

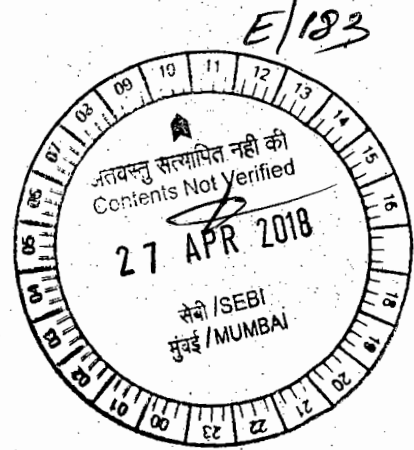
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INVESTMENT MANAGERS

27<sup>th</sup> April, 2018

To,  
**The Securities and Exchange Board of India,**  
Exchange Plaza, G Block, 4<sup>th</sup> Floor,  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051



Dear Sir,

We enclose herewith the Disclosure document for the half year ended on 31<sup>st</sup> March, 2018.

Kindly acknowledge the receipt of the same.

Thanking you.

For ASK Investment Managers Private Limited

**Amit Gupta**  
Vice President – Compliance & Risk

Encl: As above



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**Vice President – Compliance & Risk**

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**ASK INVESTMENT MANAGERS  
PRIVATE LIMITED**

**DISCLOSURE DOCUMENT**

**FOR**

**PORTFOLIO MANAGEMENT SERVICES**

## **ASK INVESTMENT MANAGERS PRIVATE LIMITED**

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Birla Aurora, 16 Level, office floor 9, Dr. Annie Besant Road, Worli, Mumbai – 400 030.

It is confirmed that:

- i) the Disclosure Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations and the circulars, guidelines and directives issued by SEBI from time to time.
- ii) the disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision for engaging a Portfolio Manager.
- iii) the contents of disclosure document have been duly certified by an Independent Chartered Accountant, M/s. Jitendra Chandulal Mehta & Co, Chartered Accountants, has office at 92-B, Visaria Sadan, 1<sup>st</sup> Floor, Belgrami Road, Near Bhabha Hospital, Kurla West, , Mumbai 400070.
- iv) The name, phone number, e-mail address of the principal officer so designated by the Portfolio Manager is Mr. Prateek Agrawal Ph # 022-66520000 e-mail [pagrawal@askinvestmentmanagers.com](mailto:pagrawal@askinvestmentmanagers.com)

**For ASK INVESTMENT MANAGERS PRIVATE LIMITED**

**Prateek Agrawal**  
Principal Officer

Date: 28<sup>th</sup> April, 2018

Place: Mumbai

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## **1. Disclaimer clause**

The particulars as given in this document have been prepared in accordance with the SEBI Portfolio Managers Regulations, 1993, as amended from time to time and filed with SEBI along with the certificate in the prescribed format in terms of Regulation 14 therein. This document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the document.

The investor is advised to retain the copy of this Disclosure document for future reference.

## **2. Definitions**

The terms used in this Document will be understood in the normal sense unless otherwise specified in this section.

Any term used in this Disclosure Document shall have the same meaning as provided in the Regulations.

## **3. Description**

### **[i] History, Present Business and Background of the Portfolio Manager –ASK Investment Managers Private Limited (ASK IM)**

ASKIM is a venture of the ASK Group, promoted by Asit and Sameer Koticha, pioneers in portfolio management and advisory services in India

ASKIM is a premier Portfolio Management Services firm that provides equity based portfolio management and advisory services. Its offerings are designed around high net worth individuals (resident Indians and NRIs) and body corporates who are looking for a customized investment program that focuses on long term wealth creation through investments in equities. Over these years, ASKIM has painstakingly developed a successful portfolio management franchise, which revolves around the key tenets of business such as:

- Strong business values and ethics
- Well etched out investment philosophy
- Well designed concept oriented investment concepts
- Strong investment management capability
- Sound technology for client interface and operations
- Exacting standards of client servicing

ASKIM also offers investment advisory services to offshore clients including Foreign Portfolio Investors.

## **[ii] Promoters, Directors, Principal Officer and their background**

Mr. Asit Koticha, Promoter and Chairman, holds a Bachelor's degree in Commerce and has a profound experience of more than three decades in the capital markets industry. He is on Board of ASK Investment Managers Private Limited.

Mr. Sameer Koticha, Promoter and Vice Chairman has a long, enriched experience of more than three decades in capital market. He is on Board of ASK Investment Managers Private Limited.

Mr. Bharat Shah, Executive Director, is Chartered Accountant and Cost Accountant by qualification also holds the M.B.A degree from IIM – Kolkata. He has a vast experience of more than two decades in the field of investment management and was the Chief Investment Officer of a leading Mutual Fund for 8 years. He is on Board of ASK Investment Managers Private Limited

Mr. Sunil Rohokale, CEO and Managing Director, holds a Bachelor's degree in Engineering and has also completed MBA. He has a vast experience in Banking & Finance Industry. He was working with a leading private sector bank for more than a decade in various capacities in assets, liabilities, wealth management, mortgage and real estate.

Ms. Shweta Jalan, Nominee Director, joined Advent in 2009. She previously worked for ICICI Venture, which at the time was the largest private equity firm in India. Shweta has experience in sourcing and negotiating transactions, and advising on the management and successful exiting of investments through both sale to strategic buyers and listing of companies. She has experience of working across a wide range of sectors including industrials, media, business services, and IT/BPO. Before joining ICICI Venture, she was working for a year at Ernst & Young in their corporate finance division.

Shweta has an MBA from the National Institute of Management, Calcutta (NIMC) and a BSc Economics from St Xavier's College, Calcutta. Shweta has worked on 10 investments during her career, five at Advent, including ASK Investment Managers Private Limited

Vinod Padikkal, Nominee Director, joined Advent in 2013 from Bain Capital, Mumbai where he spent two years working across media, industrials, IT/BPO, healthcare delivery and logistics sectors. Prior to that, he spent two years at Bain & Company in Mumbai and two years in Verizon Data Services, Hyderabad. He has also spent time as an Intern at Macquarie Group's Investment Banking Division in Mumbai and with Clinton Foundation in Hyderabad. Vinod holds an MBA from Indian Institute of Management, Ahmedabad, India and a B.Tech in Computer Science from Model Engineering College. Vinod has worked on Advent's investments in ASK Investment Managers Private Limited.

Mr. Prateek Agrawal holds a Bachelor's degree in Engineering and has also completed PGDM degree from XIM, Bhubaneswar. He has a vast experience of more than two decades in the capital market, project advisory and Investment Banking. He is Business Head & Chief Investment Officer and Principal Officer of ASK Investment Managers Private Limited.

**iii. Group companies / firms of the Portfolio Manager on turnover basis**

**As on March 31, 2017 (the last audited balance sheet): (Amount in crores)**

Sr.No.	Name of the Group company of the Portfolio manager	Turnover (based on the Audited Balance sheet as of 31.03.17)
1	ASK Wealth Advisors Private Limited	102.90
2	ASK Property Investment Advisors Private Limited	50.02
3	ASK Family Office and Investment Advisors Private Limited	0.01
4	ASK Property Advisory Services Private Limited	0.00
5	ASK Trusteeship Services Private Limited	0.03
6	ASK Capital Management PTE Limited (Singapore)	10.53
7	ASK Pravi Capital Advisors Private Limited	8.82
8	ASK Financial Holdings Private Limited (earlier known as "ASK Infrastructure Private Limited")	0.14

**4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority.**

None.

All cases of penalties imposed by SEBI or the directions issued by SEBI under the Act or Rules or Regulations made thereunder. The nature of the penalty/direction.	None
Penalties imposed for any economic offence and/ or for violation of any securities laws.	None
Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	None
Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency.	None
Any enquiry/ adjudication proceedings initiated by SEBI against	None



the portfolio manager or its directors, Principal Officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.	
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## 5. Services Offered

[i] The present investment objectives and policies, including the types of securities in which investments are generally made

### Investment Philosophy

ASK Investment Managers' (ASKIM) investment philosophy revolves around two key aspects: Endeavour to preserve capital and generate long term returns. ASKIM endeavors at all times is to preserve and, then, grow the portfolio. The goal is not necessarily to outperform a rapidly rising market, but as far as possible, aim to avoid the troughs in a falling market such that over a long term time horizon, the portfolios outperform the benchmarks.

### Investment Approach

ASKIM follows a **bottom up approach** to investing with an intensive research process for screening potential investments. ASKIM believes in investing in quality businesses that are easy to understand, quality management with a clear vision and focus on business in which it has strengths and at reasonable valuations that can be best described as '**growth at reasonable price**'.

ASKIM believes that Wealth is nothing without Wisdom.

### Types of Services

#### ➤ Investment Advisory Services

Under these services, the Client is advised on buy/sell decision within the overall profile without any back office responsibility for trade execution, custody of securities or accounting functions.

#### ➤ Discretionary & Non Discretionary Portfolio Management Services (PMS)

Under these services, all an investor has to do is, to give ASKIM his portfolio in any form i.e. in stocks or cash or a combination of both. The minimum size of the portfolio under the Discretionary and/ or Non Discretionary Funds Management Service should be Rs. 25 lakhs as per the current SEBI Regulations. However, ASKIM reserves the right to prescribe a higher threshold product-wise or in any other

manner at its sole discretion. ASKIM's Portfolio Manager will ascertain the investor's investment objectives to achieve optimal returns based on his risk profile.

- Under the Discretionary Portfolio Management service, investment decisions are at the sole discretion of the Portfolio Manager as long as they are in sync with the investor's investment objectives.
- Under the Non Discretionary Portfolio Management service, investment decisions taken at the discretion of the Investor.

### **List of Offerings**

- I. Growth Portfolio
- II. Eagle Portfolio
- III. Strategic Portfolio
- IV. Life Portfolio
- V. Indian Entrepreneur Portfolio
- VI. India Select Portfolio
- VII. Market linked Debenture
- VIII. ASK PMS Real Estate Special Opportunities Portfolio – I (Separate Disclosure Document filed & no subsequent change thereafter)
- IX. ASK - Managed Funds Portfolio
- X. ASK PMS Real Estate Special Opportunities Portfolio – II
- XI. ASK Liquid Strategy
- XII. ASK Conviction Portfolio
- XIII. ASK GEMS Portfolio
- XIV. ASK High Conviction Portfolio
- XV. ASK Emerging Opportunities Portfolio
- XVI. ASK PMS Real Estate Special Opportunities Portfolio - III (Separate Disclosure Document filed & no subsequent change thereafter)

Under these services, within the overall Client profile, the portfolio account made up in cash and/or stocks is managed at full discretion and liberty of the Portfolio Manager.

### **Investment Philosophy**

- Greater certainty of earnings Vs mere quantum of earnings growth
- Superior and consistent quality of earnings Vs mere quantum of earnings growth
- High quality at a reasonable price Vs inferior quality at arithmetically "cheap" price

### **Investment Approach**

- Price the value rather than valuing the price
- Buy "growth" businesses at "value" prices
- Disciplined investing into outstanding businesses
- Seek compounding opportunities

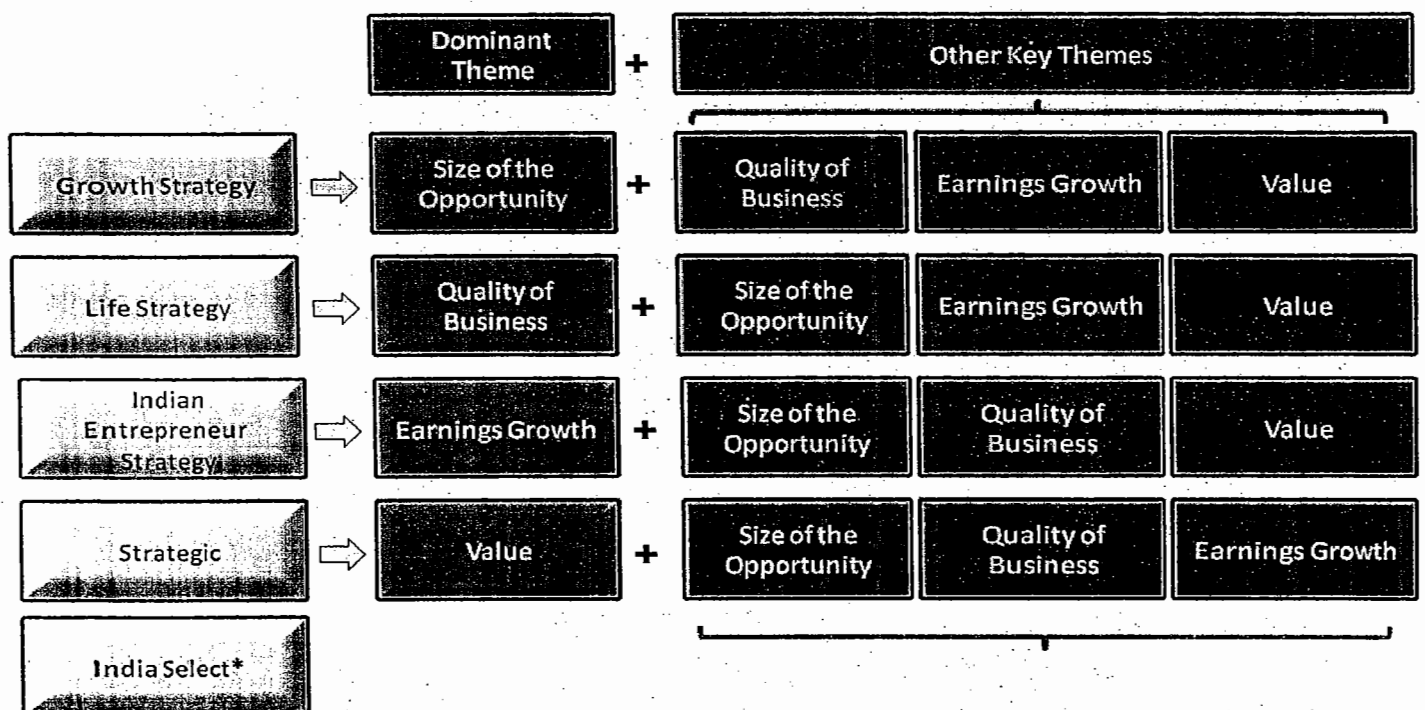
The Portfolios use the following 'key' investment attributes in order to carve out investment strategies targeting a defined objective and attaining a specific characteristic.

### Size of the Opportunity

- Size of pond Vs. size of fish
- Dominance
- Resilience
- Liquidity

### Quality of Business

- High quality of business (Superior RoCE)
- Strong moat: Impregnability
- Sustainability
- Key pivot of strong wealth creation



\* > Five best ideas from each of the four concepts, making total of 20 stocks in portfolio  
 > Portfolio to represent an eclectic mix of size, growth, quality and value; to achieve optimal balance

The core strategy is to embrace

- All attributes have to be present in each stock across any strategy
- Any stock selection across any strategy has to pass a minimum threshold for all the four attributes.
- None of the attributes in any strategy will score an 'average' level.
- At least one attribute for each strategy will be at a heightened level.
- 'High' positioning (not necessarily 'highest') for the other three attributes.

## Portfolio Concepts

### I. Growth Portfolio

#### About the Strategy

- Invests predominantly into businesses with a large "Size of Opportunity"
- High quality businesses with superior management pedigree
- Businesses with high ROCE with above average growth
- Businesses with superior and sustainable business models with enough cash flows to nurture business growth
- Focus on growth characteristics and capital efficiency of the businesses. This implies an inclination to "quality businesses at reasonable valuation" rather than "mediocre businesses at cheap price"
- Minimum Profit Before Tax of INR 100 cr and target price-value gap of around 15%

#### Benchmark - Nifty50 Index

#### *Product variants:*

- Value Growth Product:
  - Minimum Ticket size - Rs.25 lac or as may be determined by the Portfolio Manager.

### II. Eagle Portfolio

#### *Investment Objective*

To build a concentrated portfolio of 12 undervalued ideas yet representing quality and superior compounding potential

#### **Portfolio Construct:**

- Highly focused portfolio of high-quality and high-growth businesses that are positioned for outstanding compounding in the long-term
- Buy and hold strategy with minimal churn
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time
- Performance Benchmark – Nifty50 index

**Investment Horizon:** Long Term

**Portfolio Benchmark:** Nifty50 Index

#### **Key Risks:**

Besides the risks that are generally applicable to equities, the specific risks applicable to the portfolio are as follows:

- It is possible that securities may not overcome the adverse business developments or other factors responsible for the security being perceived underpriced.
- Concentration risk may be higher than plan diversified equity funds as value opportunities may be available only in a few sectors.
- Exposure to mid-caps may be higher as typically more value opportunities exist in this segment compared with large caps. This may impact liquidity and transparency.

The portfolio is suitable for investors with long term investment horizon. While investors have the flexibility to withdraw early, it will attract exit load

### **III. Strategic Portfolio**

#### **About the Strategy**

The Strategic concept follows Value Investing with a focus on “Margin of Safety” or “Price Value Gap”

#### **Price-Value Gap Approach**

- Focus on businesses with a reasonable price value gap, a measure of difference between price of a stock and its intrinsic value. Large PVG gives higher Margin of Safety with potential for superior long-term returns
- This approach gives a cushion in case actuals turn out to be different from expectations
- Over a period of time we believe that the price will converge to its intrinsic value leading to returns in form of capital appreciation

Benchmark Index: BSE 200 and Nifty50 Index

### **IV. Life Portfolio**

#### **About the Strategy**

The investment objective of Life Portfolio is to deliver steady long-term compounding returns from a portfolio of exceptionally high-quality companies that have low capital intensity, demonstrated superior capital efficiency, are run by high quality managements and have proven business models.

For inclusion in the portfolio, the investment prospects have to pass the following criteria:

- Superior ROCE
- Non-dilutive growth
- High Payout
- A dividend yield maturing into a bond coupon over time
- Long-term, consistent and predictable earnings growth
- Such that this growth will lead to at least a matching, if not higher, investment returns

Benchmark Index: BSE 200 and Nifty50 Index

## V. Indian Entrepreneur Portfolio

### **About the Strategy**

- Invests into Indian entrepreneurial businesses of size, superior quality and high growth at fair valuations
- IEP follows a very rigorous, disciplined, strong filters-based investment approach, while embracing key five value-creating traits of Size of Opportunity, Management Quality, Earnings Growth, Quality of Business and Value (Margin of Safety)
- Invests into quality entrepreneurs with
  - Vision and dynamism
  - High standards of governance
  - Wisdom
  - Demonstrated capital allocation and capital distribution skills
- Superior quality achieves the preservation of value and high growth (minimum 20 to 25% earnings growth over the next 3 to 5 years without capital dilution) is sought to achieve expansion of value
- Promoter with adequate skin in the game ensures alignment of management and shareholder interests

Benchmark Index: BSE 500 and Nifty50 Index

Note : Under this Portfolio, the portfolio manager may launch different series of portfolios from time to time. Indian Entrepreneur Portfolio is the first such offering.

## VI. India Select Portfolio

### **About the Strategy**

The Strategy focuses equally on 4 key business attributes to ensure true diversification within equity as an asset class. The strategy represents an eclectic mix of size of opportunity, earnings growth, quality of the business and value; to achieve optimal balance.

- The strategy invests into five best ideas from each of the four business attributes (Size of Opportunity, Quality of Business, Earnings Growth and Value), making total of 20 stocks in portfolio.
- Emphasis of a particular business attribute does not imply the absence of the other 3 attributes.
- All of the attributes have to be present, at least at a minimum defined level or higher, across all the stocks.
- When any particular attribute is emphasized, the filter standard for threshold clearance for that attribute, is kept at the highest level, while for the other three attributes, the filter is at a high level.
- Across all the stocks, for no attribute, the threshold will be at average or below average level.

