

## AIF FAQs

### **1. What is Alternative Investment Fund (AIF)?**

Alternative Investment Fund or AIF means any fund established or incorporated in India which is a privately pooled investment vehicle which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors.

### **2. Who is eligible to invest in AIF?**

Any sophisticated investor whether Indian, foreign or non-resident Indian is allowed to invest in an AIF, provided s/he has the required funds for investment.

Below categories can invest in AIF:

- Resident Individuals
- Hindu Undivided Families (HUF)
- Body Corporates (Private / Public)
- Trusts
- Partnership Firms or any other eligible investor
- Non-Resident Indians (NRI) (No Requirement to open a PIS account (Portfolio Investment Scheme))

### **3. Is there a requirement to open a Demat Account?**

There is NO requirement to open a Demat Account

### **4. What are different types of AIF categories?**

I. Category I AIF:

- o Venture capital funds (Including Angel Funds)
- o SME Funds
- o Social Venture Funds
- o Infrastructure funds

II. Category II AIF

III. Category III AIF

### **5. What are the forms in which an AIF can be set up?**

An AIF can be formed under following legal form:

- o Company
- o Trust
- o Partnership/LLP
- o Body Corporate

\* Most of the AIFs registered with SEBI are in the form of a Trust

### **6. Are Joint Contributors allowed in AIF?**

Yes. The Fund may accept the following as "Joint Contributors" for the purpose of investment of not less than Rs. 1,00,00,000/- (Rupees one crore):

- o an investor and his/her spouse;
- o an investor and his/her parent; and/or
- o an investor and his/her daughter/son.

With respect to the above Contributors, not more than 2 persons shall act as Joint Contributors in the Fund.

**7. Are there any restrictions on Number of Investors in AIF?**

AIF cannot have more than 1000 investors. Also, the AIF cannot make invitation to the public at large to subscribe its units and can raise funds from its investors only through private placement.

**8. What is the minimum investment amount in AIF?**

The minimum investment amount is 1,00,00,000/- (Rupees One Crore) for an investor. However if the investor falls under the category of an employee or director of the AIF or employee or director of the Manager, the minimum value of investment shall be 25,00,000/- (Rupees Twenty-Five Lakhs).

**9. What are the documentation requirements for investing in AIF?**

Investment in AIF can be done **only** through Private Placement Memorandum (PPM) since this is a privately pooled investment vehicle. An investor will have to sign a Contribution Agreement and also provide the basic KYC documents like ID proof (PAN mandatory) and Address proof along with Bank Proof.

**10. How can an investor provide the Corpus?**

The investor can contribute funds only. There is no other mode.

**11. Can an investor bring in additional funds later?**

Yes. Investor can provide the additional funds anytime till the time of Final Closing.

**12. What is general tenure of the Fund?**

Category I & II shall be close ended and the tenure of fund or scheme shall be minimum of three years.

Category III Alternative Investment Fund may be open ended or close ended with no restriction to tenure.

**13. Can an AIF launch a fund/scheme of any size?**

No. Each scheme of the Alternative Investment Fund shall have corpus of at least twenty crore rupees.

**14. Is the sponsor/management mandated to have an interest in AIF?**

In order to ensure that the interest of the Manager/Sponsor is aligned with the interest of the investors in the AIF, the AIF Regulations require that the sponsor/manager shall have a certain continuing interest in the AIF which shall not be through the waiver of management fees. For Category I and II AIFs, such interest must be not less than two and half percent of the corpus or five crore rupees, whichever is lesser and for Category III AIFs, the interest must be not less than five percent of the corpus or ten crore rupees, whichever is lesser.

**15. Would there be yearly Tax reports provided by the AIF?**

The investors are suggested to consult their Tax consultants prior investing in the AIF. The Investment Manager shall be providing an Audited Report at the end of the FY. The same may be used for the tax calculation.

**16. Where can an Investor raise queries or concerns on the investments in AIF?**

The investor can contact the Compliance Officer/ Investor Relations Officer of the Fund as mentioned below:

**Name** : Monica Sharma (Compliance Officer)  
**Contact** : +91-22-66914023 / +91 99301 30430  
**Email** : info@carneliancapital.co.in

**17. Where can an investor look out for information on AIF?**

The information on the AIF is made available on website of SEBI at: <http://www.sebi.gov.in>  
The list of registered AIFs is also available on the SEBI website.

**18. How can the investors redress their complaints against AIFs?**

SEBI has a web based centralized grievance redress system called SEBI Complaint Redress System (SCORES) at <http://scores.gov.in> where investors can lodge their complaints against AIFs. Further, in terms of the AIF Regulations, for dispute resolution, the AIF by itself or through the Manager or Sponsor, is required to lay down procedure for resolution of disputes between the investors, AIF, Manager or Sponsor through arbitration or any such mechanism as mutually decided between the investors and the AIF.

Alternatively, Investors may send their complaints to:

Office of Investor Assistance and Education,  
Securities and Exchange Board of India,  
SEBI Bhavan  
Plot No. C4-A, 'G' Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051