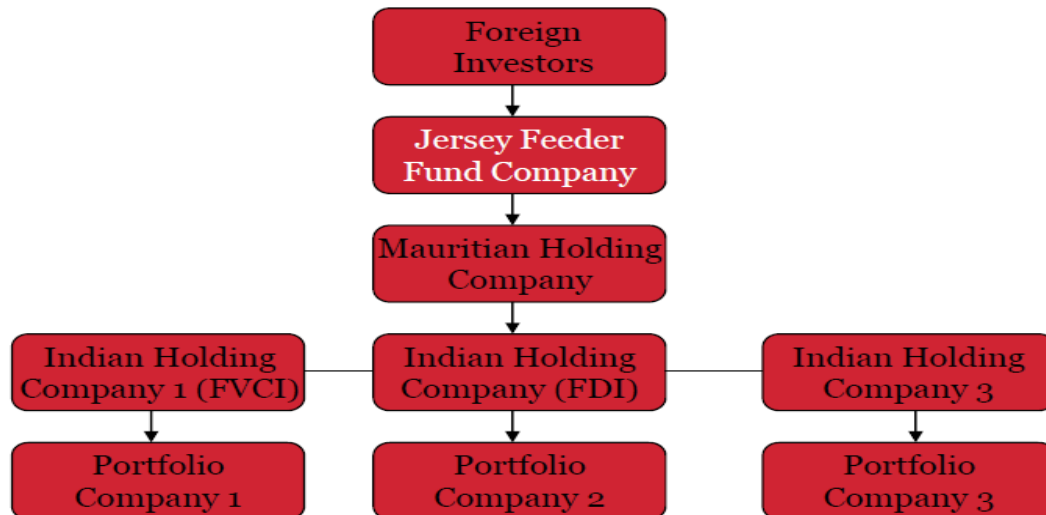


JERSEY FUNDS FOR INWARD INVESTMENT INTO INDIA

Example of a Structure*



*Source Mourants

Rationale for Jersey Feeder Fund as part of Structure:

Ease of marketing:

- Jersey feeder fund is recognised by and marketable to a variety of international investors (particularly E.U. and Middle Eastern (e.g. U.A.E.)) in a way Mauritius and other DTA jurisdictions are not

Taxation issues, both Jersey and Mauritius

- No Jersey/India DTA, BUT income earned by Jersey feeder is not subject to Jersey income tax (and no capital gains tax or stamp duty in Jersey)
- No withholding of tax in Jersey on repatriation of funds to (non-Jersey) investors
- Dividend income received by Mauritian holding company from Indian holding companies is tax exempt and no Mauritian withholding on dividend payments to Jersey feeder
- No capital gains tax in Mauritius on sale of shares of Indian holding Companies

Why a Jersey Fund vehicle?

- Unlike other offshore jurisdictions, a broader spectrum of fund regulation depending upon sophistication and number of investors
- Top tier of international regulatory compliance and co-operation
- Political and economic stability; strong Indian/Jersey diplomatic links
- Maturity of funds industry relative to newer offshore entrants (over 20 years)
- Legal system rooted in common law tradition: clear and unbureaucratic legislation which is tailored to industry requirements but meets/surpasses international standards

Examples of Jersey Funds Investing in India*

- **India Optima Fund**

- Promoted by ICICI Bank
- Jersey feeder fund (India Opportunities Fund Limited) used to introduce wider pool of international investors
- Offers exposure to a range of Indian equity opportunities, including small-medium cap companies

- **Tara India Fund III, LLC**

- Promoted by IL&FS Investment Managers Limited
- Jersey feeder fund (Tara Feeder Fund)
- Targeting US\$400,000,000 of Indian private equity investment

- **Urban Infrastructure Real Estate Fund**

- Two Jersey feeder funds feed into a Mauritian master fund
- Investing up to US\$500,000,000 in Indian infrastructure projects

The future for inward Indian Investment by Jersey funds

- Encouraging levels of interest in 2006/2007, subdued in 2008/2009 (restricted investor appetite); but appetite returned late 2009/2010;
- Increasing pressure on DTA countries (such as Mauritius) may create a more level playing field between DTA countries and “tax neutral” countries?
- Future liberalisation to permit easier direct investment? Jersey’s “best of breed” status should work in its favour.

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This information sheet provides a brief outline only and is not comprehensive as such and should you require further specific advice, please contact Kathy Gillen

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