Benchmark: BSE 100 and Nifty50 Index

## **VII. Market Linked Debentures**

### ***Investment Objective:***

- The objective of the market linked debenture is to meet specific needs that cannot be met from the standardized financial instruments available in the markets. Market linked Debentures can be used: as an alternative to a direct investment or/and as part of the asset allocation.

### ***Portfolio Characteristics:***

- Principal protected market linked debentures, provides capital preservation, if the investment is held till maturity of the product subject to credit risk of the issuer
- Non principal protected market linked debentures have enhanced risk-return profile when compared to principal protected products. In such investments client is comfortable with downside risk to capital in lieu of superior returns if the investment call is correct

### ***Investment Approach:***

A market linked debenture is generally a pre-packaged investment strategy which is based on derivatives (i.e. Futures & Options) and bonds or any other debt instrument. Theoretically an investor can just do this themselves, but the costs and transaction volume requirements of many options are beyond many individual investors.

Market Linked Debenture are debt instruments issued by Non Banking Financial Companies (NBFCs) or corporate entities as a part of their borrowing program. These debt instruments are generally non – convertible debentures (NCDs) wherein the coupon is linked to the performance of a riskier asset class viz indices, stocks, Government securities, commodities, currencies etc. The Portfolio Manager shall invest in such NCDs. The ultimate investment composition of these NCDs are such that these invest in Zero coupon Bonds and Derivatives instruments of the riskier asset class. The investment in bonds ensures the degree of Capital protection and the investment in derivative instruments (eg: Futures & Options) yields higher returns on the invested amount if the view of the issuer about the performance of the underlying asset class is correct. The major risks associated with such instruments are credit risk, liquidity risk, event risk and market risk.

The product would be issued in several series or tranches.

### ***Investor profile:***

- Market Linked Debentures are meant for matured investors who seek diversification and risk mitigation in their portfolio

- Investors who want a specific investment objective to be accomplished by such investments
- Investor having an investment horizon of more than 12 months
- Investor having a particular view about the equity market over the investment horizon
- Investor who wish to protect partial or total capital and can hold the instrument till maturity for the same.

***Benchmark Index:***

Benchmark varies depending upon the type of structure.

**VIII.ASK PMS Real Estate Special Opportunities Portfolio – I (Separate Disclosure Document annexed – I)**

**IX.ASK – Managed Funds Portfolio**

***a) Investment Objective:***

The investment objective of ASK Managed Funds Portfolio is to deliver superior risk adjusted returns to the client by creating a portfolio of mutual funds based on client's risk profile.

***b) Portfolio Characteristics:***

- Portfolio will be managed in a discretionary manner, in non-pooled account wherein the investments will happen directly in the client's name
- Portfolio of Mutual Funds created and managed as per asset allocation based on client's risk profile
- Focus on sticking to asset allocation through active monitoring of portfolio and rebalancing of invested amount on a periodical basis
- Tactical asset allocation in the portfolio based on Investment Policy Committee's view on markets
- Mutual fund selection based on ASK's proprietary research methodology and portfolio manager's view
- Portfolio universe comprises of all the schemes under equity, debt, hybrid, alternative, international, ETF, FMP categories, etc. registered with SEBI or proposed to be registered

***c) Research Methodology:***

- The portfolio will invest in a basket of equity and debt schemes of Mutual Funds registered with SEBI, in line with the risk profile of the investors



- Research on mutual funds is done on the basis of ASK's proprietary Mutual Fund Ranking Methodology
- A combination of quantitative filters and qualitative judgment will be used in mutual fund selection
- There is a scoring pattern developed by ASK which ranks the mutual funds based on parameters such as fund investment objective, risk adjusted returns, sectoral exposure, stock diversification, liquidity of stocks, AUM for the scheme under research, fund manager credentials, bull and bear market performance, investment style, churning of stocks in the scheme, fund house credentials to name a few
- Valuation parameters are also used as a crucial input in determining the mutual fund ranking
- Debt scheme rankings involve parameters such as downside risk probability, mean return, debt – asset quality, average maturity, etc. which are over and above some of the generic qualitative and quantitative parameters mentioned in the equity scheme ranking methodology
- The portfolio manager may invest in new fund offers (NFOs) or unrated funds, if the fund investment objective is in line with our research based recommendations
- The manager will predominantly strive to mirror all client portfolios with their respective models

**d) Asset Allocation Bands:**

Portfolio	Equity Allocation		Debt Allocation (includes cash)	
	Minimum	Maximum	Minimum	Maximum
Equity Opportunities Portfolio	100%	100%	0%	0%
Aggressive Portfolio	70%	90%	10%	30%
Balanced Portfolio	40%	60%	40%	60%
Conservative Portfolio	10%	30%	70%	90%
Pure Debt Portfolio	0%	5%	95%	100%

**e) The offering would help the investors in many ways:**

- The offering provides different plans – Aggressive Portfolio, Balanced Portfolio and Conservative Portfolio to the investors to choose from (depending on their risk profile) apart from Equity Opportunities Portfolio and Pure Debt Portfolio.
- The rebalancing of the portfolios will be carried out on a quarterly basis or intermediately based on fund selection or ASK's Mutual Fund research.

**f) Type of product:**

The Portfolio is an Open ended PMS, which will invest only in mutual funds. It offers five plans to cater to investors with different risk profiles – Aggressive, Balanced and Conservative Portfolio, apart from Equity Opportunities Portfolio and Pure Debt Portfolios. The PMS would benefit Investors who:

- Seek to benefit from active portfolio management of mutual funds
- Want to maintain asset allocation in a disciplined manner

*g) Fee Structure:*

<b>Upfront Fee</b>	Nil
<b>Management Fee:</b>	
1. Equity Opportunities Portfolio, Aggressive Portfolio	1.50% p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.
2. Balanced Portfolio	1.0 % p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.
3. Conservative Portfolio, Pure Debt Portfolio	0.5% p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.

<b>If amount withdrawn within:</b>	<b>Applicable exit fees</b>
1 <sup>st</sup> year	1% charged on the daily average Net Asset Value (NAV) of the portfolio till the time of closing the account with ASK.
2 <sup>nd</sup> year onwards	Nil

**Note : The above fee structure is over and above the fees, expenses and exit loads (if any) charged by the respective mutual fund schemes where the money will be invested under each portfolio.**

*h) Benchmark Index:*

The blended benchmark created for the portfolio is constructed using 4 primary indices as follows:

1. CRISIL Liquid Fund Index (Liquifex)
2. CRISIL Composite Bond Index (Compbex)
3. CNX Mid Cap
4. S&P CNX Nifty50

The proportion in which the blended benchmark will be maintained would be as per the allocations mentioned in the table below:

**Benchmark allocation**

Portfolio	Primary Indices Asset Allocation			
	CRISIL Liquid	CRISIL	CNX Mid Cap	S&P CNX

	<b>Fund Index (Liquifex)</b>	<b>Composite Bond Index (Compbex)</b>		<b>Nifty50</b>
<i>Equity Opportunities Portfolio</i>	-	-	30%	70%
<i>Aggressive Portfolio</i>	5%	15%	25%	55%
<i>Balanced Portfolio</i>	5%	45%	15%	35%
<i>Conservative Portfolio</i>	10%	70%	5%	15%
<i>Pure Debt Portfolio</i>	10%	90%	-	-

#### **h) Strategy Specific Risk Factors**

- The strategy will invest in a combination of Growth and Income Mutual Fund schemes. Hence, the performance of the strategy would depend upon the performance of underlying schemes. All investments in mutual funds and securities are subject to market risks and the NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. There can be no assurance that the strategy investment objectives will be achieved. The past performance of the portfolios managed by the portfolio manager and its affiliates is not necessarily indicative of future performance of the portfolios. The names of the portfolio / plans do not in any manner indicate the quality, their future prospects/ returns.
- Investments in Debt Schemes will have all the risks associated with the debt markets including Interest Rate Risk, Duration Risk, Credit Risk and Reinvestment Risk
- To the extent the underlying Debt Schemes/Equity Schemes make investment in overseas financial assets, there may be risk associated with currency movements, restriction on repatriation and transaction procedures in overseas markets
- To the extent the underlying Debt Schemes/Equity Schemes engage in security lending, the Fund will be subject to risks related to fluctuations in collateral value/ settlement/liquidity/counter party
- To the extent the underlying Debt/Equity Schemes are permitted to invest in derivative instruments, the Fund is exposed to higher risk than schemes not investing in derivative instruments
- Periodic rebalancing of portfolio could result in higher transaction costs
- The expenses, charges and fees of the Managed Funds Portfolio will be over and above the expenses charged by the underlying mutual fund schemes.

**X.ASK PMS Real Estate Special Opportunities Portfolio – II (Separate Disclosure Document annexed – II)**

**XI. ASK Liquid Strategy**

ASK Liquid Strategy invests into Growth option of Liquid / Money Market Mutual Funds.

The strategy is intended to aid investors who primarily are desirous of investing into equities, but are unsure of market movements in the near term and do not want to invest all the funds in equity at one go. Such investors can invest into ASK Liquid Strategy, and can subsequently transfer funds to equity PMS over a period of time.

**Risk Factors:** Given that the strategy invests into liquid / money market mutual funds, all risks applicable to such funds will be applicable. Few of them are as follows:

- Liquid / money market funds invests into fixed income securities and hence will be subject to interest rate risk, credit risk, liquidity risk, reinvestment risk, etc.
- Though the portfolio of such funds comprises of short –term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates change, sometimes on a daily basis, thereby making the fund susceptible. However such interest rate changes though have a low impact on the fund.

**XII.ASK Conviction Portfolio**

A concentrated strategy of carefully identified businesses that pass our stringent stock selection filters, (which in turn are derived from the value creating traits as described below). Each of the names that is bought in the portfolio is targeted to have a minimum core Return on Capital Employed (ROCE) of over 25% and long-term compounding growth prospect of a minimum of over 20% pa, while being available at reasonable valuations. It is a portfolio of carefully blended stocks with outstanding long term compounding prospects.

**Value creating traits that we seek in our investments**

- Material Size of Opportunity
- Superior Management Quality
- Strong Earnings Growth – A Compounding Machine
- Superior Quality of Business
- Favorable Value

**Portfolio Construct**

- Highly focused portfolio of high-quality and high-growth businesses that are positioned for outstanding compounding in the long-term

- Buy and hold strategy with minimal churn
- Buying businesses with a large competitive advantage in industries with a large size of opportunity that offer superior growth over long period of time.
- Despite heavy concentration (and hence, obvious attendant risks), a very conscious risk control process has been put to work to achieve:
  - Judicious sectoral diversification
  - Size diversification with a healthy balance between large and not-so-large businesses (but, both enjoying high-growth prospects)
  - Geographic dispersion, through balance between domestic and international / export oriented businesses
  - Balance between Capital Efficiency (ROCE) and Growth (of earnings)
  - Balance between Growth and Value (Price-value gap or Margin of Safety)
  - Balance between Capital Efficiency and Value
- Therefore, we believe, despite significant concentration, risk has been consciously managed, and hence minimized, if not materially obliterated.

### **Investor Profile**

The portfolio is aimed at very large investors who can appreciate the risks of the portfolio. The portfolio adopts a long term approach with applicable exit loads upto 3 years to discourage short term inflows.

### **Benchmark**

S&P CNX Nifty50

### **XIII.ASK GEMS Portfolio**

#### **ASK GEMS Portfolio**

A concentrated strategy which seeks to generate returns for the investors through price appreciation of quality stocks held over a period of time, driven by EPS compounding and catch up to fair value. A sharper discount to value would be sought v/s our other strategies.

#### **Portfolio Strategy:**

- Invests into undervalued ideas yet representing quality and implying superior compounding potential.
- GEMS follows a very rigorous, disciplined, strong filters-based investment approach, while embracing value-creating traits including, Size of Opportunity, Management Quality, Earnings Growth, Quality of Business and Value.
- Superior quality achieves the preservation of value and high growth is sought to achieve expansion of value.

#### **Portfolio Construct**

- Single stock exposure limit: 10%.
- Single sector exposure limit : 20% or 10% over the index whichever is higher.

- Minimum PBT: Rs.75 Crs delivered over the past 12 months.
- Liquidity conditions as applicable to all other portfolios would apply.
- Endeavour to have stocks with around:
  - 15% Earnings Growth (G)
  - 20% Capital Efficiency ROCE (E)
  - 20% Price Value Gap (MoS)
- There is a leeway of 20% to buy stocks where value is exceptional that do not meet the above criterion.
- Endeavour to have stocks with sum total of G-E-MoS at around 65%.

#### **Investor Profile**

The portfolio is aimed at very large investors who can appreciate the risks of the portfolio. The portfolio adopts a long term approach with applicable exit loads upto 3 ½ years to discourage short term inflows.

#### **Benchmark**

S&P CNX Nifty50

#### **XIV.ASK High Conviction Portfolio**

**Objective:** To build a concentrated portfolio of 14-16 undervalued ideas yet representing quality and superior compounding potential.

#### **Portfolio Construct:**

- Highly focused portfolio of high-quality and high-growth businesses that are positioned for outstanding compounding in the long-term
- Buy and hold strategy with minimal churn
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time
- Performance Benchmark – Nifty50 index

**Investment Horizon:** Long Term

**Portfolio Benchmark:** Nifty50 Index

#### **Key Risks:**

Besides the risks that are generally applicable to equities, the specific risks applicable to the portfolio are as follows:

- It is possible that securities may not overcome the adverse business developments or other factors responsible for the security being perceived underpriced.
- Concentration risk may be higher than plan diversified equity funds as value opportunities may be available only in a few sectors.
- Exposure to mid-caps may be higher as typically more value opportunities exist in this segment compared with large caps. This may impact liquidity and transparency.

The portfolio is suitable for investors with long term investment horizon. While investors have the flexibility to withdraw early, it will attract exit load

#### **XV. ASK Emerging Opportunities Portfolio**

**Objective:** To build a concentrated portfolio of businesses across range of market capitalization (large, mid and small cap), representing quality and superior long-term compounding potential.

#### **Portfolio Construct:**

- Concentrated strategy of carefully identified businesses across range of market capitalization
- Highly focused portfolio of high-quality and high-growth businesses that are positioned for outstanding compounding in the long-term
- Buy and hold strategy with minimal churn
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time

**Benchmark:** BSE500 and Nifty50

#### **Key Risks:**

Besides the risks that are generally applicable to equities, the specific risks applicable to the portfolio are as follows:

- It is possible that securities may not overcome the adverse business developments or other factors responsible for the security being perceived underpriced.
- Concentration risk may be higher than plan diversified equity funds as value opportunities may be available only in a few sectors.
- Exposure to mid and small caps may be higher as typically more value opportunities exist in this segment compared with large caps. This may impact liquidity and transparency.
- The portfolio is suitable for investors with long term investment horizon. While investors have the flexibility to withdraw early, it will attract exit load.

#### **Systematic Transfer Plan (STP):**

- A new investor can opt for STP by investing in the equity strategy and simultaneously opting for STP. Alternatively, an existing investor may also choose to do a top-up through the STP route.
- STP Amount will be invested in ASK Liquid Strategy

Every month on the STP Date the amount will be transferred from the Liquid Strategy to the Equity Strategy

## **Disclaimer common to all the Portfolio Concepts mentioned above:**

The portfolio objective, characteristics, investment approach and other details mentioned in the foregoing paragraphs are generic in nature and are intended at providing a broad overview to the investors with respect to the respective offerings. There can be no assurance or guarantee that the respective objectives would always be met. The past performance of the Portfolio Manager is not necessarily indicative of the future performance of the Portfolio Manager.

ASKIM reserves the right to make appropriate changes and take all such decisions to amend or modify any of the above details, anytime at its sole discretion in the best interest of the portfolio having due consideration to the market conditions at that point in time.

### **Option to Invest in Derivatives:**

The introduction of derivative products in the Indian market has paved the way for more efficient ways of managing and controlling risks and at the same time optimizing gains from a specific position. The portfolio manager shall, wherever deemed appropriate and expedient, deploy client money in derivative products in the client portfolios, as permissible under the SEBI Regulations. However, such positions shall not be leveraged.

### **Option to Invest in Debt for Interim Period:**

The portfolio manager will have the liberty to invest client's funds, pending investment in equities, in short term debt opportunities, such as, income/liquid mutual funds, bank deposits, government securities, etc. There will not be any cap on such investments. However, it will be the endeavor of the portfolio manager to remain invested in equities in accordance with the client profile.

### **Option to Invest in Mutual Fund Schemes:**

The portfolio manager may, in accordance with the client risk profile and asset allocation that he may draw up for a client, invest a part of the client funds in Equity/Debt/Liquid schemes of mutual funds floated by various fund houses.

**[ii] Disclosure regarding policies for investments in associates/ group companies of the portfolio manager and the maximum percentage of such investments thereof subject to the applicable guidelines/ regulations.**

The Portfolio funds are not invested in Associates or Group Companies.

## **6. Risk factors**

### **General:**



[i] *The securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the portfolio concepts/products will be achieved. Investors are not being offered any guaranteed or assured return on the portfolio.*

[ii] *Risk arising due to policy changes*

A. The performance may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets. While securities that are listed on the Stock Exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the Stock Exchange.

B. The past performance does not in any manner indicate the future performance of the portfolio concepts.

[iii] *Risk arising from the investment objective, investment strategy and asset allocation.*

The PMS is run with an objective to achieve reasonable returns consistently. Given this background the investor investing in the PMS faces the following risks:

(i) *Political, economic and / or related risks*

The Asset Value of the portfolio and the liquidity of the shares may be affected by changes in government policy, taxation, interest rates, social and religious instability and political, economic or other developments in or affecting India.

(ii) *Industry risk*

The value of shares of companies in a particular industry may be affected due to factors affecting the industry like changes in government policy on duties, FDI or a foreign country, which is a big market for the industry, may impose restrictions on import etc.

(iii) *The Indian Securities Market*

The Indian stock markets in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in future. Actual market trend may be in variance with anticipated trends hence, the decisions of the Portfolio Manager may not be always profitable.

(iv) *Liquidity Risk*

Some stocks that the investor might be invested in might not be highly liquid. Though it will be the PMS service providers endeavor to restrict investments in less liquid stocks to a lower limit, there is an exposure of liquidity risk to the investor.

[iv] *Risk arising out of non diversification*

The portfolios may be concentrated in a limited number of scrips owing to the investment objectives of respective portfolio concepts or the market conditions

prevalent at various points in time. This may pose the 'non diversification risk' to the portfolio performance.

[v] *Risks associated with investments in Derivatives*

Derivative products are specialized instruments, which require investment techniques and risk analysis different from those associated with direct investments in equities. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price correctly. Other risks include the risk of mispricing and the ability to optimally correlate the derivatives position with underlying assets.

[vi] *Risks associated with investments in Market Linked Debentures:*

1. The Non Convertible Debentures being structured NCDs are sophisticated instruments, which involve a significant degree of risk and are intended for sale only to those investors capable of understanding the risks involved in such instruments. Please note that both the return on the NCDs and the return of the principal amount in full are at risk if the Debentures are not held till or for any reason have to be sold or redeemed before the Redemption Date.
2. The NCDs are structured and are complex and an investment in such a structured product may involve a higher risk of loss of a part of the initial investment as compared to investment in other securities unless held till Final Redemption Date. The debenture holder shall receive at least the face value of the Debenture only if the investor holds and is able to hold the Debentures till the Final Redemption Date. Prior to investing in the Debentures, a prospective investor should ensure that such prospective investor understands the nature of all the risks associated with the investment in order to determine whether the investment is suitable for such prospective investor in light of such prospective investor's experience, objectives, financial position and other relevant circumstances. Prospective investors should independently consult with their legal, regulatory, tax, financial and/or accounting advisors to the extent the prospective investor considers necessary in order to make their own investment decisions.
3. Structure Risks: An investment in Debentures where the payment of premium (if any), and/or coupon and/or other consideration (if any) payable or deliverable thereon is determined by reference to one or more equity or debt securities, indices, baskets, formulas or other assets or basis of reference will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the level or value of the relevant underlying equity or debt securities or basket or index or indices of equity or debt securities or other underlying asset or basis of reference and

the holder of the Debentures may receive a lower (or no) amount of premium, coupon or other consideration than the holder expected. The Company has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including, but not limited to, economic, financial and political events. In addition, if an index or formula used to determine any amounts payable or deliverable in respect of the Debentures contains a multiplier or leverage factor, the effect of any change in such index or formula will be magnified. In recent times, the values of certain indices, baskets and formulas have been volatile and volatility in those and other indices, baskets and formulas may occur in the future.

