<hr/> <hr/> 36,330	<hr/> <hr/> 190,091

(c) *Credit risk*

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund's main credit risk concentration is its cash and cash equivalents and other receivables.

With respect to credit risk arising from financial assets which comprise of cash and cash equivalents, other receivables, fair value through profit or loss, the Fund's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2009	2008
	USD	USD
Other receivables	521,829	127
Cash and cash equivalents	31,248	-
	<hr/> <hr/> 553,077	<hr/> <hr/> 127

**EMERGENT INDIA INVESTMENTS LTD
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14. CAPITAL RISK MANAGEMENT

As a result of the ability to issue and redeem the participating shares at the option of the holders, the capital of the fund can vary depending on the demand for redemption and subscription to the Fund. The Fund is not subject to externally imposed capital requirements and has no restrictions on redemption as long as all the procedures are followed.

15. RECONCILIATION OF NET ASSET VALUE

The Fund has two classes of shares in issue as at the reporting date.

The net assets of the Fund as per the Balance Sheet differs from the net assets as at 31 March 2009 reported to investors.

Reconciliation

	2009
	USD
Net assets per financial statements	7,072,711
Adjustment for set up costs	(170)
Net assets per reporting to shareholders	<u>7,072,541</u>

	Class A	Class B	Total
Net assets per reporting to shareholders	3,594,420	3,478,121	7,072,541
Number of shares in issue	69,879	34,060	
NAV per share reported to shareholders	<u>51.44</u>	<u>102.12</u>	

The difference is due to the treatment of the set up costs which is amortised over a period of time as per the PPM but fully written off as incurred in line with IFRS in these financial statements.

16. EVENTS AFTER BALANCE SHEET DATE

There is no significant event after the balance sheet date which requires disclosure or amendment to these financial statements.