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भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT
DIVISION OF FUNDS-1

IMD/ DoF-1/ AIF/NK/OW/6375/2014
February 28, 2014

The Managing Partner
India Realty Excellence Fund II LLP,
c/o Motilal Oswal Real Estate Investment Advisors Private Limited,
Motilal Oswal Tower, 10th Floor,
Junction of Gokhale Road & Sayani Road,
Prabhadevi, Mumbai – 400 025

Dear Sir,

Sub:- Request for interpretive letter under the SEBI (Informal Guidance) Scheme, 2003- by India Realty Excellence Fund II LLP on applicability of the provisions of SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations")

1. This has reference to your letter dated November 22, 2013 seeking an interpretive letter/no action letter under the SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference you have *inter alia* represented as follows:-
 - a. India Realty Excellence Fund II LLP ("Applicant") is registered with SEBI as a Category II Alternative Investment Fund ("AIF"), Registration No- IN/AIF2/13-14/0085.
 - b. The applicant intends to accept capital commitments from eligible investors at different closings and make investment in various portfolio companies as per the Fund's investment strategy. The target corpus of the Fund is Rs. 300 crore with a green shoe option of Rs. 200 crore.
 - c. Motilal Oswal Securities Limited, the sponsor of the Fund, has committed 20% of the size of the Fund (Rs. 500 crore) subject to minimum commitment of Rs. 50 crores and maximum commitment of Rs. 100 crore.
3. In view of the above submissions, you have sought, *inter alia*, interpretive/ no action letter under SEBI (Informal Guidance) Scheme, 2003 from SEBI on the following:
 - a. In terms of Regulation 15(c) of the AIF Regulations and related definitions, whether the investment limit of 25% of the investible funds is to be complied with at the time of final close of the Fund or at the time of each investment by the Fund?
 - b. In terms of Regulation 17(a) of the AIF Regulations, whether the word 'primarily' appearing therein shall be construed as "75%" or "66.67%" or "51%" of the investible funds of the Fund?
 - c. Whether the above investment limit of 25% of the investible funds referred in (I) and the limit of investment amount primarily in unlisted securities referred in (II) above could be

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अनुवर्ती:
Continuation :

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achieved by the Fund at the end of the life cycle of the Fund as in case of VCFs as set out in the explanation to Regulation 12 of the VCF Regulations?

- d. For calculation of the 'investible funds' of the Fund, which amount should be considered- MOSL's commitment of Rs. 100 crore (maximum) or commitment of Rs. 50 crore (minimum) or Rs. 60 crore (20% of the Fund size without green shoe option)?

4. Our Comments

The submissions made in your letters have been considered and without necessarily agreeing with your analysis, our views on the issues raised in your letter under reference are as under:-

- a. Limits in Regulation 15(c) and Regulation 17(a) shall apply throughout the life cycle of the Fund/scheme.
- b. In terms of Regulation 17(a), the term 'primarily' is indicative of where the main thrust of Category II funds ought to be. The investment portfolio of a Category II AIF ought to be more in unlisted securities as against the aggregate of other investments.
- c. The amount of 'investible funds' is to be computed on the basis of commitment made by the sponsor inclusive of green shoe option, as may be exercised, as on the date of computation.
5. This position is based on the representation made to the Division in your letter under reference. Different facts or conditions might require a different result. This letter does not express decision of the Board on the questions referred.
6. You may note that the above views are expressed only with respect to the clarification sought on SEBI (Alternative Investment Funds) Regulations, 2012 and do not affect the applicability of any law and other SEBI Regulations, guidelines and circulars administered by SEBI or any other authority.

Yours faithfully,

Barnali Mukherjee