4. **Liquidity Risk:** The NCDs may or may not be listed. Presently, secondary market for such securitized papers is not very liquid. Listing of the NCD does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the NCDs will develop or be maintained. Consequently, the NCDs may be illiquid and quote below its face value/valuation price.
5. **Market Risk:** The value of the Portfolio, prior to the Redemption and Maturity Date, may be affected by a number of factors, including but not limited to the level of the performance of the stocks, option volatility of the stock(s) in the basket, interest rates and time remaining to maturity. The return of the Portfolio is linked to performance of the underlying Equity Index or on single stocks or basket of stocks or Mutual Funds, Futures & Options. The fluctuations in the equity market can be significant. The returns on the NCDs may be lower than prevalent market interest rates or even be nil depending entirely on the movement in the underlying index and futures values as also that over the life of the NCDs (including the amount if any, payable on maturity, redemption, sale or is position of the NCD.) The NCD holder may receive no income /return at all on the NCDs, or less income/return than the NCD holder may have expected, or obtained by investing elsewhere or in similar investments.
6. Prospective investors should be aware that receipt of any coupon payment and principal amount at maturity on the NCDs is subject to the credit risk of the Issuer and the Guarantor. Investors assume the risk that the Company and the Guarantor will not be able to satisfy their obligations under the NCDs. Any stated credit rating of the Company or the Guarantor reflects the independent opinion of the referenced rating agency as to the creditworthiness of the rated entity but is not a guarantee of credit quality of the Company or the Guarantor (where applicable). Any downgrading of the credit ratings of the Company or its parent
7. or affiliates, or of the Guarantor by any rating agency could result in a reduction in the value of the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company and/or the Guarantor, the payment of sums due on the Debentures may be substantially reduced or delayed.

8. Prospective Investors should be aware that the Portfolio Manager or any of its associates, group companies etc. are not offering any guarantee or capital or returns. No claims therefore shall lie against the Portfolio Manager or any of its group/associate companies, employees or directors for the protection of capital or providing any returns under the Market linked Debentures.
9. An investment in any series of Debentures that has payments of principal, coupon or both, indexed to the value of any equity share, index or any other rate, asset or index, or a basket including one or more of the foregoing and /or to the number of observation of such value falling within or outside a pre-stipulated range (each of the foregoing, a "Reference Value" ) will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the applicable Reference Value and how such changes will impact the amount of any principal or coupon payments linked to the applicable Reference Value. The Company has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including economic, financial and political events. Past performance of any Reference Value to which any principal or coupon payments may be linked is not necessarily indicative of future performance. Investors should be aware that a Reference Value may go down as well as up and/or be volatile and the resulting impact such changes will have on the amount of any principal or coupon payments will depend on the applicable index formula. The Debenture holder shall receive at least the face value of the Debenture only if the investor holds and is able to hold the Debentures and the Debentures are not sold or redeemed or bought back till the Final Maturity Date.
10. Re-investment Risk: The Portfolio may be redeemed upon the exercise of the Issuer's Call Option. Thus, the Investor could have a potential re-investment risk, if the Portfolio is redeemed under such circumstances prior to the Redemption and Maturity Date.
11. In the interest of the investors, the Portfolio Manager may, at its sole discretion, invest up to 100% of the Portfolio in Liquid and / or Debt Mutual Fund Schemes. Moreover, the Portfolio Manager may at its sole discretion decide not to apply to the NCDs and return the funds to investors, in case there is any change in the Participation Rate or if the Portfolio Manager feels that the total amount received under this Series does not justify investment in the NCDs, or if the Issuer does not allot the NCD for any reason, or for any other reason that the Portfolio Manager may deem appropriate.
12. The Issuer of the NCDs or the Portfolio Manager does not make any representation or warranty, express or implied to the subscribers of the NCDs regarding the advisability of investing in such instruments or the ability of the S&P CNX Nifty50 (or any other index used instead of, in replacement or in conjunction with the S&P CNX Nifty50) to track general stock market

performance in India. The Issuer of the NCDs or the Portfolio Manager has not guaranteed the accuracy and/or the completeness of the S&P CNX Nifty50 (or any other index) or any data included therein.

13. The Issuer of the NCDs or any person acting on behalf of the Issuer of NCDs may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind.
14. At any time during the life of such NCDs, the value of the NCDs may be substantially less than its investment value. The NCD holder shall receive at least the face value of the NCDs only if the investor holds and is able to hold the Debentures till the Final Redemption Date.
15. The Issuer of the NCDs may have long or short positions or make markets including in Nifty indices, futures and options and other similar assets, they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the NCDs, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). Such type of activities of the Issuer of the NCDs or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the NCDs. In particular, the value of the NCDs could be adversely impacted by a movement in the Nifty indices, futures and options or activities in related markets.
16. NCDs may generate returns, which are not in line with the performance of the Reference Underlying, depending on their payoffs.
17. The returns of investments in securities would depend on the happening / non-happening of specified events and the returns may or may not accrue to an investor accordingly.
18. It is possible that tax may be deducted at source by the Issuer for Unlisted Debentures at the time of redeeming of the NCDs on maturity and otherwise. The Portfolio Manager will not be in a position to offer credit for such TDS to the investors, particularly in the pooling arrangement for investment. In these circumstances, such tax paid would have to be considered as expense by the Investors and to that expense the returns would be affected.
19. Clients should be aware that the investment strategy of the Portfolio may lead to a dilution of performance when compared to a direct investment into the underlying. The Participation Rate and the averaging mechanism of the NCD, if any, will also affect the performance of the Portfolio.

20. Clients should note that Portfolio Manager and Issuers of the NCDs are different entities & each of such entities operates independently in assuming their respective duties and obligations in relation to the Portfolio and is subject to the supervision of their relevant industry regulators. All transactions and dealings between such entities in relation to the Portfolio will be dealt with on arm's length basis.

*[vii] Risks associated with investments in Indian Entrepreneur Portfolio:*

- Since the portfolio aims to invest in entrepreneurially driven and family owned businesses, beside the risks related to investments in Equity shares, risk and challenges in family owned Enterprises as mentioned here under shall impact the performance of the portfolio. (The list of risk as mentioned here under is not exhaustive).
  - Succession planning
  - Transparency and corporate governance concerns
  - Centralized decision making
  - Nepotism
  - Truly independent directors?
  - Control retention concerns can affect capital structures
  - Capital allocation issues

**7. Client Representation**

**(i) Category of Clients**

The details as given below are as on March 31, 2018

Category of clients	No. of clients	Funds Managed (Rs. in Crores)	Discretionary / Non-Discretionary
Associates / Group companies:			
March 31,2018	NIL	N.A	N.A
March 31,2017	NIL	N.A	N.A
March 31,2016	NIL	N.A.	N.A.

Others – Only Active Clients	12350	10033	
March 31, 2018	9712	8226	Discretionary
March 31, 2017	5714	4925	Discretionary
March 31, 2016			Discretionary
<b>Total:</b>		10033	
March 31, 2018	12350	8226	Discretionary
March 31, 2017	9712	4925	Discretionary
March 31, 2016	5714		Discretionary

(ii) Related Party Disclosure

(i) Related Party and their relationship

**List of related parties as on 31.03.2017 (last audited Balance Sheet)**

a) Particulars of Entities controlled by the Company :

Sr. No.	Name of Related Party	Nature of Relationship
1	ASK Wealth Advisors Private Limited	Subsidiary
2	ASK Property Investment Advisors Private Limited	Subsidiary
3	ASK Family Office and Investment Advisors Private Limited	Step down Subsidiary
4	ASK Property Advisory Services Private Limited	Subsidiary
5	ASK Trusteeship Services Private Limited	Subsidiary
6	ASK Financial Holdings Private Limited (formerly known as ASK Infrastructure Private Limited)	Subsidiary
7	ASK Capital Management PTE Limited (Singapore)	Subsidiary

b) Key Managerial Personnel:

Sr. No.	Name of Related Party	Nature of Relationship

1	Asit Koticha	Director
2	Sameer Koticha	Director
3	Bharat Shah	Director
4	Sunil Rohokale	CEO & Managing Director
5	Shweta Jalan	Director
6	Vinod Padikkal	Director

c) Others

Sr. No.	Name of Related Party	Nature of Relationship
1	ASK Securities Advisory Services Private Limited	Enterprise where significant influence can be exercised
2	Prushti Developers Pvt. Ltd	Enterprise where significant influence can be exercised
3	Fortress Constructions Pvt. Ltd	Enterprise where significant influence can be exercised
4	ASK Pravi Capital Advisors Private Limited	Joint Venture Company
5	Sameer Koticha (HUF)	Enterprise where significant influence can be exercised
6	ASK Foundation	Enterprise over which Key Managerial Personnel are able to exercise significant influence
7	Kishore Koticha	Relative of Director
8	Pramoda Koticha	Relative of Director
9	Monik Koticha	Relative of Director
10	Sneh Koticha Contractor	Relative of Director
11	Arvind Shah	Relative of Director
12	ASK Real Estate Special Opportunities Fund	Enterprises where significant influence can be exercised
13	ASK Real Estate Special Opportunities Fund – II	Enterprises where significant influence can be exercised
14	ASK India Real Estate Special Opportunities Fund Pte. Ltd	Enterprises where significant influence can be exercised
15	ASK Pravi Private Equity Opportunities Fund	Enterprises where significant influence can be exercised
16	Jatin Koticha	Relative of Director



(ii) Transactions during the period with related parties are as under

(i) The portfolios of some related parties are managed by ASK Investment Managers Pvt. Ltd. These portfolios are under different accounts. The following are details of funds of related parties managed during October 1 2017 – March 31 2018

RELATED PARTY	Funds as on September 30, 2017 (Rs.)	Received during October 2017 to March 2018 (Rs.)	Returned during October 2017 to March 2018 (Rs.)	Funds as on March 31 2018 (Rs.)
KISHORE KOTICHA	143,763,324.82	0.00	500,000.00	146,886,088.43
PRAMODA KOTICHA	15,669,325.15	0.00	0.00	16,063,181.01
ARVIND CHIMANLAL SHAH	0.00	0.00	0.00	0.00
SAMEER KISHORE KOTICHA HUF	18,147,053.28	0.00	0.00	18,250,485.14
SUNIL ROHOKALE	35,284,520.15	6,000,000.00	0.00	42,012,692.23
SHWETA JALAN	19,647,823.49	5,000,000.00	0.00	24,878,507.73
VINOD PADIKKAL	4,831,366.35	0.00	0.00	4,925,785.11
JATIN KISHORE KOTICHA	15,328,100.27	0.00	0.00	15,483,298.41
AMIT BHAGAT	1,810,180.16	0.00	0.00	1,822,528.44
VARSHA GHELANI	2,655,217.29	0.00	0.00	2,719,353.70

(i) Fees are charged to related parties for management of their portfolios. Following are details of the fees received by ASKIM from these parties during October 2017 to March 2018 and the fees receivable from them as on September 2016

RELATED PARTY	Fees earned during October 2017 – March 2018 (Rs.)	Fees receivable as on October 31, 2018 (Rs.)
KISHORE KOTICHA	-	-
PRAMODA KOTICHA	-	-
ARVIND CHIMANLAL SHAH	-	-
SAMEER KISHORE KOTICHA HUF	-	-
SUNIL ROHOKALE	-	-
SHWETA JALAN	233883.08	0.00
VINOD PADIKKAL	-	-
JATIN KISHORE KOTICHA	233848.86	0.00
AMIT BHAGAT	-	-

(iii) Transactions with Subsidiaries /Joint Ventures / Entity controlled by the Company: (as per last audited Balance sheet of 31<sup>st</sup> March 2017

1) ASK Wealth Advisors Private Limited

Particulars	Amount (Rs.)	
	31.03.2017	31.03.2016
Opening balance of investment	662799000	662799000
Investment In Equity Shares #	393282071	-
Closing Balance of Investment	935652123	662799000
Opening balance payable	65,809,079	84,154,891
Financial advisory and support service fees income	124,525,198	115,494,935
Recovery of service cost	2,508,690	2,678,408
Client referral paid	461,828,996	279,747,453
Reimbursement of service cost	8,850	319,301
Closing balance payable	115,160,217	65,809,079
Loan given	305,500,000	-
Repayment of loans given	305,500,000	-
Interest income	4,255,628	-
#Includes Rs. 329,738,948 against issuance of equity shares of the Company for consideration other than cash Note: Loan was provided for general corporate purpose		

2) ASK Property Investment Advisors Pvt. Ltd.

Particulars	Amount (Rs.)	
	31.03.2017	31.03.2016
Opening balance of investment	242,717,636	242,717,636
Investment In Equity Shares #	194250572	-
Closing Balance of Investment	431702586	242717636
Opening balance payable/ (receivable)	195038705	189709740
Financial advisory and support service fees income	72,950,443	65,949,995
Reimbursement of service cost	1,170,863	432,162
Recovery of service cost	715,101	885,496
Investment advisory fees expense	103,244,289	36,237,050
Advance fees paid	-	337,463
Closing balance payable	226,863,496	195,038,705
Loans given	58,477,898	168,250,000
Repayment of loans given	110,027,898	116,700,000
Interest income	907,181	2,393,903

Interest receivable – loan	-	812,115
Closing balance receivable – loan	-	51,550,000
# Includes Rs. 171,919,342 against issuance of equity shares of the Company for consideration other than cash Note: Loan was provided for general corporate purpose		

### 3) ASK Property Advisory Services Private Limited

Particulars	Amount (Rs.)	Amount (Rs.)
	31.03.2017	31.03.2016
Opening balance receivable	220,819	220,819
Loan given	56,795	-
Interest income	27,781	26,571
Interest receivable – loan	25,002	23,913
Closing balance receivable	277,614	220,819
Note: Loan was provided for general corporate purpose		

### 4) ASK Capital Management Pte Limited (Singapore)

Particulars	Amount (Rs.)	Amount (Rs.)
	31.03.2017	31.03.2016
Opening balance of investment	73,000,816	63,236,816
Investment in equity shares	71,454,000	9,764,000
Closing balance of investment	144,454,816	73,000,816
Commission and placement fees	42,817,050	48,654,775
Opening balance receivable –loan	9,592,000	-
Loan given	-	9,592,000
Closing balance receivable – loan	9,104,000	9,592,000
Interest income	352,325	345,785
Interest receivable	352,325	345,785
Closing balance of receivables	183,107	48,654,775

### 5) ASK Pravi Capital Advisors Pvt. Ltd.

Particulars	Amount (Rs.)	Amount (Rs.)
	31.03.2017	31.03.2016
Opening balance of investment	81,450,000	81,450,000
Closing balance of investment	81,450,000	81,450,000

### 6) ASK Pravi Private Equity Opportunities Fund

Particulars	Amount (Rs.)	Amount (Rs.)
	31.03.2017	31.03.2016
Opening balance of investment in units (class a)	29,410,124	15,140,192
Investment in units	15,225,000	14,269,932
Closing balance of investment in units (class a)	44,635,124	29,410,124
Opening balance of investment in units (class b)	27,500	27,500
Investment in units	20,220	-
Closing balance of investment in units (class b)	47,720	27,500
Dividend income	496,232	236,000
Income receivable / (payable)	1,285,737	789,505

7) ASK Financial Holdings Private Limited

Particulars	Amount (Rs.)	Amount (Rs.)
	31.03.2017	31.03.2016
Opening balance of investment	23,100,000	100,000
Investment in equity shares	-	23,000,000
Closing balance of investment	23,100,000	23,100,000
Opening balance receivable	62,829	62,829
Closing balance receivable	-	62,829
Opening balance receivable – loan	-	300,000
Loan given	170,294	50,000
Interest income	8,398	49,068
Interest receivable	7,558	6,803
Repayment of loan given	233,123	350,000
Note: Loan was provided for general corporate purpose		

8. The Financial Performance of the Portfolio Manager (based on audited financial statements) (in Rs. crore)

Particulars	F.Y. 16-17	F.Y. 2015-16	F.Y. 2014-15	F.Y. 2013-14	F.Y. 2012-13
Profit / (Loss) Before Depreciation & Taxation	39.93	7.49	45.24	1.57	1.38
Net Profit / (Loss) after Depreciation & Taxation	18.10	4.64	28.90	0.64	0.58
Shareholder's Funds					
Share Capital	1.11	1.14	1.13	1.13	1.13

Reserves & Surplus	255.91	173.58	168.95	136.19	135.69
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9) Portfolio Management Performance (active strategies) of the Portfolio Manager for the last five years

Strategy	FY14	FY15	FY16	FY17	FY18
<b>IEP</b>	34.50%	73.03%	-4.51%	24.14%	14.52%
BSE 500	17.08%	33.19%	-7.82%	24.02%	11.82%
Nifty 50	17.98%	26.65%	-8.86%	18.55%	10.25%
<b>India Select</b>	38.66%	73.01%	-1.60%	23.96%	12.67%
BSE 100	18.11%	28.32%	-8.96%	21.17%	10.62%
Nifty 50	17.98%	26.65%	-8.86%	18.55%	10.25%
<b>Growth</b>	23.87%	63.59%	-2.77%	31.99%	16.18%
Nifty 50	17.98%	26.65%	-8.86%	18.55%	10.25%
<b>Life Portfolio</b>	26.52%	50.56%	-7.61%	19.14%	13.04%
BSE 200	17.19%	31.93%	-7.86%	22.47%	11.04%
Nifty 50	17.98%	26.65%	-8.86%	18.55%	10.25%
<b>Strategic</b>	35.59%	82.70%	-6.30%	27.99%	10.14%
BSE 200	17.19%	31.93%	-7.86%	22.47%	11.04%
Nifty 50	17.98%	26.65%	-8.86%	18.55%	10.25%
<b>GEMS</b>	-	-	-	23.91%	13.45%
Nifty 50	-	-	-	18.55%	10.25%
<b>HCP</b>	-	-	-	-	12.09%
Nifty 50	-	-	-	-	10.25%
<b>Eagle</b>	-	-	-	-	4.77%
Nifty 50	-	-	-	-	10.25%

Since Inception Performance for Emerging Opportunities Portfolio (i.e. from 24<sup>th</sup> Aug 2017 till 28<sup>th</sup> Mar 2018):

EOP: 8.0%

BSE500: 3.7%

**Notes:**

- Performance figures are net of all fees and expenses.

- Returns have been calculated using weighted average rate of return method.
- All the integrated clients under the respective concept have been taken into account to arrive at overall performance.
- The actual returns of the client may differ from the concept returns.
- Past performance may or may not be sustained in future and should not be used as basis for comparison with other investments.

