

## India CB Fund – Class J

### Update, September 2012

Dear Investor

As you are aware, after the restructuring of India CB Fund Class J ("Fund"), the Fund continues to hold the bonds of 3i Infotech Ltd ("3i"). The bonds of Zenith Infotech Ltd ("Zenith") have been moved into India CB Fund Special Situation Class J.

#### *Monthly Update on Zenith and 3i*

Zenith Infotech Ltd

Over the past two months, the Zenith bond holders (including Alchemy) were involved in extensive negotiations with the Zenith management to resolve the issue of non-payment of dues on the their FCCBs and arrive at an out of court settlement. Several meetings took place between the bondholders (including Alchemy) and the management, both with and without the lawyers.

However, after a long drawn process the negotiations between the parties broke down as the action of the management during negotiations has once again raised questions about their intentions.

As a result, the bond holders have resumed the court process. Due to this development, the possibility of a quick and positive resolution to the issue has come down.

The counsel of the trustee for the bondholders informed the judge that while there were talks going on between two parties, they have not been successful. The judge has admitted the petition for winding up on August 30<sup>th</sup>. There have been two subsequent hearings in which judge gave a chance for settlement, however since no settlement was reached; a new hearing date has been announced. Due to upcoming holidays the next hearing of the court is at the end of September.

3i Infotech Ltd

The 3i stock closed at INR 7.82 at the end of August 2012 down from INR 10.3 a month ago, a decline of around 24%. This price combined with an INR/USD rate of 55.72 corresponds to a bond price of \$43 per \$100 of par value. The stock is facing pressure from many convertible bond holders looking for an exit from the instrument. As mentioned in the previous updates, one of the potential exit options is to convert the bonds into equity shares as there is no secondary market activity in the 3i bond. The average daily market volume of the 3i shares traded in the last month was around 0.5 million shares. We continue to exit from the 3i position in a phased manner.

#### *Future course of action*

We will continue to put in all our efforts to take the Zenith matter to its conclusion.

We are monitoring the market movement of 3i shares on a daily basis and shall look to exit as soon as we foresee a favorable exit opportunity.

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### **General Risk factors**

- All investment products attract various kinds of risks. Please read the relevant Private Placement Memorandum/ Investment Agreement carefully before investing.

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Any investment in the fund described in this document will be accepted solely on the basis of the fund's private placement memorandum/offering memorandum and the relevant issuing entity's constitutional documents. To the extent that any statements are made in this document in relation to the fund, they are qualified in their entirety by the terms of the private placement memorandum/offering memorandum and other related constitutive documents pertaining to the fund, which must be thoroughly reviewed prior to making any decision to invest in the fund. In the event of discrepancies between this document, private placement memorandum/offering memorandum and other related constitutive documents pertaining to the fund and the prospectus, the prospectus shall prevail.

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This marketing material is distributed by ICICI Bank Ltd., Dubai International Financial Centre (DIFC) Branch and is intended only for 'professional clients' not retail clients. The financial products or financial services to which the marketing material relates to will only be made

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The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Unit offered should conduct their own due diligence on the Units.

If you do not understand the contents of this document you should consult an authorized financial adviser.

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ICICI Bank and its affiliates and their respective officers, directors or employees, including persons involved in the preparation or issuance of this document, may from time to time, have interests or positions, or may effect transactions, in relation to the products or other investments referred to you, or may otherwise solicit or have relationships with or financial interests in or other financial or business arrangements with the fund or product providers, or issuers of any of the investments referred to you. In particular, ICICI Bank and its affiliates and their respective officers, directors, or employees, including persons involved in the preparation or issuance of this document may from time to time, also perform or seek to perform broking, investment banking and other financial services for such product providers to the extent permissible.

The requirement for prospectus also does not apply when ICICI Bank offers, sells or makes the subject of an invitation for subscription or purchase of the products (Collective Investment Schemes) in this document to:

- (i) an institutional investor falling within Section 304 (whether or not the Collective Investment Schemes have been previously issued) and subsequently complying with the selling restrictions in Section 304A, both of the SFA;
- (ii) a person meeting the definition of a "relevant person" in Section 305(5) and conditions in Section 305(3) and subsequently complying with the selling restrictions in Section 305A, all of the SFA;
- (iii) a person acquiring the product as (a) a principal; (b) with a purchase consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each purchase; (c) meeting the conditions in Section 305(3) and (d) subsequently complying with the selling restrictions in Section 305A, both of the SFA. (All persons in (i) to (iii) are collectively termed as "Exempted Investor").

