

To

May 11, 2015

Mr. Ananta Barua  
Executive Director  
Securities & Exchange Board of India  
Bandra Kurla Complex  
Mumbai

Dear Sir,

**Re: Calculation of 10% Single Company Investment Limit- To be Applied to Initial Corpus or Latest Fund Valuation**

**May we request you for clarity on the investments restriction imposed by Regulations 15 (d) of SEBI (AIF) Regulations, 2012.**

**Background:**

Chapter III of the SEBI (Alternative Investment Funds) Regulations, 2012 ('Regulations') prescribes various Investment Conditions and Restrictions which needs to be adhered to while making investments by an Alternate Investment Funds ('AIF'). Clause 15(d) of Chapter III states that Category III Alternative Investment Fund shall invest not more than ten percent of the investible funds in one Investee Company.

The term investible funds is defined under Chapter I, clause 2(p) as under:

"Investible funds" means corpus of the Alternative Investment Fund net of estimated expenditure for administration and management of the fund;

Further the term corpus is defined under Chapter I, clause 2(h) as under:

"Corpus means the total amount of funds committed by investors to the AIF by way of a written contract or any such document as on a particular date."

**Clarification sought:**

Going by the literal interpretation, the aforesaid limit is to be monitored on the corpus which is defined as the initial amount committed by the investors and not on the market value of the portfolio.

Hence, if the Fund has raised a corpus of Rs. 100 crores during the allotment, the value of which has increased to Rs. 150 crores due to market movement, the limit of 10% needs to be applied on the initial amount raised i.e. Rs. 100 crores. Whereas, since the market value of investments of the

  
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portfolio of the scheme is Rs. 150 crores as on the date of investment, **it is prudent if the limit is calculated on the market value of the portfolio as on the date of investment.**

Thank you for your kind consideration.

Respectfully,



Arvind Mathur  
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