## 10. Nature of expenses

### [i] Investment management and advisory fees

#### Present fee Structure offered\*

- I. Valuegrowth Portfolio
- II. Real Estate Special Opportunities Portfolio I (Refer Annexure I)
- III. Real Estate Special Opportunities Portfolio II (Refer Annexure II)

\*Applicable taxes, brokerage and other statutory dues would be in addition to the below fee structure

Option 1: Fixed Fees	Upfront Fee : upto 2.50% p.a, Management Fee: upto 2.50% p.a, on the daily average Net Asset Value of the Portfolio
Option 2: Variable Fees	Upfront Fee : upto 2.50% p.a, Management Fee: upto 2.00% p.a. fee on the daily average Net Asset Value of the Portfolio Profit Sharing: up to 20% fees on any Positive Portfolio Performance of each period with higher watermark.
Exit Load	Up to 3%

### Special Situation Portfolio

Option 1: Fixed Fees	Upfront Fee : upto 2.50% p.a, Management Fee: upto 2.50% p.a, on the daily average Net Asset Value of the Portfolio.
Option 2: Performance Fees with catch-up	Upfront Fee : upto 2.50% p.a, Management Fee: upto 2.00% p.a. fee on the daily average Net Asset Value of the Portfolio Performance Fee share of 20% with a hurdle of 10% per annum charged at the end of 3 years or on early retirement.
Exit Load	Up to 3%

For the below Strategies

- Indian Entrepreneur Portfolio
- India Select Portfolio
- Growth Portfolio
- Life Portfolio
- Strategic Portfolio
- Conviction Portfolio
- High Conviction Portfolio
- Eagle Portfolio
- Emerging Opportunities Portfolio
- Liquid Strategy

Option 1	<p>Upfront fee: Upto 2.50%</p> <p>Management Fee: upto 2.50% p.a, on the daily average Net Asset Value of the Portfolio.</p>
Option 2: Variable Fees	<p>Upfront Fee : upto 2.50% p.a,</p> <p>Management Fee: upto 1.50% p.a. fee at the end of the every quarter on the daily average Net Asset Value of the Portfolio</p> <p>Profit Sharing: 20% of performance over 10% compounded hurdle on corpus of the Investor.</p> <p>(10% compounded hurdle shall be computed on the corpus of the investor. In case of additional inflows, hurdle rate will be calculated proportionately over the 3 year portfolio life)</p>
Exit Load	<p>Exit charges are applicable on redemption amount** as per slabs described below on exit before 3 years in addition to the portfolio management fees as above.</p> <p>Between 0 and 12 months : 3%</p> <p>Greater than 12 months and upto 24 months : 2 %</p> <p>Greater than 24 months and upto 36 months [or Maturity Date as applicable in case of Eagle Portfolio] 1%</p> <p>Greater than 36 months : No exit load</p>

**Notes:**

1) \*The Portfolio manager shall charge the First Performance Linked Fee on completion of 3 years from the date of receipt of first inflow OR the same shall be charged on early exit by investor due to partial or full redemption whichever is earlier.

\*\* In case of an additional inflow, performance fee will be charged on the additional inflow with a proportionate hurdle of 10% per annum for the period from the date of additional inflow till the date of charging the performance fee.

2) In case of partial or full withdrawal any time before the calculation of performance fee, the returns will be annualized using XIRR method for the purpose of arriving at the proportionate hurdle to compute performance linked fees. The hurdle / performance fee will be computed on the amount withdrawn. For the next calculation of performance fees, residual corpus will be considered for hurdle / performance fee calculation.

3) \*\* Redemption period is calculated from the date of each tranche of inflow (initial or additional). Redemption amount is arrived at after calculation / charging of all Fees and Expenses (including Performance Linked Fee).



- 4) The Net Asset Value will be calculated by aggregating the following :
- (i) The total market value of all investments at the end of each day,
  - (ii) All income (dividend, interest, etc.) accrued on the investments
  - (iii) Cash or cash equivalent /Bank balance as at the end of the day; and reducing from such aggregate the charges, fees,-  
-expenses and other costs.

5) Post charging the first performance fees, following annual fees shall be applicable to the investor:

Fixed Management fees	1.5% p.a. (Charged on daily average Net Asset Value of the Portfolio)	<b>plus</b>
Performance Fees	20% of performance over 10% hurdle calculated and charged and following the completion of 4 years from the date of initial investment and annually thereafter **** (on higher watermark NAV) or partial / full redemption, whichever is earlier. (10% hurdle shall be computed on the corpus of the investor. In case of multiple inflows, hurdle will be applicable on proportionate basis**) )	

\*\*\*\* For instance, if the date of completion of 4 years from the date of initial investment is 15th May 2015, then the next performance fee will be charged on 30th June 2015 (i.e., following the completion of 4 years, for the period 15th May 2014 to 30th June 2015) and subsequent performance fees will be charged on 30th June every year.

For GEMS Portfolio :

Option 1	Upfront fee: Upto 2.50% Management Fee: upto 2.50% p.a, on the daily average Net Asset Value of the Portfolio.
Option 2: Variable Fees	Upfront Fee : upto 2.50% p.a, Management Fee: upto 1.50% p.a. fee on the daily average Net Asset Value of the Portfolio Profit Sharing: 13% of performance with catch-up* over 12% on compounded hurdle (12% compounded hurdle shall be computed on the Total Contribution of the client. In case of multiple inflows, hurdle will be applicable on proportionate basis**)
Exit Load	Exit charges are applicable on redemption amount** as per slabs described below on exit before 3 years in addition to the portfolio management fees as above.  Between 0 and 12 months : 3%  Greater than 12 months and upto 24 months : 2 %  Greater than 24 months and till Portfolio Closure Date : 1 %

Notes:

1) \*Performance Fee with catch-up as applicable, will be charged on Closure Date, or Pre-Closure or client-initiated exit, whichever is earlier, on partial or full redemption. For better understanding, kindly refer the fee illustration scenarios below.

2) \*\*In case of partial or full redemption any time before the calculation of performance fee, the returns will be annualized using XIRR method for the purpose of arriving at the proportionate hurdle to compute performance fees. The hurdle / performance fee will be computed on the amount withdrawn. For the next calculation of performance fees, residual corpus will be considered for hurdle / performance fee calculation.

**Advisory mandates**

As per the rates agreed with the respective Fund / Company / Individual etc, on a case to case basis.

### **For Portfolios with Systematic Investment Plan Option**

Upfront Fee: Upto 2%

Management Fee: upto 2.50% p.a. fee on the daily average Net Asset Value of the Portfolio

SIP Discontinuance Fee: In case if the investor does not honor two consecutive SIP installments, the SIP will be discontinued and an upfront fee of 1% will be charged on all previous installments and initial investment amount.

Exit Fees: Upto 3%

### **7. Market Linked Debenture**

There could be two options for payment of management fees for the Market Linked Debenture

#### **Type 1: Placement fees:**

The Client shall pay an upfront fee at the rate agreed for each series of the product, as mentioned in the respective term sheet and the client agreements.

#### **Type 2: Inbuilt Fees**

The Portfolio Manager may buy NCDs at a discount to the face value. In such a case, the extent to which the NCD is discounted shall be the inbuilt fees and this would be adjusted against the fees payable by the investor. Even if the Portfolio Manager buys it at discount, the debentures would be redeemed at face value and coupon, if any, would be calculated on the face value.

In the event that a premature exit is made possible, it shall occur at a price which shall be calculated by the Calculation Agent/Issuer and shall take into consideration the market value of the NCDs. All costs incurred by the Issuer (including costs of unwinding any hedge) shall be further reduced from the value of the NCDs.

### **ASK – Managed Funds Portfolio**

<b>Upfront Fee</b>	<b>Nil</b>
<b>Management Fee:</b>	
1. Equity Opportunities Portfolio, Aggressive Portfolio	1.50% p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.
2. Balanced Portfolio	1.0 % p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.
3. Conservative Portfolio, Pure Debt	0.5% p.a. charged on calendar quarter basis on the

Portfolio	daily average Net Asset Value (NAV) of the portfolio.
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If amount withdrawn within:	Applicable exit fees
1 <sup>st</sup> year	1% charged on the daily average Net Asset Value (NAV) of the portfolio till the time of closing the account with ASK.
2 <sup>nd</sup> year onwards	Nil

Note : The above fee structure is over and above the fees, expenses and exit loads (if any) charged by the respective mutual fund schemes where the money will be invested under each portfolio.

**Note for all portfolio fee structures:** The above stated fee structure for all the concepts/portfolios represent the maximum and general fees applicable currently for the respective portfolios. Portfolio Manager reserves the right to charge a lesser fees or such customized fees within the stated range or waive off upfront & termination fees under each concept/portfolio at its sole discretion.

## 11. Taxation

Income to a portfolio client either in the form of gains from investments or interest or dividends shall be subject to applicable rates of tax under the Income Tax Act, 1961, in force from time to time. Currently, the dividends from Companies and Mutual Funds would not be subject to tax in the hands of the investors.

### **An overview of the tax implications of investments in securities (incorporating the amendments of Finance Act, 2018)**

The portfolio gains on listed equity shares traded on recognized stock exchanges in India, if treated as in the nature of capital gains, could be either short-term or long-term depending upon the holding period. Such gains when short term in nature would be subject to tax @ 15% (plus surcharge and education cess, if applicable) and when long term in nature would be subject to tax at the rate of 10% (if gains exceed INR 1 lakh, without indexation benefit) under the Income Tax Act, 1961. The investor would have to pay Securities Transaction Tax @ 0.100% on the value of securities at the time of sale and purchase.

If the securities are purchased within three months prior to the record date are sold within three months after the record date, then the capital loss arising from such sale of securities would not be available for set off against other capital gains as per section 94(7) of the Act, to the extent of dividend income received from such securities is exempt from tax. Additionally, as provided by section 94(8) of the Act, in case of securities purchased within a period of three months prior to the record date on which bonus shares are allotted and if any or all of the purchased securities are transferred within a period of nine months after the record date, the loss arising on transfer of original securities

shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be deemed to be cost of acquisition of such Bonus shares.

Disclaimer: The tax information provided above is generic in nature and the actual tax implications for each client could vary substantially from what is mentioned above, depending on the facts and circumstances of each case. The client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his of income or loss and the expenses incurred by him as a result of his investment in the Portfolio Management Service offered by the Portfolio Manager

## 12. Accounting policies

ASKIM follows prudent accounting policies for the portfolio investments of client as under:

a. *Contribution to portfolio*

Contribution to portfolio by way of securities is recorded at the previous day closing price or same day closing price based on the timing of takeover of stocks in system on that day as may be defined in the stock takeover policy of the company which is reviewed on regular basis..

b. *Portfolio investments*

Portfolio investments are stated at market/fair value prevailing as on year end and the difference as compared to book value is recognized as accrued gain/loss in the statement of affairs for the year.

Market value/fair value of portfolio investments is determined as follows:

- i. Investments in listed equity shares are valued at the closing quoted price on Bombay Stock Exchange (BSE) and if the security is not listed on BSE then the security is valued at the closing price quoted as on National Stock Exchange (NSE)
- ii. Investments in units of a mutual fund are valued at Net Asset Value of the relevant scheme
- iii. Equity shares which are delisted on stock exchanges are valued at Last traded price available for that security on BSE / NSE
- iv. Equity shares which are illiquid and have not been traded on stock exchanges, the same are valued at last trade closing price on BSE or NSE.

Purchase and sale of investments are accounted for on trade date basis. Cost of purchase and sale includes consideration for scrip and brokerage (including service tax thereon) but excludes securities transaction tax paid on purchase/sale of securities.

Consideration received against fractional entitlements on account of corporate actions is entirely considered as revenue under other income.

c. *Revenue*

Realized gain/loss on sale of investments is accounted on trade date basis by comparing sale consideration with the cost of investment. The cost of investment is identified following First-in-First Out (FIFO) method.

Corporate dividend income is recognized on ex-dividend date.

d. *Expenses*

Portfolio management fees are accounted on accrual basis based on average of daily portfolio value at monthly or quarterly intervals or at such interval as may be determined by the PMS Agreement entered in to with the Client.

Securities transaction tax paid on purchase/sale of securities is treated as expenditure shown under other expenses in the Statement of Affairs

Other expenses like depository charges, transaction charges, audit fees are recorded on cash basis.

### **13. Investors services**

ASKIM seeks to provide the portfolio clients a high standard of service. ASKIM is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Investor servicing essentially involves: -

- Reporting portfolio actions and client statement of accounts at pre-defined frequency;
- Attending to and addressing any client query with least lead time;

**Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:**

Ms. Bhakti Rawte  
Head – Customer Service  
ASK Investment Managers Private Limited  
Birla Aurora, Level 16, Dr Annie Besant Road  
Worli, Mumbai 400 030  
Phone: 022-66520000  
Email: [customerexperience@askinvestmentmanagers.com](mailto:customerexperience@askinvestmentmanagers.com)

#### **14. Grievance redressal and dispute settlement mechanism:**

##### **Grievance Redressal:**

Ms. Bhakti Rawte, Head – Customer Service from Customer Service team and Mr. Himanshoo Bohara, Group CFO and Head – Compliance, ASK Group shall attend to and address any client query or concern as soon as practicably possible.

##### **Dispute Settlement Mechanism:**

All disputes, differences, claims and questions whatsoever which shall arise either during the subsistence of the agreement with a client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising there from or the interpretation of any provision therein shall be, in the first place settled by mutual discussions, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Mumbai and be conducted in English language.

The agreement with the client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a client or the performance of the agreement by the either party of its obligations will be conducted exclusively in courts located within the city of Mumbai in the State of Maharashtra.

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SEBI Scores Link wherein you can lodge your complaint against Intermediary:  
<http://scores.gov.in/>

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#### **15. General Information**

##### **Prevention of Money Laundering**

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). The PMLA, the Rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'.

The Client(s), including guardian(s) where Client is a minor, should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, PML Laws, Prevention of Corruption Act and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their attorney (ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including *inter alia* identity, residential address(es), occupation and financial information by the Portfolio Manager. If the Client(s), their attorney(ies) or the person making payment on behalf of the Client(s), refuses/fails to provide the required documents/information within the period specified by the Portfolio Manager then the Portfolio Manager shall have absolute discretion to freeze the Account of the Client(s), reject any application(s) and effect mandatory repayment/returning of Assets of the Account of the Client(s) subject to the fees payable to the Portfolio Manager, if any. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the Account/rejection of any application or mandatory repayment/returning of funds/Asset of the Account due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.



### **Acts done in Good Faith**

Any act, thing or deed done in good faith in pursuance of or with reference to the information provided in the application or other communications received from the Client will constitute good and full discharge of the obligation of the Portfolio Manager.

In cases of copies of the documents / other details such as list of authorised signatories, that are submitted by a limited company, body corporate, registered society, trust or partnership, if the same are not specifically authenticated to be certified true copies but are attached to the Application Form and / or submitted to the Fund, the onus for authentication of the documents so submitted shall be on such investors and the Portfolio Manager will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents / details by such investors shall be full and final proof of the corporate Client's authority to invest and the Portfolio Manager shall not be liable under any circumstances for any defects in the documents so submitted.

In cases where there is a change in the name of such Client, such a change will be effected by the Portfolio Manager only upon receiving the duly certified copy of the revised Certificate of Incorporation issued by the relevant Registrar of Companies / registering authority. In cases where the changed PAN Number reflecting the name change is not submitted, such transactions accompanied by duly certified copy of the revised Certificate of Incorporation with a copy of the Old Pan Card and confirmation of application made for new PAN Card will be required as a documentary proof.

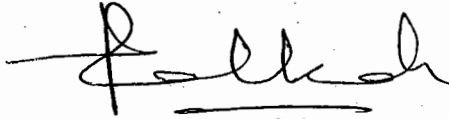
### **Client Information**

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by him is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Portfolio Manager shall assume that the Client holding the funds/Securities in his name is legally authorized/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

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**For ASK INVESTMENT MANAGERS PRIVATE LIMITED**



**Sunil Rohokale**  
*CEO & MD*



**Bharat Shah**  
*Executive Director*

Date:  
28<sup>th</sup> April, 2018

Place: Mumbai

**ASK INVESTMENT MANAGERS  
PRIVATE LIMITED**

**ANNEXURE I  
To  
DISCLOSURE DOCUMENT**

**FOR  
ASK Investment Managers Private Limited  
(Real Estate Special Opportunities Portfolio – I)**

**PORTFOLIO MANAGEMENT SERVICES**

**AS ON March 31, 2018**

**ASK INVESTMENT MANAGERS PRIVATE LIMITED**

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Birla Aurora, 16 Level, Office floor 9, Dr. Annie Besant Road, Worli, Mumbai - 400030

**PORTFOLIO MANAGEMENT SERVICES**

**DISCLOSURE DOCUMENT**

**[As required under Regulation 14 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993]**

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- i) This Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by SEBI from time to time.
- ii) The purpose of this Document is to provide essential information about the portfolio management services provided by ASK Investment Managers Pvt. Ltd ("ASK IM /Portfolio Manager") in respect of **ASK PMS Real Estate Special Opportunities Portfolio – I** so as to assist and enable the investors in making an informed decision for engaging ASK IM as the Portfolio Manager.
- iii) This Document contains the necessary information about ASK IM and ASK PMS Real Estate Special Opportunities Portfolio – I, required by an investor before investing. The investor is advised to retain this Document for future reference.
- iv) The contents of disclosure document have been duly certified by an Independent Chartered Accountant, M/s. Sanjay Rane & Associates, Chartered Accountants, registered membership No. 121089W & has office at 23, Chanchal Smruti, 25 G.D Ambedkar Marg, Wadala, Mumbai 400031.
- v) Principal Officer : Mr. Prateek Agrawal  
Address : ASK Investment Managers Pvt. Ltd.  
Birla Aurora, 16 Level, Office floor 9,  
Dr. Annie Besant Road, Worli, Mumbai - 400030  
  
Telephone Number : 022-66460000  
  
E-mail : pagrawal@askinvestmentmanagers.com

## 1. Disclaimer Clause

This Disclosure Document ("Document") sets forth concisely the information about the Portfolio Management Services (PMS) offered by ASK IM in respect of **ASK PMS Real Estate Special Opportunities Portfolio – I** ("Real Estate Portfolio") that a prospective Client should know before investing. The particulars of the services offered have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended till date, and filed with the Securities and Exchange Board of India ("SEBI"). This Document has not been approved or disapproved by SEBI nor has SEBI certified the accuracy or adequacy of this Document.

The investor is advised to retain the copy of this Document for future reference.

## 2. Definitions

<b>"AMC" or "Portfolio Manager" or "ASK IM"</b>	ASK Investment Managers Private Limited incorporated under the Companies Act, 1956 and registered with the Securities and Exchange Board of India as a Portfolio Manager under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
<b>Agreement/ Portfolio Management Agreement / Client Agreement</b>	Discretionary Portfolio Management Service Agreement, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.
<b>"Application Form"</b>	Means the application form submitted by the Client for making investments through the Portfolio, containing such information as may be required by the Portfolio Manager and the terms and conditions of which shall be read in conjunction with the Agreement.
<b>"Business Day"</b>	Means any day other than Saturday or a Sunday, a day on which the banks in Mumbai and / Reserve Bank of India (RBI) are closed for business / clearing, a day which is a public holiday and / or bank holiday; a day on which stock exchanges are closed, a day declared as a public holiday under the Negotiable Instruments Act, 1881, a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the Portfolio Manager may specify from time to time. The Portfolio Manager reserves the right to amend the definition of "Business Day".
<b>"Business Hours"</b>	Presently 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be decided by the Portfolio Manager

	from time to time.
<b>“Capital Commitment”</b>	The aggregate amount agreed by the Client to be contributed for investments through the Real Estate Portfolio. The minimum Capital Commitment of the Client is a sum of Indian Rupees Twenty Five Lakhs (INR 25,00,000) or such other amount as the Portfolio Manager may decide in it’s discretion.
<b>“Capital Contribution”</b>	That portion of Capital Commitment paid by a Client with respect to the Real Estate Portfolio upon the execution of the Agreement and/or subsequently, pursuant to the issuance of a Drawdown Notice from time to time.
<b>“Client”</b>	A person who enters into Agreement with ASK IM for availing the portfolio management services being offered in respect of the Real Estate Portfolio.
<b>“Commitment Period”</b>	The period up to the expiration of two (2) years from the Portfolio Commencement Date, which may be extended by an additional period of six (6) months at the discretion of the Portfolio Manager, provided however that, the Client will be obligated to fund any remaining portion of their Capital Commitments through the Term of the Agreement (a) to cover expenses and fees of the Portfolio Manager, and (b) to make Follow-On Investments.
<b>“Drawdown Notice”</b>	Any notice issued to the Client calling upon the Client to make Capital Contribution out of the amount of its Unfunded Commitment/s.
<b>“Follow-On Investments”</b>	Portfolio Investments made after the termination of the Commitment Period in respect of which a binding commitment of the Portfolio Manager exists on the date on which the Commitment Period terminates, and investments after the Commitment Period in Securities of Portfolio Companies that in the good faith judgment of the Portfolio Manager are necessary to protect and/or enhance the value of the Real Estate Portfolio’s existing investments in such Portfolio Companies.
<b>“Fair Market Value”</b>	means the last 3-monthly valuation determined by a credible valuer of repute appointed by the Portfolio Manager.
the <b>“Initial Capital Contribution”</b> or <b>“Application Amount”</b>	Portion of the Capital Commitment payable by the Client simultaneously upon execution of this Agreement, as stipulated by the Portfolio Manager and equal to twenty percent (20%) of the total Capital Commitment.