The salient selling restrictions in Section 305A of the SFA are:

- (i) first sale of the Collective Investment Schemes acquired by an Exempted Investor under this document shall only be made to another Exempted Investor to avail of exemption from the prospectus requirement;
- (ii) a corporation (other than a corporation that is an accredited investor) whose sole business is to hold investments; and the entire share capital of which is owned by one or more individuals each of whom is an accredited investor shall not, within six (6) months of its acquiring the products in this document, transfer the product unless the transfer (a) is made only to institutional investors or relevant persons as defined in Section 305(5) of the SFA; or (b) arises from an offer referred to in Section 275 (1A) of the SFA; or (c) will be given with no consideration; or (d) by operation of law.



- (iii) a trust (other than a trust the trustee of which is an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not transfer within six (6) months after the trust has acquired the units in the product in this document unless the transfer (a) is made only to institutional investors or relevant persons as defined in Section 305(5) of the SFA; or (b) arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction; or (c) will be given with no consideration; or (d) by operation of law.

### **For Accredited and Expert Investors**

If you are an accredited<sup>1</sup> or expert<sup>2</sup> investor as defined under the Financial Advisers Regulations:

1. Section 25 of the Financial Advisers Act ("FAA") shall not apply to ICICI Bank Limited, Singapore Branch ("Branch") and its representatives, via Regulation 33 of the Financial Advisers Regulations ("FAR"), when providing any financial advisory service in respect of (i) any designated investment product to an accredited investor; or (ii) any designated investment product, that is a capital markets product, to an expert investor.

Briefly, Section 25 requires the Branch and its representatives to disclose all material information when providing any financial advisory service in respect of any designated investment product or any designated investment product that is a capital markets product (together "Designated Investment Product").

Material information includes:

- (i) the terms and conditions of the Designated Investment Product;
- (ii) the benefits to be, or likely to be, derived from the Designated Investment Product; and the risks that may arise from the Designated Investment Product;
- (iii) the premium, costs, expenses, fees or other charges that may be imposed in respect of the Designated Investment Product;
- (iv) where the Designated Investment Product is a unit in a collective investment scheme, the name of the manager of the collective investment scheme and the relationship between the Branch and the manager;
- (v) where the Designated Investment Product is a life policy, the name of the registered insurer under the life policy and the relationship between the Branch and the insurer.

Note:

- (i) Designated investment product means a unit in a collective investment scheme, a life policy (including a group life policy) and a structured deposit (excluding a dual currency investment).
- (ii) Designated investment product that is a capital markets product means a unit in a collective investment scheme.

2. Section 27 of the FAA shall not apply to the Branch and its representatives, via Regulation 34 of the FAR, when making a recommendation in respect of (i) any investment product to

an accredited investor; (ii) any capital markets product to an expert investor; or (iii) any Government securities.

Briefly, Section 27 requires the Branch and its representatives to have a reasonable basis for making a recommendation with respect to any investment product to a person who may be reasonably expected to rely on it.

Reasonable basis does not exist unless the Branch has, for the purposes of ascertaining that a recommendation is appropriate, having regard to the information possessed by the Branch concerning the investment objectives, financial situation and particular needs of the client, given such consideration to, and conducted such investigation of, the subject-matter of the recommendation as is reasonable in all the circumstances; and the recommendation is based on the consideration and investigation referred to.

Note: Investment product means any capital markets product as defined in Section 2 (1) of the Securities and Futures Act, life policy or structured deposit.

3. Section 36 of the FAA shall not apply to the Branch and its representatives, via Regulation 35 of the FAR, when sending a circular or other similar written communication in which a recommendation is made in respect of (i) any securities to an accredited or expert investor; or (ii) any Government securities.

Briefly, Section 36 requires the Branch and its representatives to disclose in a concise statement the nature of any interest in, or any interest in the acquisition or disposal of, the securities that they (or persons associated or connected to them) may have if they have made any recommendation with respect to those securities (whether expressly or by implication) in a circular or other similar written communication.

## **For Overseas Investors**

If you are an overseas<sup>3</sup> investor as defined under the Financial Advisers Regulations:

1. Section 25 of the Financial Advisers Act (the “FAA”) shall not apply to ICICI Bank Limited, Singapore Branch (the “Branch”) and its representatives, via Regulation 36 of the Financial Advisers Regulations (the “FAR”), when providing any financial advisory service to an overseas investor.

Briefly, Section 25 requires the Branch and its representatives to disclose all material information when providing any financial advisory service in respect of any designated investment product or any designated investment product that is a capital markets product (together the “Designated Investment Product”) .