<b>"Portfolio" or "Client Portfolio"</b>	The total holding of all investments, Securities and funds belonging to the Client in accordance with the Agreement.
<b>"Portfolio Commencement Date"</b>	The closing date for payment of the Initial Capital Contribution, as determined by the Portfolio Manager.
<b>"Portfolio Company"</b>	Companies, enterprises, entities, special purpose vehicles, directly or indirectly engaged in Real Estate and in the Securities of which the monies of the Portfolio are invested.
<b>"Principal Officer"</b>	means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.
<b>"Real Estate"</b>	Includes immovable property of every description, transferable development and redevelopment rights, floor space, townships, industrial parks, IT/ITES Parks, business centers, serviced and other plots, special economic zones, hotels, multiplexes, shopping malls, residential units, commercial units and the like, infrastructure facilities including roads, bridges and tunnels as well as any interest(s) or right(s) therein and /or any services relating to the aforesaid.
<b>"Real Estate Portfolio"</b>	ASK PMS Real Estate Special Opportunities Portfolio – I in accordance with the terms of this Document and as set out in the Agreement.
<b>"Securities"</b>	Mean and include securities of asset level special purpose vehicles, all marketable securities including equity shares, quasi equity shares, preference shares, debentures, convertible securities, depository receipts, bonds, secured premium notes, government securities, pass-through certificates, treasury bills, units, derivatives, equity linked products, debt, hybrid debt products, mortgage-backed securities, commercial debt papers, notes, and all other debt instruments and any other instrument included within the definition of 'security' under section 2(h) of the Securities Contract (Regulation) Act, 1956 .
<b>"SEBI"</b>	Means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
<b>"SEBI Regulations" or "Regulations"</b>	Means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended and

	modified from time to time.
<b>"Term"</b>	The term of the Portfolio, which will terminate upon the expiry of the fifth anniversary of the Portfolio Commencement Date, and may be extended at the discretion of the Portfolio Manager for two further periods of one (1) year each beyond such fifth anniversary.
<b>"Unfunded Commitment"</b>	Means the Capital Commitment as reduced by the Capital Contribution, which shall be increased to the extent of any payments such as overdue interest or penalties on account of delayed payments by the Client or other receivables as may be determined by the Portfolio Manager.
<b>XIRR Method</b>	Means the internal rate of return on the Capital Contribution contributed by the Client to the Portfolio accrued, and realized and credited into the account of the Portfolio Manager, determined by using the xIRR function of Microsoft Excel. The xIRR shall at all times be inclusive of any coupon and/or dividend gross of taxes received on the invested Securities, as applicable.

Any term used in this Disclosure Document and not defined herein but defined in the SEBI Regulations shall have the same meaning as assigned to them in the SEBI Regulations.

**The Portfolio Manager offers the following product under this Disclosure Document:**

**ASK PMS REAL ESTATE SPECIAL OPPORTUNITIES PORTFOLIO – I**

The ASK PMS Real Estate Special Opportunities Portfolio – I ("Real Estate Portfolio") is an opportunity for eligible investors to take exposure in the growing Indian real estate sector and access opportunities that are inaccessible in general to investors. The investment objective of the Portfolio is to provide for the Client by investing in Securities offered by unlisted and listed Portfolio Companies involved in, investing in, developing, constructing, owning, asset managing, project/facility managing and operating Real Estate assets and related infrastructure opportunities. The Portfolio Manager would seek to generate capital appreciation as well as regular returns (annual dividends/interest) on Client's capital by such investments. The Portfolio Manager under the Real Estate Portfolio shall aim at capturing the real estate investment opportunity in India. The Real Estate Portfolio shall represent a unique combination of a highly experienced investment team, a disciplined investment process, an 'Investment Committee' structure, an experienced investment advisor and a portfolio strategy that is designed to capture this growth opportunity.



### **Investment Advisor**

The Portfolio Manager has appointed ASK Property Investment Advisors Private Limited as the Investment Advisor for Portfolio to provide non-binding and non-discretionary advice. The advice will be purely recommendatory in nature and the final investment decisions in respect of the Portfolio shall be taken by the Portfolio Manager at its sole discretion and responsibility.

The team at ASK Property Investment Advisors Pvt. Ltd., comprises of professionals having a vast & diversified experience in the Indian real estate business. The team has a collective experience of over ten decades of cumulative experience and comprises some of the industry's reputable professionals with retail and corporate lending, real estate, construction businesses, and asset management experience. The team has a network of strong developer relationships & industry interfaces.

### **Investment Philosophy**

The real estate Investment Philosophy of ASK IM is as follows:

- Investing mindset to run a marathon rather than a short sprint
- Research and risk evaluation will be the backbone
- Growth at reasonable prices
- Focus on compounding opportunities rather than one time pops
- Location to be the key to investing
- Sustainable developments
- Exit options should be evaluated with the following in mind "Customers buy for their reasons, not yours"

### **Investment Approach**

ASK IM follows a bottom up approach to investing with an intensive research process for screening potential investments. ASK IM believes in investing in quality businesses that are easy to understand, quality management with a clear vision and focus on business in which it has strengths and at reasonable valuations that can be best described as 'growth at reasonable price'.

**ASK IM believes that Wealth is nothing without Wisdom.**

The Real Estate Portfolio intends to invest in securities of predominantly unlisted companies primarily involved in the business of real estate. The investment strategy of the Real Estate Portfolio would be as under:

- a) Investment in projects having greater liquidity, shorter gestation and lower volatility

- b) Active participation in the development process to be a pre-requisite to making investment
- c) Focus on fundamentals like real estate experience, execution capability and demand sustenance emerging from Infrastructure developments and income growth
- d) Recapitalizations
- e) Repositioning and Re-development
- f) Investments in distressed projects/assets including sale & lease back transactions

### Redevelopment

Redevelopment projects shall comprise of redevelopment of old structures – tenanted / non - tenanted. The Real Estate Portfolio shall source and evaluate such deals which provide excellent investment opportunities.

### Repositioning

There may be opportunities to renovate and refurbish decrepit buildings located in central business districts which can then be repositioned to deliver superior returns to the investors.

### Recapitalisation

The current liquidity scenario may throw up opportunities to invest into ongoing development projects which have stalled due to lack of availability of debt or insolvency of one or more primary stakeholders. The Portfolio Manager believes that such “distressed” opportunities can deliver higher returns while mitigating any approval related development risk.

### Exit Strategy

The type of exit strategy adopted will depend upon the type of asset segment. Following are some of the likely exit scenarios:

<b>Type of Exit</b>	<b>Applicable to</b>
Sale to the end user.	Primarily applicable for residential projects
Sale to third party like Real Estate Investment Trust's and Real Estate Mutual Fund at the SPV level.	Primarily to be used in case of commercial projects

The Portfolio Manager will seek a timely and appropriate exit strategy for all investments made by the Real Estate Portfolio. The exit strategy will be determined by various factors such as demand-supply analysis, hold- sell analysis etc. The Portfolio Manager anticipates a holding period of 2-5 years in each Portfolio Investment. All exits will be at the discretion of the Portfolio Manager.

### Exposure limits

The key investment theme of the portfolio investments (“Portfolio Investments”) will be as follows:

- a) Investment in a single project not to exceed 20% of the Portfolio Investments.
- b) Investment in a Group not to exceed 25% of the Portfolio Investments.
- c) Investment in a city not to exceed 35% of the Portfolio Investments.

- d) Investment in each segment (Commercial/ Retail) other than residential not to exceed 30% of the Portfolio Investments.
- e) Subject to compliance with the transparent disclosure standards and adherence with the valuation norms, the Portfolio Manager may invest in any of the projects of ASK group companies strictly on an arm's length basis ensuring that the interest of the Client is not prejudiced in making such investments and any conflicts are managed by complying with the applicable laws and acting in good faith. Also, any such investments by the Portfolio Manager would only be done as a co-investment along with some other reputed real estate fund/investment vehicle not related to the ASK group.

#### **Liquidity Facility**

The Portfolio Manager at the end of 3 years from the Portfolio Commencement Date; shall provide a liquidity enabling facility (Liquidity Facility) under terms of the Agreement. The Client would have the discretion to opt for such a facility. Under such Liquidity Facility, the Client shall be able to realise 10% of his Capital Contribution made in accordance with the Agreement. Such portion of Capital Contribution so received by the Client would be at par value only and will neither include any appreciation, nor depreciation in the value of the Client Portfolio. Hence the Client opting for the Liquidity Facility would have to forego any appreciation in the value accrued towards the redeemed amount. The Liquidity Facility shall be available to the Client only for a limited duration of 3 months from the date of its commencement. However the Portfolio Manager may not provide such Liquidity Facility if there are factors beyond the reasonable control of the Portfolio Manager, including but not limited to war, flood, earth-quake, act of God, any act of Government or any other cause beyond the control of the Portfolio Manager which could not have been foreseen or avoided by the exercise of due diligence.

#### **Co-investment**

Opportunities may arise for other investors (whether they are investors or other funds to be contemplated and raised by ASK IM or managed by any other third party investors) to co-invest with the Real Estate Portfolio, on terms to be agreed. The co-investment will be determined by the diversification strategy that the Portfolio Manager has adopted. However the Real Estate Portfolio is not obliged to, offer co-investment rights to any third party investors. Further if any co-investment opportunity is offered to an existing investor, this will not reduce its commitment to the Real Estate Portfolio.

#### **Conflicts of Interest**

The Real Estate Portfolio may be subject to conflict of interest relating to ASK IM as Portfolio Manager, ASK Property Investment Advisors Pvt. Ltd. as investment advisor ("ASK PIA" or the "Investment Advisor") and various other affiliates, associated companies, or group companies directors, officers and employees of the Portfolio Manager ("**Relevant Parties**"), which are engaged in a broad spectrum of activities in the financial sector.

Some of the conflicts of interest and potential conflicts of interest are outlined below:

- ⇒ ASK PIA and its affiliates may provide services such as Real Estate consulting, broking and valuation services to the institutional or retail clients interested in the Indian Real estate. It may in the ordinary course of business also invest in, acquire, deal in and dispose of Real Estate assets or invest in companies which acquire, deal in or dispose of Real Estate assets. It may also advise the Portfolio manager to invest in such companies.
- ⇒ The Relevant Parties may have pre-existing relationships with a significant number of companies in which Real Estate Portfolio may invest. The Portfolio Manager may take into consideration these relationships with respect to the management of the Real Estate Portfolio. For instance, there may be certain investments that the Portfolio Manager will not undertake in view of such relationships.
- ⇒ The Relevant Parties may represent potential buyers of businesses through their mergers and acquisition activities, and may provide lending and other related financing services in connection with such transactions. When the Relevant Parties represent a buyer seeking to acquire a company, the Portfolio Manager may be limited or precluded during the term of such representation from investing in or selling Securities issued by such Portfolio Company. In that case, certain conflicts of interest would be inherent in the situation, including those involved in negotiating a purchase price.
- ⇒ There could be multiple portfolios under the management of real estate investment team ("Management Team") of ASK IM as a Portfolio Manager, thereby presenting possibility of conflict of interest in allocating investment opportunities amongst the various portfolios. The Portfolio Manager will endeavour to resolve any such conflicts in a reasonable manner taking into account, amongst other things, the investment objectives and policies of each portfolio, the remaining Unfunded Commitment, the level of diversification of each portfolio, and the basis on which prior conflicts in allocating investment opportunities have been resolved. However there can be no assurance that the Real Estate Portfolio shall be allocated any particular investment opportunities that are identified by the Portfolio Manager. Furthermore, the Portfolio Manager shall have the right, at its discretion, to allocate any investment opportunities to other portfolio or to their own portfolio.
- ⇒ In addition to advising ASK IM, ASK PIA may also advise other portfolio managers or venture capital funds to invest in companies which acquire, deal in or dispose of real estate assets.
- ⇒ Subject to compliance with the transparent disclosure standards and adherence with the valuation norms, the Portfolio Manager may invest in any of the projects of ASK group companies strictly on an arm's length basis ensuring that the interest of the Client is not prejudiced in making such investments and any conflicts are managed by complying with the applicable laws and acting in good faith. Also, any such investments by the Portfolio Manager would only be done

as a co-investment along with some other reputed real estate fund/investment vehicle not related to the ASK group.

Conflicts of interest would be inherent between the activities of the Portfolio Manager and the Relevant Parties. It is intended for such conflicts to be managed primarily by complying with the applicable law, acting in good faith to develop equitable resolutions of known conflicts and developing policies to reduce the possibilities of such conflict. The Portfolio Manager shall endeavour to ensure that these conflicts do not work to the detriment of the interests of the Client; however there can be no assurance that they will be able to do so in all instances. Also, any investments by the Portfolio Manager in the projects of ASK group companies would only be done as a co-investment along with some other reputed real estate fund/investment vehicle not related to the ASK group.

### **3. Risk factors**

#### **Indian Real Estate market**

The market for Real Estate is, in general, less liquid than the market for Securities. In addition, Real Estate developments have often been mired in controversies on various grounds such as defective title to the land, alleged violation of zonal and legal regulations etc., resulting in long delays in the completion of such projects. If such problems were to occur in projects developed by the Portfolio Companies, it may adversely affect the value of the investments of the Real Estate Portfolio.

Changes in various laws such as laws relating to ceilings on land holdings, rent control, zonal regulations and duties and taxes on sale, transfer and the holding of properties may affect the supply of and demand for Real Estate, thus affecting the value of any investments made by the Real Estate Portfolio in Portfolio Companies.

Real Estate development is a highly competitive business that may involve significant risks for the Portfolio Companies and thus have an adverse effect on Real Estate Portfolio. These include:

- ⇒ The Indian Real Estate market is not very transparent. As a result, it may be difficult to determine market values for properties that are considered for purchase by a Portfolio Company. Consequently there can be no assurance that the Portfolio Manager would be able to readily set an appropriate value to investments proposed to be made by the Real Estate Portfolio.
- ⇒ There may be risks generally associated with changes in general or local market conditions, and the cyclical nature of the property markets. Any reduction in demand or increase in the supply of Real Estate or potential reduction in demand or increase in the supply of Real Estate (whether developed or undeveloped) may lead to periods of oversupply and result in lower sale prices. Newly developed Real Estate projects may be disproportionately affected by fluctuations in demand and supply.

- ⇒ The long lead times between project inception and completion may lead to well conceived projects becoming unviable due to changes in market conditions before project completion.
- ⇒ The acquisition of Real Estate is subject to a wide variety of risks, including without limitation, risks related to status of title, environmental approvals, zoning laws, building codes or other laws. Properties may be acquired by Portfolio Companies with no recourse, or with limited recourse, with respect to unknown liabilities or conditions. Consequently if a property is subject to any liability, or if any adverse condition exists with respect to any property, the Portfolio Company may be required to pay substantial sums to settle or cure it, and this could adversely affect the return on investments for Real Estate Portfolio.
- ⇒ Portfolio Companies may incur significant costs while bidding for projects which may be finally awarded to other bidders. Also projects may not materialize after significant costs have been sunk, thereby incurring costs on which no return is obtained.
- ⇒ The Portfolio Company may invest in listed or unlisted Securities of an entity, holding undeveloped land and certain development properties. Such properties are exposed to greater risks and costs in comparison to the properties on which the development has already been completed. The Portfolio shall be exposed to such risks if the investment is made in Securities of such Portfolio Companies which have invested in such undeveloped land directly or indirectly.
- ⇒ Cost and time overruns may occur during project development by Portfolio Companies. This may lead to increased costs, potential loss of purchasers and the possibility of defaults under financing arrangements between Portfolio Companies and their lenders, which may adversely affect the profitability of the Portfolio Company and consequently the ability of the Portfolio Company to distribute expected returns to Real Estate Portfolio.
- ⇒ Performance of the Portfolio Companies may be dependent on the performance of third party contractors and service providers. Accordingly the failure of any third-party contractor or service provider may negatively affect the performance of Portfolio Companies.
- ⇒ Regulatory approvals and consents of third parties, if any, required by Portfolio Companies developing such projects may cause significant delays in the project completion process, exacerbating the risk that changes in market conditions may render a project economically unattractive. There can be no assurance that any such approvals and consents will be obtained in a timely manner, if at all. In addition, regulatory enactments and pronouncements, including, but not limited to, various permitting or licensing requirements, or changes in their interpretation by the competent authorities, may limit the ability of Portfolio Companies to develop, manage or dispose of properties in a manner that would be most advantageous to Real Estate Portfolio.

- ⇒ Subsequent to the investment in the Portfolio Companies, these companies may admit new investors at a price, which may be at a discount to the prevailing asset value and which may be below the value considered by the Portfolio Manager at the time of making the investment. . The valuation of such investments is subjective in nature and the value arrived at by the Portfolio Manager or an independent auditor may not reflect the actual worth of the investments.
- ⇒ Focus will be on partnering with prominent “prudently managed” developers. The progress of developments underlying the Real Estate Portfolio’s investments would depend on among other factors, the developer’s / joint development partner’s ability to procure resources and execute the project in a timely and cost efficient manner. As a consequence, Clients would be subject to development execution risk. The Clients shall further face such risk in case of insolvency of any of the joint development partner.

**Other risks related to the Real Estate market in India and investment in Real Estate Portfolio could be highlighted under the following heads:**

**Title**

The method of documentation of land records in India has not been fully computerized and is mostly done manually with physical records of all land related documents physically updated. This could result in the updation process getting substantially delayed or being inaccurate in certain aspects. As a result thereof, the title of the real property in which the underlying assets might be invested in, or represent, may not be clear or may remain doubtful in absence of accurate or updated land records.

**Land Acquisition**

The property ownership rights in India are subject to the imposition of restrictions by the Government. The Government is vested with the right to acquire any land or part thereof if the same is for a ‘public purpose’. Though the compensation fetched might not be at such a rate which the acquired property might have got if it were sold in the open market. This may have an adverse impact on the Real Estate Portfolio.

**Environmental Laws**

The Indian Courts have time and again applied the “Polluter pays” principle in the field of environmental law whereby the person, company or industry responsible for causing the pollution, through the use or disposal of hazardous or toxic substances harming the property, is liable to make good the damage caused to the property and the surrounding environment and compensate any victims thereof. Such presence of hazardous or toxic substances may adversely affect the performance of the Real Estate Portfolio investing in any underlying assets, which may be affected thereby.

**Rent Control**

The rent control laws of various states in India place restriction on the amount of rent that can be charged from the tenants. If the Portfolio is invested in Securities wherein the



underlying assets represents property that comes under the purview of rent control laws, then the same may adversely affect the returns which the Portfolio would generate from such a property and could have an adverse impact on the returns generated by the Real Estate Portfolio.

#### **Litigation**

The properties in India are susceptible to litigation, which takes a long time to settle and is quite complex in nature. If any property in which the Real Estate Portfolio is invested and the same is subject to litigation, it could have an adverse impact on the performance of the Portfolio.

#### **Tenancy Risk**

The monetary inflows for the Portfolio could be impacted by the bankruptcy, insolvency or non-payment by the tenant for any other reasons.

#### **Use of Agricultural land**

Certain lands in India have been reserved for the purposes of carrying on agricultural activities only. In order to carry on any non-agricultural activities, prior permission of the relevant local authority is required. Hence, if a Portfolio Company does not get such permission for usage of agricultural land for non-agricultural use then the Portfolio Company would not be able to carry out its plans and in turn it would affect the performance of Real Estate Portfolio.

#### **Investment risks**

As the investments made by the Portfolio will include unlisted Securities which are illiquid in nature, hence the risk involved in investing is quite more than the risk of investing in publicly listed Securities. Furthermore, many of the regulatory requirements are inapplicable on the unlisted companies which may result in lesser investment protection initiatives and lack of disclosures.

#### **Nature of investments**

The Portfolio may invest in companies facing financial difficulties. Such investments may be illiquid in nature and there may not be any assurance of such investments earning returns in a timely fashion. The Real Estate Portfolio will compete with many other investors in the Portfolio Companies. The same may result in lesser attractive investment opportunities.

#### **Development risks**

The Portfolio shall be subject to various development risks, delay in project risk, regulatory and various other legal risks. Development risks could be mitigated by providing an incentive structure to the developers for timely completion of the project. The development risks on integrated townships and Special Economic Zones (SEZs) would be high because of applicable political and regulatory regime. The same could lead to significant time and cost overruns. Also the delay in getting approvals for the projects in which the Portfolio Companies are bidding may also impact the performance of Portfolio.

#### **Market cycles**



The investment made during the boom period and looking favourable may become a loss making proposition during the market recession. Hence there will always be a risk associated with the market cycle. The same could well be addressed by diversifying the Portfolio across geographic region, asset type and exit time horizon, which the Portfolio Manager intends to do.

### **Management and Operational risks**

#### **Reliance on the Portfolio Manager**

The success of the Real Estate Portfolio will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Companies and the structuring of investments.

#### **Failure to meet drawdowns by Clients**

Default of any of the clients in making drawdown may restrict the Portfolio from making the planned investments in the Portfolio Companies. Such defaults may also cause the Real Estate Portfolio to breach the investment and payment obligations towards the Portfolio Company rendering it liable to pay damages, which may result in material adverse effect on the performance of the Real Estate Portfolio.

#### **Investment in Securities**

- ⇒ The Portfolio shall consist of Securities of Real Estate companies which may be undergoing restructuring or require additional capital and active management. These Securities are subject to various inherent risks, including that (i) the Securities fluctuate in value, based on factors unrelated to the issuers of the Securities, (ii) such investments are generally subject to risks with respect to the issuer, (iii) the market for these Securities may be less liquid than that for other higher rated or more widely followed Securities, and (iv) Securities of some issuers are less liquid and more volatile than Securities of other issuers. Further there can be no assurance that such investment will not be sold at price below its acquisition costs.
- ⇒ The in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Portfolio could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the agreement with Portfolio Companies.
- ⇒ It is anticipated that some of the Portfolio Companies in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment of the Portfolio. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the Portfolio Company for such period as may be agreed between the Portfolio Manager and the Portfolio Companies or as may be stipulated by the SEBI (Disclosure & Investor Protection) Guidelines, 2000, and therefore, despite such listing, such Securities will remain illiquid for the specified period.

- ⇒ The Portfolio may invest in Portfolio Companies in highly competitive markets or product segments dominated by other firms/organizations. These and other inherent business risks could affect the performance of the portfolio companies.
- ⇒ While a representative of the Portfolio Manager will strive to be on the Board of the Portfolio Company as a nominee director of the Portfolio Manager, there may be certain information that the nominee director may not be able to share with the clients.
- ⇒ The Real Estate Portfolio may also invest in Portfolio Companies which are new or recently established. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance. Such early stage projects may also lack a fully developed and experienced management, financial resources to complete their projects or a market for their projects.

## **Portfolio-related Risks**

### **Identification of Appropriate Investments**

The success of the Real Estate Portfolio as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Real Estate Portfolio may invest, and other factors outside the control of the Real Estate Portfolio. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Real Estate Portfolio.

### **Investment and Liquidity Risks**

There is no active secondary market for investments of the kind the Real Estate Portfolio intends to make. Such investments will be of a medium-to-long term nature. There are a variety of methods by which unlisted investments may be realized, such as the sale of investments on or after listing, or the sale or assignment of investments to joint-venture partners or to third parties subject to relevant government approvals. However, there can be no guarantee that such realizations can be achieved and the Portfolio's investments may remain illiquid at the time the Real Estate Portfolio intends to terminate.

Since the Real Estate Portfolio may only make a limited number of investments, poor performance by one or a few of the investments could severely adversely affect the total returns of the Real Estate Portfolio.

### **In specie distribution**

The Portfolio Manager may make in specie distributions of Securities. If an in specie distribution is received by the clients from the Real Estate Portfolio, the clients may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.

## **India-related risks**

### **Political, economic and social risks**

Political instability or changes in the Government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. The Company's business may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Governments have pursued policies of economic liberalisation and financial sector reforms. Nevertheless the Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the Government's economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions, prices and yields of the Portfolio Companies.

### **Government approvals**

Approvals of the government or regulatory bodies or local authorities may be required before the Real Estate Portfolio can make investments in the Portfolio Companies. The Portfolio Manager cannot be certain that these approvals will be obtained.

### **Tax risks**

The full tax impact of an investment under the Real Estate Portfolio would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Company. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.

Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the Portfolio Companies. The Government of India, State Governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Companies. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Real Estate Portfolio's profitability. Furthermore, the tax laws in relation to the Real Estate Portfolio are subject to change, and tax liabilities could be incurred by clients as a result of such changes. The full tax impact of an investment under the Real Estate Portfolio would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Company. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.

### **Inflation Risk**

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices,

such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

### **Fiscal Risk**

The Government has exercised and continues to exercise, substantial influence and control over many aspects of the private sector. In some cases, governments own or control many companies. The availability of investment opportunities for the Portfolio depends in part on Government continuing to liberalize its policies regarding foreign investment and to further encourage private sector initiatives. Accordingly, government actions in the future could have a significant effect on economic conditions, which could affect private sector companies and the prices and yields of portfolio investments.

### **Other risks**

The Portfolio Company may (i) co-invest with third parties through partnerships, joint ventures or other entities, (ii) rely on independent third party management with respect to the operation of an investment or (iii) only acquire a participation in an asset underlying an investment and, as a result, may not be able to exercise control over the management of such investments.

### **General risks associated with the management of the Portfolio**

- ⇒ Investments in Securities are subject to market risks and Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives of the investment will be achieved.
- ⇒ The past performance of the Portfolio Manager is not necessarily indicative of the future performance of the Portfolio Manager.
- ⇒ Any act, omission or commission of the Portfolio Manager under the Agreement is solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of negligence, willful default and/or fraud of the Portfolio Manager.
- ⇒ The Client undertakes all responsibilities and agrees to bear all risks arising out of refusal by a Portfolio Company for whatever reasons, to register the transfer of any of the Securities in respect of the Client's account. The Securities which are so purchased and refused to be transferred in the name of the Client or the Portfolio Manager, will be sold by the Portfolio Manager, at the best available market rate, at the risk and responsibility of the Client concerned.
- ⇒ The Portfolio may be affected by the changes in the interest rates prevailing for fixed income Securities and volumes of trading.
- ⇒ The Portfolio may be affected by settlement periods and transfer procedures.
- ⇒ The liquidity of the Portfolio is inherently restricted by trading volumes in the Securities of Portfolio Companies.
- ⇒ The portfolio management service is subject to risk arising out of non-diversification.

#### 4. TAXATION

It is currently envisaged that the Portfolio could earn the following streams of income from investments made in the Portfolio Investments:

- Dividend income;
- Interest income;
- Gains on transfer;
- Redemption premium; and
- Buy-back of shares

The tax implications of the each stream of income are provided below:

##### Dividends

Dividends declared by Indian companies are exempt from tax in the hands of the Investors under section 10(34) of the ITA. However, such dividends would be subject to dividend distribution tax at the rate of 15%, on the amount of dividend distributed including the dividend distribution tax, in the hands of the Portfolio Companies under Section 115-O of the ITA. Credit of dividend distribution tax is generally not available to investors. The dividend income received by the Portfolio from its investments in units in mutual funds shall be exempt from tax in the hands of the investors under section 10(35) of the ITA.

Further, the Finance Act provides that individual, HUF or firm, resident in India, will be required to pay tax at the rate of 10% (plus applicable surcharge and cess) on the dividend income received by them exceeding INR 10 Lakhs.

##### Interest

Interest income shall be taxable in the hands of the Investors as follows:

- [i] Interest income from unlisted/listed securities shall be taxable as 'income from other sources' and taxable at the rate of 30% or slab rate applicable to individual investor (plus applicable surcharge and cess).

##### Capital Gains on transfer:

- [ii] Long-term capital asset: Following securities are regarded as capital assets:

- Listed securities (other than units) and units of equity oriented mutual fund held as investments for a period of more than 12 months immediately preceding the date of transfer;
- Unlisted shares held as investments for a period of more than 24 months; and
- the securities other than stated in the bullet point above held as investments for a period of more than 36 months immediately preceding the date of transfer.

- [iii] Short-term capital asset: In any other case, the assets are classified as short-term capital assets.

**Taxability of capital gains shall be as follows:**

Type of security	Domestic investors <sup>^</sup>
Short-term capital gains on transfer of listed equity shares and units of equity oriented mutual fund (subject to securities transaction tax)	15%
Any other short-term capital gains (not subject to securities transaction tax)	Applicable slab rates / 30%
Long-term capital gains on transfer of listed equity shares and units of equity oriented mutual fund (subject to securities transaction tax <sup>^</sup> )	10%, above INR 1 lakh (without indexation benefit)#
Long-term capital gains on listed securities other than above (not subject to securities transaction tax)	10% (without indexation) / 20% (with indexation)*
Long-term capital gains on unlisted securities or shares of a company in which public are not substantially interested	20% (with indexation)*
Long-term capital gains on transfer of listed debentures	10% (without indexation) (arguably)

<sup>^</sup>Plus applicable surcharge and cess.

\*Indexation benefit may be applicable for certain assets except debentures.

**Redemption premium**

There are no specific provisions contained in the ITA, with regard to the characterisation of the premium received on redemption of debentures. Considering the fact that the securities are held as a capital asset, premium on redemption of securities can either be treated as "interest" or as "capital gains". The characterisation of premium on redemption of securities as interest or a capital receipt has to be decided based on factors surrounding the relevant case. Taxability of "interest" and "capital gains" is provided above.

**Buy-back of shares:**

Under the provisions of the ITA, the consideration paid by the Portfolio Company for purchase of its own unlisted shares in excess of the sum received by the investee company at the time of issuing the shares ("Distributed Income") will be charged to tax. The Portfolio Company would be liable to pay additional income-tax at 20% (plus applicable surcharge and cess) of the Distributed Income paid to the shareholder. This provision is applicable only in the case of buy-back in accordance with the provisions of Section 77A of the Companies Act, 1956.

The taxes on the distributed income by the Portfolio Company would be treated as final payment of tax in respect of the income. The income arising to the Portfolio / Investors in respect of such a buy-back by the investee company would be exempt. The Portfolio / Investors would not be able to claim credit for the buy-back tax paid by the Portfolio Company. Further, Portfolio / Investor shall not be eligible to claim any expenditure against income arising on account of buy back. The buy-back of shares by listed companies will

attract the capital gains related provisions of the Act and the DTAA (entered between India and the country in which the offshore investor is resident) as discussed above.

The Finance Act has been amended to provide for buy-back of unlisted shares under any law for the time being in force relating to companies instead of currently being buy-back under specific section.

Further, Rules will be prescribed to determine the amount received by the investee company for issue of shares.

Disclaimer: The tax information provided above is generic in nature and the actual tax implications for each client could vary substantially from what is mentioned above, depending on the facts and circumstances of each case. The client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his or her income or loss and the expenses incurred by him as a result of his investment in the Portfolio Management Service offered by the Portfolio Manager.

## **5. Nature of Fee and Expenses**

### **Part I - One-Time Fees upon execution of Agreement**

#### **a. Up-Front Fee\*:**

Less than 5 crores of Capital Commitment	NIL <sup>^</sup>
More than 5 crores of Capital Commitment and upto 10 crores	NIL <sup>^</sup>
More than 10 crores of Capital Commitment	NIL <sup>^</sup>

<sup>^</sup> Since the Product is no longer being offered for subscription, the Up-Front Fees is NIL.

### **Part II - Ongoing Fees and Expenses**

#### **Management Fee:**

No Management Fee is being charged to the existing Investors.

### **Part III - Performance-Linked Fee:**

As per Discretionary Portfolio Management Services Agreement

### **Part IV - Termination Fee - Upon Early Termination**

As per Discretionary Portfolio Management Services Agreement

### **Part V - Miscellaneous**

All expenses, charges incurred by the Portfolio Manager in arranging for the custody of Securities held on account of the Client and any other fees, expenses, charges paid to the other service providers by Portfolio Manager under the Agreement shall be borne by the Client and shall be directly debited to the Client's account.

The Portfolio Manager may in its sole discretion vary the fee structure as provided under Part I – III above, but in no event shall increase the fee over the respective amounts stated therein.



**ASK INVESTMENT MANAGERS  
PRIVATE LIMITED**

**Annexure**

**To**

**DISCLOSURE DOCUMENT**

**FOR**

**ASK Investment Managers Private Limited**

**ASK PMS Real Estate Special Opportunities Portfolio - III**

**PORTFOLIO MANAGEMENT SERVICES**

**As on March 31, 2018**

**ASK INVESTMENT MANAGERS PRIVATE LIMITED**

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Birla Aurora, 16 Level, office floor 9, Dr. Annie Besant Road, Worli, Mumbai - 400 030.

**PORTFOLIO MANAGEMENT SERVICES**

**DISCLOSURE DOCUMENT**

**[As required under Regulation 14 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993]**

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- i) This Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by SEBI from time to time.
- ii) The purpose of this Document is to provide essential information about the portfolio management services provided by ASK Investment Managers Pvt. Ltd ("ASK IM /Portfolio Manager") in respect of ASK PMS Real Estate Special Opportunities Portfolio - III so as to assist and enable the investors in making an informed decision for engaging ASK IM as the Portfolio Manager.
- iii) This Document contains the necessary information about ASK PMS Real Estate Special Opportunities Portfolio - III, required by an investor before investing. The investor is advised to retain this Document for future reference.
- iv) The contents of Disclosure Document have been duly certified by an Independent Chartered Accountant, M/s. Jitendra Chandulal Mehta & Co, Chartered Accountants, has office at 92-B, Visaria Sadan, 1<sup>st</sup> Floor, Belgrami Road, Near Bhabha Hospital, Kurla West, , Mumbai 400070.
- v) Principal Officer : Mr. Prateek Agrawal
- Address : ASK Investment Managers Pvt. Ltd.  
Birla Aurora, 16 Level, Office Floor 9,  
Dr. Annie Besant Road, Worli,  
Mumbai - 400 030
- Telephone Number : 022-66460000
- E-mail : pagrawal@askinvestmentmanagers.com

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## 1. DISCLAIMER CLAUSE

The particulars as given in this Document have been prepared in accordance with the SEBI Portfolio Managers Regulations, 1993, as amended from time to time and filed with SEBI along with the certificate in the prescribed format in terms of Regulation 14 therein. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the document.

The Client is advised to retain the copy of this Disclosure Document for future reference.

## 2. DEFINITIONS

The terms used in this Document will be understood in the normal sense unless otherwise specified in this section. Any term used in this Disclosure Document shall have the same meaning as provided in the Regulations. All Capitalised terms will have the meaning given to them in the Discretionary Portfolio Management Services Agreement.

**The Portfolio Manager offers the following product under this Disclosure Document:**

## 3. PRODUCT DETAILS

- **Portfolio name: ASK PMS Real Estate Special Opportunities Portfolio - III (ASK REPMS -III):**

A Portfolio which aims to provide superior and consistent risk adjusted returns to the Investors by investing in securities offered by Portfolio Companies involved in, investing in, developing, constructing, owning, asset managing, project / facility managing and operating real estate assets and related infrastructure opportunities.

The strategy and the composition described more particularly hereinbelow, involve risk and there can be no assurance that specific objectives will be met under differing market conditions or cycles. The investment strategy and the composition of the Portfolio are only indicative in nature and are subject to change within the provisions of the Disclosure Document and the Agreement without any prior notice to Client.

- **Investment Advisor:**

The Portfolio Manager has appointed ASK Property Investment Advisors Private Limited as the Investment Advisor for Portfolio to provide non-binding and non-discretionary advice. The advice will be purely recommendatory in nature and the final investment decisions in respect of the Portfolio shall be taken by the Portfolio Manager at its sole discretion and responsibility.

The team at ASK Property Investment Advisors Pvt. Ltd., comprises of professionals having a vast & diversified experience in the Indian real estate business. The team has a collective experience of over ten decades of cumulative experience and comprises some of the industry's reputable professionals with retail and corporate lending, real estate, construction businesses,

and asset management experience. The team has a network of strong developer relationships & industry interfaces.

The Portfolio is intended to primarily invest in operating real estate companies, special purpose vehicles and holding companies of special purpose vehicles that undertake residential, commercial, retail and/or mixed use real estate developments with a significant real estate business.

The Portfolio proposes investment in mix of equity-oriented and debt-oriented instruments. The primary objective of the Portfolio shall be to invest in real estate projects in equity, equity-linked, debt, debt linked and convertible securities in the growing Indian real estate sector. The investment objective of the Portfolio is to provide superior and consistent risk adjusted returns to the Investors by investing in securities offered by Portfolio Companies involved in, investing in, developing, constructing, owning, asset managing, project / facility managing and operating real estate assets and related infrastructure opportunities.

➤ **Investment Philosophy:**

The investment philosophy of the Portfolio is as follows:

<b>Core investment philosophy</b>	
<b>Partner</b>	• Prudent developer selection
<b>Location</b>	• Growth corridor with established micro-market
<b>Entry price</b>	• Key Commercial Development hub
	• Margin of safety – underwriting at conservative present micro market pricing with escalation in cost
<b>Structure</b>	• Asset management focus and monitoring
	• Control on the cash flows of project SPV
	• Board representation with key affirmative rights
	• Development stage as opposed to land aggregation
<b>Relationships</b>	• Access management with key stakeholders
	• 360 degrees view of partners operations
	• Deep understanding of core values and growth aspirations of developer

The Product shall follow an intensive research process for screening potential investments. The Portfolio Manager should invest in quality investment opportunities that are easy to understand, quality management with a clear vision and focus on business in which it has strengths and at attractive valuations that can be best described as 'growth at reasonable price'.

➤ **Investment Strategy**

The Product is a portfolio aimed primarily at residential, commercial, retail and/or mixed use real estate segments and intends to invest in equity, equity linked, debt, debt linked and convertible securities of operating real estate companies, special purpose vehicles and

holding companies of special purpose vehicles that undertake such real estate developments with a significant residential component.