Material information includes:

1. the terms and conditions of the Designated Investment Product;
2. the benefits to be, or likely to be, derived from the Designated Investment Product; and the risks that may arise from the Designated Investment Product;
3. the premium, costs, expenses, fees or other charges that may be imposed in respect of the Designated Investment Product;

4. where the Designated Investment Product is a unit in a collective investment scheme, the name of the manager of the collective investment scheme and the relationship between the Branch and the manager;
5. where the Designated Investment Product is a life policy, the name of the registered insurer under the life policy and the relationship between the Branch and the insurer.

Note:

- (i) Designated investment product means a unit in a collective investment scheme, a life policy (including a group life policy) and a structured deposit (excluding a dual currency investment).
- (ii) Designated investment product that is a capital markets product means a unit in a collective investment scheme.

2. Section 26 of the FAA shall not apply to the Branch and its representatives, via Regulation 36 of the FAR, when providing any financial advisory service to an overseas investor.

Briefly, Section 26 prohibits the Branch and its representatives, with the intent to deceive, from making a false or misleading statement as to any amount that would be payable in respect of a proposed contract in respect of any investment product or the effect of any provision of a contract or a proposed contract in respect of any investment product.

Notwithstanding this exemption, you shall remain entitled to any civil rights or remedies that you may have under general law.

Note: Investment product means any capital markets product as defined in Section 2 (1) of the Securities and Futures Act, life policy or structured deposit.

3. Section 27 of the FAA shall not apply to the Branch and its representatives, via Regulation 36 of the FAR, when providing any financial advisory service to an overseas investor.

Briefly, Section 27 requires the Branch and its representatives to have a reasonable basis for making a recommendation with respect to any investment product to a person who may be reasonably expected to rely on it.

Reasonable basis does not exist unless the Branch has, for the purposes of ascertaining that a recommendation is appropriate, having regard to the information possessed by the Branch concerning the investment objectives, financial situation and particular needs of the client, given such consideration to, and conducted such investigation of, the subject-matter of the recommendation as is reasonable in all the circumstances; and the recommendation is based on the consideration and investigation referred to.

Note: Investment product means any capital markets product as defined in Section 2 (1) of the Securities and Futures Act, life policy or structured deposit.

4. Section 28 of the FAA shall not apply to the Branch, via Regulation 36 of the FAR, when providing any financial advisory service to an overseas investor.

Briefly, Section 28 provides that the Monetary Authority of Singapore ("Authority") may, by regulations, determine the manner in which the Branch may receive or deal with client's

money or property; or prohibit the Branch from receiving or dealing with client's money or property in specified circumstances or in relation to specified activities.

Further, a lien or claim on client's money or property in any account, which may be required to be established by the Branch under regulations, shall be void unless the moneys in the account are for fees due and owing to the Branch.

A charge or mortgage on client's money or property in any account, which may be required to be established by the Branch under regulations, shall be void.

5. Section 29 of the FAA shall not apply to the Branch and its representatives, via Regulation 36 of the FAR, when providing any financial advisory service to an overseas investor.

Briefly, Section 29 requires the Branch and its representatives to comply with any requirements of the Authority to furnish it with information about any matter related to the Branch's business, whether carried out in Singapore or elsewhere.

6. Section 36 of the FAA shall not apply to the Branch and its representatives, via Regulation 36 of the FAR, when providing any financial advisory service to an overseas investor.

Briefly, Section 36 requires the Branch and its representatives to disclose in a concise statement the nature of any interest in, or any interest in the acquisition or disposal of, the securities that they (or persons associated or connected to them) may have if they have made any recommendation with respect to those securities (whether expressly or by implication) in a circular or other similar written communication.

<sup>1</sup> "Accredited Investor" means:

- (i) an individual whose:
  - (a) net personal assets exceed in value S\$2 million (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount; or
  - (b) income in the preceding 12 months is not less than S\$300,000 (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount;
- (ii) a corporation with net assets exceeding S\$10 million in value (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe, in place of the first amount, as determined by:
  - (a) the most recent audited balance-sheet of the corporation; or
  - (b) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months;
- (iii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or
- (iv) such other person as the Authority may prescribe.

<sup>2</sup> "Expert Investor" means:

- (i) a person whose business involves the acquisition and disposal, or the holding, of capital markets products, whether as principal or agent;
- (ii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or
- (iii) such other person as the Authority may prescribe.

<sup>3</sup> "Overseas Investor" means any person outside Singapore who is:

- (i) an individual and not:
  - (a) a citizen of Singapore;
  - (b) a permanent resident of Singapore; and
  - (c) wholly-owned or partly dependent on a citizen or permanent resident of Singapore;  
or
- (ii) a person with no commercial or physical presence in Singapore.