The proposed investment strategy of the Product is summarized below:

- Investments predominantly in 6 Cities (Mumbai Metropolitan Region, National Capital Region, Bengaluru, Chennai, Pune & Hyderabad) in India;
- Investments operating and holding entities (entities that have a portfolio of projects either in themselves and/ or in downstream entities) as well as special purpose vehicles (that actually hold the assets);
- Investments in residential, commercial, retail and/or mixed use real estate developments with pre determined leasing ability
- Investments in redevelopment of existing residential, commercial, retail and/or mixed use real estate assets;
- Investments at distressed valuations;
- Conservative underwriting approach with a margin of safety;
- Focus on projects within city and suburban limits;
- Partnering with established strong regional developers;
- Control investments;
- Asset management focus;

The Product will invest primarily in mix of listed and unlisted private companies and in equity, equity linked, debt, debt linked and convertible instruments and any other securities as permitted under the PMS Regulations. The above investment strategy is indicative of the investment strategy of the Product as per the market conditions as of the date of this Disclosure Document and shall be subject to change, in accordance with the PMS Regulations, depending on the change in market conditions at any time during the term of the Product.

#### ➤ Exit Strategy

While the Product has a long term investment strategy and proposes to benefit from the growth of its Portfolio Companies and receive distributions from them, it may also consider in the interest of Investors, selectively divesting certain Portfolio Investments depending on prevailing conditions and the asset segment. The Portfolio Manager will be responsible for judging the appropriate mechanism, timing and valuation for the exit from each Portfolio Investment. All exits will be at the discretion of the Portfolio Manager.

The type of exit strategy adopted will depend upon the type of asset segment. Following are some of the likely exit strategies:

- ❖ Redemption of the investment by the Portfolio Companies;
- ❖ Sale to the end user;
- ❖ Sale to third parties like investors, real estate investment trusts, real estate mutual funds, real estate funds or similar entities;
- ❖ Public listing or initial public offering (IPO);
- ❖ Buyback by developers and/or Portfolio Company; and
- ❖ Sale to institutional investors and other recognized investors.

➤ **Structuring of Investments**

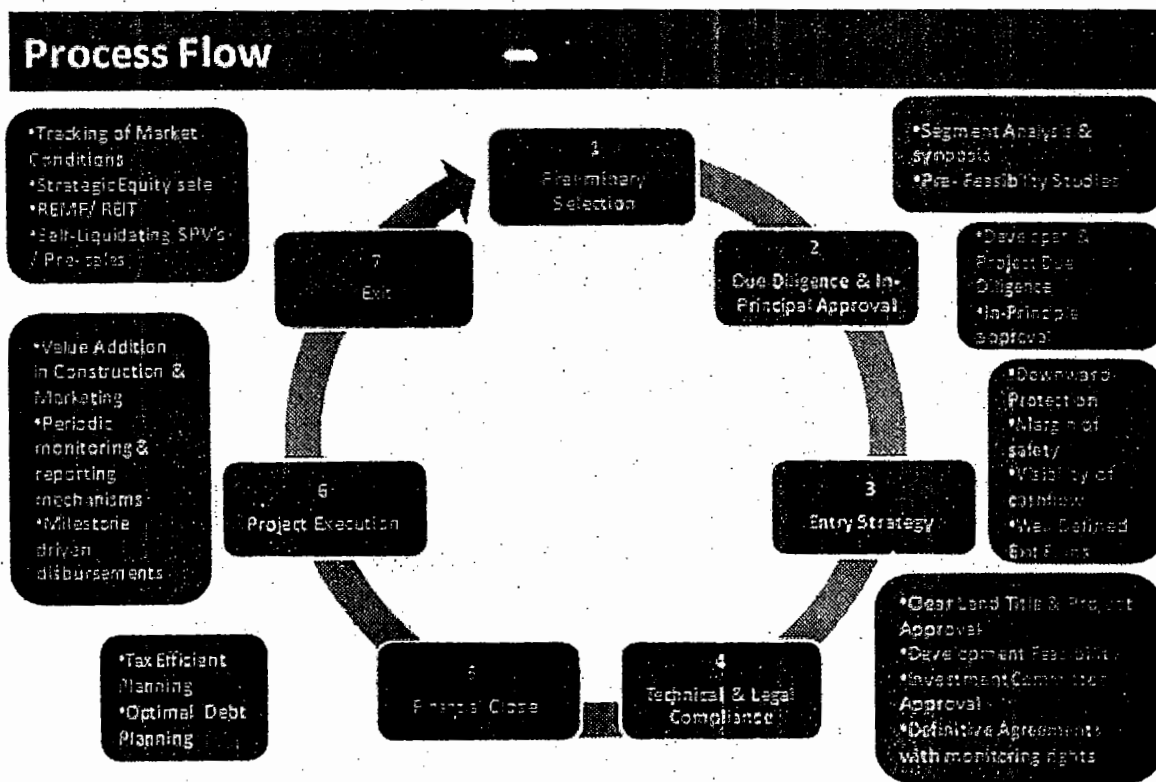
The Product may make Portfolio Investments in Portfolio Companies directly. Alternatively, in order to make a more efficient investment, the Product may choose to make Portfolio Investments in holding companies having one or more special purpose vehicles holding real estate assets in India set up for the purpose, or set up a special purpose vehicle in India to act as the holding company for its investments in Portfolio Companies, in accordance with applicable law.

➤ **Temporary Investments**

The Product may make temporary investments, pending Portfolio Investments. Temporary investments shall mean and include investments in short-term or other securities issued or guaranteed by the Indian government or its agencies or instrumentalities, overnight and short-term bank instruments, bank deposits, money market instruments, units of money market or liquid mutual fund schemes or other instruments as may be determined by the Portfolio Manager.

➤ **Investment Process**

All potential investment decisions will be made following the diagrammatic representation below:



➤ **Investment Guidelines**

The Portfolio is intended for Portfolio Investments in Portfolio Companies in the real estate sector in India from time to time in compliance with certain broad guidelines as set out below:

- ❖ The Portfolio shall make investments only in (a) Bengaluru; (b) the Mumbai Metropolitan Region; (c) the National Capital Region; (d) Chennai; (e) Hyderabad; and (f) Pune.
- ❖ The Portfolio Manager shall make investments in residential, commercial, retail and/or mixed use real estate developments.

The above investment focus guidelines are indicative and are subject to change depending on the change in market conditions at any time during the term of the Product.

➤ **Portfolio Features:**

Particulars	Terms
Product Name	<b>ASK PMS Real Estate Special Opportunities Portfolio - III</b>
Minimum Commitment	INR 25,00,000 (Rupees Twenty Five Lakhs Only) subject to any minimum amount set out in the PM Regulations.
Reinvestment Option	The Portfolio Manager shall not be entitled to reserve and/or re-invest any proceeds it may receive from investments.
In specie distribution	Upon termination of investments through this Product, in case the Client decides to retain Securities, then the Fair Market Value of the underlying assets represented by such Securities shall be deemed to have been returned / distributed to the Client and the Performance Fees will be calculated accordingly. The valuation of the Fair Market Value of the underlying area shall be basis the latest valuation report availed by the Portfolio Manager.
Valuation Frequency	6 monthly by a credible valuer of repute as selected by the Portfolio Manager.
Audit Frequency	Annually by a credible auditor of repute as selected by the Portfolio Manager.

➤ **Conflicts of Interest**

The Portfolio will be subject to conflicts of interest relating to Portfolio Manager, Investment Advisor and various other affiliates, associated companies, or group companies' directors, officers and employees of the Portfolio Manager and Investment Advisor (collectively the "Relevant Parties"), which are engaged in a broad spectrum of activities in the financial sector.

Some of the potential conflicts of interest are outlined below:

1. Portfolio Manager and the Relevant Parties may provide services such as Real Estate consulting, broking and valuation services to the institutional or retail clients interested in the Indian Real Estate sector. It may in the ordinary course of business also invest in, acquire, deal in and dispose of Real Estate assets or invest in companies which acquire, deal



in or dispose of Real Estate assets. The Portfolio Manager may also advise the Relevant Parties to invest in such companies.

2. The Relevant Parties may have pre-existing relationships with a significant number of companies in which Portfolio Manager may invest. The Portfolio Manager may take into consideration these relationships with respect to the management of the Portfolio. For instance, there may be certain investments that the Portfolio Manager will not undertake in view of such relationships.
3. The Relevant Parties may represent potential buyers of businesses through their mergers and acquisition activities, and may provide lending and other related financing services in connection with such transactions. When the Relevant Parties represent a buyer seeking to acquire a company, the Portfolio Manager may be limited or precluded during the term of such representation from investing in or selling Securities issued by such a company. In that case, certain conflicts of interest would be inherent in the situation, including those involved in negotiating a purchase price.
4. There could be multiple portfolios under the management of Real Estate investment team of the Portfolio Manager and the Relevant Parties, thereby presenting possibility of conflict of interest in allocating investment opportunities amongst the various portfolios. The Portfolio Manager will endeavor to resolve any such conflicts in a reasonable manner taking into account, amongst other things, the investment objectives and policies of each portfolio, the remaining unfunded commitment, the level of diversification of each portfolio, and the basis on which prior conflicts in allocating investment opportunities have been resolved. However there can be no assurance that the Portfolio shall be allocated any particular investment opportunities that are identified by the Portfolio Manager. Furthermore, the Portfolio Manager shall have the right, at its discretion, to allocate any investment opportunities to other portfolio or to their own portfolio.
5. The Portfolio Manager may also advise other portfolio managers or venture capital funds to invest in companies which acquire, deal in or dispose of Real Estate assets.
6. Subject to compliance with the transparent disclosure standards and adherence with the valuation norms, the Portfolio Manager may invest in any of the projects of ASK group companies strictly on an arm's length basis ensuring that the interest of the Client is not prejudiced in making such investments and any conflicts are managed by complying with the applicable laws and acting in good faith. Also, any such investments by the Portfolio Manager would only be done as a co-investment along with some other reputed Real Estate fund/investment vehicle not related to the ASK group.
7. The Portfolio Manager may offer (without any obligation to do so), co-investment opportunities to invest alongside the Portfolio, to one or more of the Relevant Parties, or any other funds or third parties on a case-by-case basis in circumstances that the Relevant Parties at its discretion deems appropriate and subject to any terms and conditions that it deems necessary, provided that no such co-investment opportunities shall be offered on more favourable terms than available to the Portfolio.

8. Subject to compliance with applicable laws and regulations, the Portfolio Manager may undertake purchase or sale of securities between the Portfolio Managers own accounts and clients accounts or between two client/portfolio accounts at the prevailing market price.

Conflicts of interest would be inherent between the activities of the Portfolio Manager and the Relevant Parties. It is intended for such conflicts to be managed primarily by complying with the Applicable Law, acting in good faith to develop equitable resolutions of known conflicts and developing policies to reduce the possibilities of such conflict. The Portfolio Manager shall endeavor to ensure that these conflicts do not work to the detriment of the interests of the Client; however there can be no assurance that they will be able to do so in all instances. Also, any investments by the Portfolio Manager in the projects of ASK group companies would only be done as a co-investment along with some other reputed Real Estate fund/investment vehicle not related to the ASK group.

#### 4. FEES AND CHARGES:

Given below are the various fees and charges payable by the Client (and deducted by the Portfolio Manager from the Funds) in relation to the Client's investment in ASK PMS Real Estate Special Opportunities Portfolio - III. All fees are excluding any indirect taxes applicable thereon. The expense structure below is subject to revisions on a prospective basis with the written consent of the Client.

#### EXPENSE STRUCTURE

	<u>Name of Fees and frequency of levy</u>	<u>Amount (₹INR)/%</u>
1.	<b><u>Account Opening Fee</u></b> One-time fee charged upon selection by the Client of this Product by execution of the Discretionary Portfolio Management Agreement and the Product Schedule appended to it.	As per Discretionary Portfolio Management Services Agreement
2.	<b><u>Management Fee</u></b> For the first year of the investment, Management Fee would be charged in advance for the whole year; and for the second year (and thereafter) of the investment, Management Fee would be charged quarterly in advance.	As per Discretionary Portfolio Management Services Agreement
3.	<b><u>Performance Fee</u></b> No Performance Fee shall be payable prior to the earlier of: (i) the end/termination of the Product Term or Term, whichever is earlier, (ii) the date on which the entire Capital Commitment has been drawn down by the Portfolio Manager, and (iii) the date on which the Client withdraws all the Assets. The Client shall bear all applicable indirect taxes on the	As per Discretionary Portfolio Management Services Agreement

	Performance Fee.	
4.	<p><b><u>Transaction Charges</u></b>  Transaction charges are charges incurred by the Portfolio Manager in the process of executing transactions for the Client, and payable by the Client quarterly. For example:</p> <ul style="list-style-type: none"> <li>▪ <b>Registrar and transfer agent charges:</b> Charges payable to registrars and transfer agents in connection with effecting transfer of Securities of the Client, including stamp charges, service charge, cost of affidavits, notary charges, postage stamp and courier charges;</li> <li>▪ <b>Brokerage and transaction costs:</b> Brokerage charges, stamp duty, and other transaction costs such as securities transaction tax (STT), turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments;</li> <li>▪ <b>Intermediary costs:</b> (i) Depository Participant charges, (ii) charges of the Custodian for all services to the Client, including safekeeping of Funds and Portfolio, (iii) bank charges, and (iv) other payments made to Intermediaries of securities market;</li> <li>▪ <b>Certification and professional charges:</b> (i) Charges such as consultancy charges, service charges and retainership fees payable for outsourced professional services like accounting, audit, taxation and legal services; (ii) expenses in relation to valuations, certifications and attestations required by bankers or regulatory authorities, connected with the execution, recording and settlement of Portfolio transactions; (iii) insurance premiums; and (iv) such other expenses, duties and charges incurred on behalf of the Client;</li> <li>▪ <b>Other expenses:</b> Due diligence expenses in connection with the Assets; charges in connection with courier expenses, stamp duty, registration charges, service tax, postal, telegraphic, opening and operation of Bank</li> </ul>	Charged at actuals.

	Account(s) etc.; and all other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above and arising out of or in the course of managing or operating the Assets.	
5.	<b><u>Termination Fee</u></b> Termination Fee is charged if the Client chooses to redeem the investments made prior to the end of the Product Term.	As per Discretionary Portfolio Management Services Agreement
6.	<b><u>Default Interest</u></b> The Portfolio Manager may charge interest on the overdue amount from the due date until the date of payment and/or offset amounts otherwise distributable to the Client against such interest at quarterly interval.	As per Discretionary Portfolio Management Services Agreement

#### 5. RISK FACTORS:

An indicative list of the risks associated with investing through the Services is set out below:

1. Securities investments are subject to market and other risks and the Portfolio Manager provides no guarantee or assurance that the objectives set out in the Disclosure Document, Product Schedule and/or the Discretionary Portfolio Management Agreement shall be accomplished.
2. The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as de-listing of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume and Real Estate sector as a whole. The Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.
3. The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and demat.
4. Investment decisions made by the Portfolio Manager may not always be profitable.
5. Past performance of the Portfolio Manager does not indicate or guarantee the future performance of the Portfolio Manager.
6. In addition to the factors that affect the value of individual Securities, the value of the Portfolio can be expected to fluctuate with movements in the broader equity, bond and Real Estate markets and may be influenced by factors affecting capital markets and Real Estate markets in general, such as, but not limited to, price and volume volatility in the capital

markets, real estate markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.

7. Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation set out in the relevant Product Schedule.
8. The benchmark index may not be truly representative of the Services offering due to the unique nature of the Services wherein inter alia: (a) the number of Securities may be lower in comparison to the benchmark index; and (b) the weightages of individual stocks may vary from weightages in the benchmark index.
9. The Portfolio will primarily consist of equity, equity linked and convertible Securities issued by companies whose Securities are not publicly traded. Although private equity investments offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk, as well as company specific, industry specific and market risks that can result in substantial losses. Such Portfolio Companies may face intense competition, including competition from companies with greater financial resources, extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The Portfolio Manager can offer no assurance that the marketing efforts of any particular Portfolio Company will be successful or that its business will succeed. Further, equity Securities and equity related Securities are volatile and prone to price fluctuations on a daily basis. Investments in such Securities involve a degree of risk and the possibility of loss of the amount invested.
10. While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner in such instruments, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.
11. **Macro-Economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to various factors including industry, exports and taxation may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.
12. **Liquidity Risk:** Liquidity of investments in Securities is often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular Security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular Security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market Securities, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of such Securities thereby resulting in a loss to the Portfolio until such Securities are finally sold. Even upon termination of the Discretionary Portfolio Management Agreement, the Client may receive illiquid Securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different

settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the strategy are un-invested and no return is earned thereon. The inability of the Portfolio Manager to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.

13. **Credit Risk:** Debt Securities are subject to the risk of the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.
14. **Interest Rate Risk:** This is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a portfolio of fixed income Securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income Securities can be expected to decline.
15. The liquidity and valuation of the unlisted Securities held in the Portfolio may be affected if they have to be sold prior to their target date of diversification.
16. Acts of State, or sovereign action, acts of nature, acts of war, civil disturbance are extraneous factors which can impact the Portfolio. The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to various factors which by way of illustration include default or non performance of a third party, investee company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.
17. **Reinvestment Risk:** This risk arises from the uncertainty in the rate at which Cash flows from an investment may be reinvested. With respect to bonds, this is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.
18. **Non-Diversification Risk:** This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. As mentioned above, the Portfolio will invest in Portfolio Companies operating in Real Estate sector.
19. **Mutual Fund Risk:** This risk arises from investing in units of mutual funds. Risk factors inherent to equities and debt Securities are also applicable to investments in mutual fund units. Further, scheme specific risk factors of each such underlying scheme, including performance of their underlying stocks, stock lending, off-shore investments etc., will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over, mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units. In case of investments in mutual fund units, the Client shall bear the recurring expenses of the

Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.

20. Prospective clients should review / study the Disclosure Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of Portfolio and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their Portfolio, acquisition, holding, capitalization, disposal (sale, transfer or conversion into money) of Portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of Securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding portfolio of Securities before making an investment.
21. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Services.
22. The Client may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Client. The Client may incur a higher rate of TDS / dividend distribution tax in case the investments are aggregated.
23. After accepting the Assets for management, the Portfolio Manager may not get an opportunity to deploy such Assets or there may be delay in deployment. In such a situation the Client may suffer opportunity loss.
24. Subsequent to the investment in the Portfolio Companies, these companies may admit other new investors at a price, which may be at a discount to the prevailing asset value of the Portfolio's investment. This may result in dilution of the value of the holdings of the Client. The valuation of such investments is subjective in nature. The value arrived at by the Portfolio Manager or an independent auditor may not reflect the actual worth of the investments.
25. Client will not be permitted to dispose of, sell, acquire, withdraw the funds / Client's Securities from the Portfolio (except to the extent permitted under the Agreement). In addition, they are not allowed to transfer any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Discretionary Portfolio Management Services Agreement and in the Regulations.
26. In case of early termination of the Discretionary Portfolio Management Services Agreement, where Client's Securities are reverted to the Client, additional rights negotiated by the Portfolio Manager with an investee company or its shareholders that were available while the Securities were held as part of the Portfolio may no longer be available to the Client.



27. The Client has perused and understood the disclosures made by the Portfolio Manager in the Disclosure Document and the risks disclosed therein.
28. Changes in Market Requirements may impact the performance of the Portfolio.
29. Approvals of the Government or regulatory bodies or local authorities may be required before certain investments can be made. The Portfolio Manager cannot be certain that these approvals will be obtained or be aware of the timeline for such approvals.
30. Persons who are associated with or related to the Portfolio Manager, including its promoters and/or any direct or indirect shareholders of the Portfolio Manager may from time to time become clients of the Portfolio Manager. Consequent to the above, the Portfolio Manager may manage funds of these entities, together with the funds of its other clients. While the Portfolio Manager will endeavor to avoid any situations where a conflict of interest may arise, in the event that the Portfolio Manager faces any such situation of conflict, then the Portfolio Manager shall exercise due care and professional judgment in order to ensure fair treatment to its clients.
31. There is a possibility of the Client, the Portfolio Manager and/or other clients of the Portfolio Manager being treated as persons acting in concert in terms of the Takeover Regulations and consequently, the Securities acquired / held by all such persons may be clubbed to determine the applicability of requirements under the Takeover Regulations, including disclosure requirements and the requirement to make an open offer for acquiring Securities from the public.
32. If the proposed arrangement of raising of funds from various clients and investing them in Portfolio Companies could be construed as an Association of Persons (AOP) in India under the provisions of the Income Tax Act, 1961, then any adverse tax consequence would be borne by the Client. The full tax impact of an investment under the Portfolio would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Company. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.
33. Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the Portfolio Companies. The Government of India, State Governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Companies. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Portfolio's profitability. Furthermore, the tax laws in relation to the Portfolio are subject to change, and tax liabilities could be incurred by clients as a result of such changes. The full tax impact of an investment under the Portfolio would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Company. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.



34. **Inflation risk:** Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the Indian economy, and the securities markets and Real Estate sector in particular. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India, and particularly the securities markets and Real Estate sector in India.
35. The Government has exercised and continues to exercise, substantial influence and control over many aspects of the private sector. In some cases, governments own or control many companies. The availability of investment opportunities for the Portfolio depends in part on Government continuing to liberalize its policies regarding foreign investment and to further encourage private sector initiatives. Accordingly, government actions in the future could have a significant effect on economic conditions, which could affect private sector companies and the prices and yields of portfolio investments.
36. The Portfolio Company may (i) co-invest with third parties through partnerships, joint ventures or other entities (ii) rely on independent third party management with respect to the operation of an investment or (iii) only acquire a participation in an asset underlying an investment and, as a result, may not be able to exercise control over the management of such investments.
37. Any act, omission or commission of the Portfolio Manager under the Discretionary Portfolio Management Services Agreement is solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of negligence, willful default and/or fraud of the Portfolio Manager.
38. The Client undertakes all responsibilities and agrees to bear all risks arising out of refusal by a Portfolio Company for whatever reasons, to register the transfer of any of the Securities in respect of the Client's account. The Securities which are so purchased and refused to be transferred in the name of the Client or the Portfolio Manager, will be sold by the Portfolio Manager, at the best available market rate, at the risk and responsibility of the Client concerned.
39. **Breaches of Investment Documents; Counter-Party Risks; etc.:** Under its investment documents with Portfolio Companies, the Portfolio Manager will seek to obtain typically seen contractual protections and covenants appropriate for the Portfolio investment in question. There can be no assurance that such protections or covenants will achieve their desired effect. Material misrepresentations or omissions or breaches of contracts on the part of a Portfolio Company or other obligors (including any credit support providers) may occur which will affect the Portfolio investments and their value. Further, the Portfolio Manager will rely upon the accuracy and completeness of representations made by Portfolio Companies and other obligors to the extent reasonable, but cannot guarantee such accuracy or completeness.

40. **Risks Associated with Convertible Instruments:** The Portfolio Manager may make investments in fully, partially or optionally convertible Securities that may be converted into or exchanged for a specified amount of equity instruments of the same or a different issuer within a particular period of time at a specified price or formula. Such convertible security entitles its holder to receive interest that is generally paid or accrued on debt until the convertible security matures or is redeemed, converted or exchanged. Convertible Securities have unique investment characteristics in that they generally have higher yields than equity, but lower yields than comparable non-convertible Securities, are less subject to fluctuation in value than the underlying equity due to their fixed-income characteristics, and provide the potential for capital appreciation if the market price of the underlying equity increases.
41. A convertible security may be subject to redemption at the option of the Portfolio Company issuing it at a price established in the investment documents. If a convertible security held in the Portfolio is called for redemption, the Portfolio Manager will be required to permit the Portfolio Company to redeem the security, convert it into the underlying equity or sell it to a third party. Any of these actions could have an adverse effect on the Portfolio Manager's ability to achieve the investment objective.
42. **Enforcement Risks:** The enforcement of security and/or contractual rights that may be obtained in respect of the Portfolio investments will involve actions in Indian courts or arbitral tribunals, and the Portfolio will be exposed to the delays in the Indian judicial system and arbitrations. In the normal course, such enforcement could take between 7 (seven) to 10 (ten) years.
43. Security provided by the Portfolio Company and/or other obligors will be subject to the risk of insolvency of such persons. In the case of liquidation of Portfolio Companies, to realize amounts, liquidation procedures in India are generally time consuming, complex and require permissions from various authorities, including courts and creditors, which may impair the ability of the Portfolio Manager to realize its returns upon such liquidation. For sale and realization of security through such winding-up proceedings, it is not uncommon for lenders being required to wait for 10 (ten) to 15 (fifteen) years. The Portfolio Manager will have the option of staying outside the scope of the winding up proceedings, and liquidating assets specifically charged to them separately, but even this process does not usually provide a significant advantage.

**Sector Specific Risk Factors: Indian Real Estate market**

44. The market for Real Estate is, in general, less liquid than the market for Securities. In addition, Real Estate developments have often been mired in controversies on various grounds such as defective title to the land, alleged violation of zonal and legal regulations etc., resulting in long delays in the completion of such projects. If such problems were to occur in projects developed by the Portfolio Companies, it may adversely affect the value of the Portfolio investments.
45. Changes in various laws such as laws relating to ceilings on land holdings, rent control, zonal regulations and duties and taxes on sale, transfer and the holding of properties may

affect the supply of and demand for Real Estate, thus affecting the value of the Portfolio investments.

46. Real Estate development is a highly competitive business that may involve significant risks for the Portfolio Companies and thus have an adverse effect on the Portfolio. These include the following:
- a. The Indian Real Estate market is not very transparent. As a result, it may be difficult to determine market values for properties that are considered for purchase by a Portfolio Company. Consequently there can be no assurance that the Portfolio Manager would be able to readily set an appropriate value to investments proposed to be made;
  - b. There may be risks generally associated with changes in general or local market conditions, and the cyclical nature of the property markets. Any reduction in demand or increase in the supply of Real Estate or potential reduction in demand or increase in the supply of Real Estate (whether developed or undeveloped) may lead to periods of oversupply and result in lower sale prices. Newly developed Real Estate projects may be disproportionately affected by fluctuations in demand and supply;
  - c. The Real Estate (Regulation and Development) Act, 2016 ("RE Act") aims to institutionalize transparency and accountability in real estate and housing transactions. The RE Act provides for establishment of state level regulatory authorities - the Real Estate Regulatory Authorities (the "RERAs") and certain provisions of the RE Act are subject to additional rules or notifications issued by the RERAs and the relevant state governments. Therefore, the implementation of the RE Act may vary from one state to another, and this may have an adverse impact on some of the projects undertaken by the Portfolio Company(ies). The RE Act provides, inter alia that (a) projects with certain land area or having certain number of apartments must be registered with the RERAs, (b) such projects cannot be offered for sale by the promoters without such registration, (c) 70% (seventy percent) of the amounts realized for the project from allottees must be deposited in a separate bank account and used only to cover the cost of construction, and (d) developers are barred from effecting any changes to plans and designs of a project without the consent of two-thirds of the allottees. The RE Act therefore seeks to expand regulatory oversight and compliance and will apply to new projects as well as on-going projects. Therefore, the implementation of the RE Act could create significant transition issues such as customer litigations, delays, work stoppage, and increased costs to ensure compliance with the provisions of the RE Act.
  - d. The long lead times between project inception and completion may lead to well conceived projects becoming unviable due to changes in market conditions before project completion;
  - e. The acquisition of Real Estate is subject to a wide variety of risks, including without limitation, risks related to status of title, environmental approvals, zoning laws, building codes or other laws. Properties may be acquired by Portfolio Companies with no recourse, or with limited recourse, with respect to unknown liabilities or conditions. Consequently if a property is subject to any liability, or if any adverse condition exists

with respect to any property, the Portfolio Company may be required to pay substantial sums to settle or cure it, and this could adversely affect the return on investments for the Portfolio;

- f. Portfolio Companies may incur significant costs while bidding for projects which may be finally awarded to other bidders. Also projects may not materialize after significant costs have been sunk, thereby incurring costs on which no return is obtained;
- g. The Portfolio Company may invest in listed or unlisted Securities of an entity, holding undeveloped land and certain development properties. Such properties are exposed to greater risks and costs in comparison to the properties on which the development has already been completed. The Assets shall be exposed to such risks if the investment is made in Securities of such Portfolio Companies which have invested in such undeveloped land directly or indirectly;
- h. Cost and time overruns may occur during project development by Portfolio Companies. This may lead to increased costs, potential loss of purchasers and the possibility of defaults under financing arrangements between Portfolio Companies and their lenders, which may adversely affect the profitability of the Portfolio Company and consequently the ability of the Portfolio Company to distribute expected returns to the Portfolio;
- i. Performance of the Portfolio Companies may be dependent on the performance of third party contractors and Service Providers. Accordingly the failure of any third-party contractor or Service Provider may negatively affect the performance of Portfolio Companies;
- j. Regulatory approvals and consents of third parties, if any, required by Portfolio Companies developing such projects may cause significant delays in the project completion process, exacerbating the risk that changes in market conditions may render a project economically unattractive. There can be no assurance that any such approvals and consents will be obtained in a timely manner, if at all. In addition, regulatory enactments and pronouncements, including, but not limited to, various permitting or licensing requirements, or changes in their interpretation by the competent authorities, may limit the ability of Portfolio Companies to develop, manage or dispose of properties in a manner that would be most advantageous to the Portfolio;
- k. Subsequent to the investment in the Portfolio Companies, these companies may admit new investors at a price, which may be at a discount to the prevailing asset value and which may be below the value considered by the Portfolio Manager at the time of making the investment. The valuation of such investments is subjective in nature and the value arrived at by the Portfolio Manager or an independent auditor may not reflect the actual worth of the investments; and
- l. Focus will be on partnering with prominent established strong regional developers. The progress of developments underlying the Portfolio Manager's investments would depend on among other factors, the developer's / joint development partner's ability to procure resources and execute the project in a timely and cost efficient manner. As a

consequence, Client would be subject to development execution risk. The Client may further face such risk in case of insolvency of any of the joint development partner.

47. **Title:** While the Portfolio Manager believes that reasonable due diligence investigations would be conducted prior to making a Portfolio investment, there can be no assurance that there will not be any defects or deficiencies in relation to such due diligence including any title due diligence. The method of documentation of land records in India has not been fully computerized and is mostly done manually with physical records of all land related documents physically updated. This could result in the updation process getting substantially delayed or being inaccurate in certain aspects. As a result thereof, the title of the real property in which the underlying assets might be invested in, or represent, may not be clear or may remain doubtful in absence of accurate or updated land records.
48. **Land Acquisition:** The property ownership rights in India are subject to the imposition of restrictions by the Government. The Government is vested with the right to acquire any land or part thereof if the same is for a 'public purpose'. Though the compensation fetched might not be at such a rate which the acquired property might have got if it were sold in the open market. This may have an adverse impact on the Portfolio.
49. **Environmental Laws:** The Indian Courts have time and again applied the "polluter pays" principle in the field of environmental law whereby the person, company or industry responsible for causing the pollution, through the use or disposal of hazardous or toxic substances harming the property, is liable to make good the damage caused to the property and the surrounding environment and compensate any victims thereof. Such presence of hazardous or toxic substances may adversely affect the performance of the Portfolio Manager investing in any underlying assets, which may be affected thereby.
50. **Rent Control:** The rent control laws of various states in India place restriction on the amount of rent that can be charged from the tenants. If a Portfolio investment is made in Securities wherein the underlying assets represents property that comes under the purview of rent control laws, then the same may adversely affect the returns which the Portfolio investment would generate and could have an adverse impact on the returns generated by the Portfolio.
51. **Litigation:** The properties in India are susceptible to litigation, which takes a long time to settle and is quite complex in nature. If any property / Security in which the Portfolio is invested and the same is / becomes subject to litigation, it could have an adverse impact on the performance of the Portfolio. Such litigation may in most cases, extend beyond the term of the Portfolio and therefore, significantly impair the ability of the Portfolio Manager to exit a Portfolio Company in a timely manner or for a suitable exit value. Litigation may be commenced with respect to projects in relation to activities that took place prior to the Portfolio Manager making a Portfolio investment. There may be limited or no recourse with respect to such unknown liabilities. As a result, if any such liability is asserted against the Portfolio Company, or if any adverse condition existed with respect to the projects, the Portfolio Company might be required to pay substantial sums to settle or cure it, and this could adversely affect the Cash flow and operating results of the Portfolio. Further, it could

also adversely affect the security / Encumbrance created in relation to the Portfolio investments.

52. **Tenancy Risk:** The monetary inflows for the Portfolio could be impacted by the bankruptcy, insolvency or non-payment by the tenant for any other reasons.
53. **Use of Agricultural land:** Certain lands in India have been reserved for the purposes of carrying on agricultural activities only. In order to carry on any non-agricultural activities, prior permission of the relevant local authority is required. Hence, if a Portfolio Company does not get such permission for usage of agricultural land for non-agricultural use then the Portfolio Company would not be able to carry out its plans and in turn it would affect the performance of the Portfolio.
54. **Investment risks:** As the Portfolio investments made by the Portfolio Manager will include unlisted Securities which are illiquid in nature, hence the risk involved in investing is quite more than the risk of investing in publicly listed Securities. Furthermore, many of the regulatory requirements are inapplicable to unlisted companies which may result in lesser investment protection initiatives and lack of disclosures.
55. **Development risks:** The Portfolio shall be subject to various development risks, delay in project risk, regulatory and various other legal risks. Development risks could be mitigated by providing an incentive structure to the developers for timely completion of the project. The development risks on integrated townships and SEZs would be high because of applicable political and regulatory regime. The same could lead to significant time and cost overruns. Also the delay in getting approvals for the projects in which the Portfolio Companies are bidding may also impact the performance of the Portfolio.
56. **Fluctuations in the Market:** The Real Estate operations of any Portfolio Company are subject to the performance of the Real Estate market in India generally and more particularly the markets in which its projects are located. The development of a Real Estate project takes a substantial amount of time and could be adversely impacted if there is a decline in prices over the timeframe of development and consequential sale. The investment made during the boom period and looking favorable may become a loss making proposition during the market recession. Hence there will always be a risk associated with the market cycle. Changes in government policies, local economic conditions, demographic trends, employment and income levels and interest rates, among other factors, may affect the Real Estate market and affect the demand for and valuation of the projects.
57. **Sector Risk:** The Portfolio investments will be subject to the risks incidental to the ownership, construction and operation of the Real Estate sector, including risks associated with the general economic climate, geographic or market concentration, the ability of the Portfolio Manager to manage the Portfolio investment, technical problems, financial failures of operating or construction sub-contractors, government regulations, and fluctuations in interest rates. Since Portfolio investments in the Real Estate sector, like many other types of long-term investments, have historically experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the

value of an investment (such reductions could be material) and adversely impact the Portfolio.

58. In addition, general economic conditions in relevant jurisdictions, as well as conditions of domestic and international financial markets, may adversely affect operations of the Portfolio Manager. With respect to Portfolio investments which involve real property, the Portfolio will incur the burdens of ownership of real property, which include the paying of expenses and ad valorem and other real property taxes, maintaining such property and any improvements thereon, exposure to liabilities, and ultimately disposing of such property. Further, in India, given the system of recording of title to property assets and the non-availability of title insurance, the risk of title defects may increase, where real property is acquired.
59. **Changes in Regulatory Policy:** Low interest rates on housing loans and favourable tax treatment of these loans have helped boost the recent growth of the Indian Real Estate market. High interest rates could discourage consumers from taking loans for acquiring Real Estate and thereby weaken the Real Estate market. Rising interest rates also increase cost of borrowings for the Portfolio Companies. Various provisions and norms imposed by the RBI in relation to housing loans by banks and housing finance companies could reduce the attractiveness of the property, and the RBI or the Government of India may take further steps to reduce directly or indirectly the credit to the Real Estate sector, which may adversely affect the availability of housing loans at attractive rates. The use of home loans for residential properties has also become attractive due to income tax benefits. A change in fiscal, monetary or other policy or any withdrawal of such income tax benefits may adversely affect the operating results and financial condition of the Portfolio. These factors can negatively affect the demand for and valuation of projects of Portfolio Companies.
60. **Construction risk:** The development of properties includes a degree of risk associated with the construction of the asset, including the risk that a project may not be completed within budget, within the agreed timeframe and/or to the agreed specifications. The Portfolio Manager will seek to mitigate the exposure of the Portfolio by transferring some or all of such risks from the relevant Portfolio Company to the relevant construction contractors under the terms of the construction contract, including a requirement for payment of liquidated damages by the construction contractor. However, should any of the above risks materialise in relation to any Portfolio Company, they could have a material adverse effect on the value of the relevant Portfolio investment which could, in turn, have a corresponding effect on the financial position and/or its results of the Portfolio.
61. The Portfolio may remain at risk if, following construction completion, there exist site defects that were caused by the construction contractor and not discovered. There may be a limit to the liquidated damages available to the Portfolio Manager from the construction contractor, particularly in the event of the construction contractor's financial failure. Consequently the Portfolio Manager may not be able to recoup all damages/losses incurred as a result of a time delay or budget overrun.
62. **Construction Cost Risk:** Real Estate projects involve significant construction and development works with construction cost forming a major portion of the project capital



expenditure. Construction cost is affected by the availability, cost and quality of raw materials. The principal raw materials include steel, cement, wood, sand, metal, glass and aluminium. The prices and supply of these and other raw materials depend on factors not under the control of the Portfolio Company, including general economic conditions, competition, production levels, transportation costs and import duties. If, for any reason, the Portfolio Company is unable to obtain such raw materials to in the required quantities and at prices that are competitive, its ability to meet its material requirements for its projects could be impaired, its construction schedules could be disrupted and it may not be able to complete its projects as per schedule. The Portfolio Company may also not be able to pass on any increase in the prices of these building materials to its customers. This could affect its results of operations and impact its financial condition.

63. **Delays in projects:** The construction of projects may face opposition from local communities, non government organisations and other parties. The construction of projects may become politicised and face opposition from the local communities where these projects are located and from special interest groups. In particular, the public may oppose the acquisition or lease of land due to the perceived negative impact it may have on such communities or on the environment. The Portfolio Company may in such cases incur significant expenditure on any such resettlement which may adversely affect its financial condition and results of operation.
64. **Competition risk:** The Portfolio Manager may invest in Portfolio Companies that construct or maintain and operate certain assets in the Real Estate assets in a highly-competitive environment. The Portfolio Manager will compete with other consortia and companies for property and Real Estate related assets. These competitors, which include large construction and engineering groups and other financial investors, may have significant financial resources and may be able to present bids with competitive terms. As a result of such competition, the Portfolio Manager may have difficulty in making certain potential investments or the Portfolio Manager may be required to make investments on economic terms less favourable than anticipated. If the Portfolio Manager fails to make new investments or makes investments under less favourable terms, the financial condition and results of operations of the Portfolio Manager could be materially and adversely affected.
65. **Valuation Related Risks:** Property valuations generally may include a subjective determination of certain factors relating to the relevant project, such as their relative market positions, financial and competitive strengths and physical conditions. There can be no assurance that any Real Estate appraisals which are obtained by the Portfolio Manager will reflect the actual market values of the properties or that such values will not change over time. The appraised value of any of the projects is not an indication of, and does not guarantee, projected returns at present or in the future. The price at which the Portfolio Manager may dispose of a Portfolio investment may be lower than its appraised value as determined by independent valuers (though independent valuers would be reputed property consultants or such other competent organizations that can provide impartial reports on the value of the projects).
66. **Property tax and Other Similar Risks:** Real Estate projects are subject to property taxes that may increase from time to time. Any increase in property taxes and any other applicable



taxes or levies will adversely affect the value of the Portfolio investment. Transactions involving Real Estate projects are also subject to stamp duties and other local or municipal taxes, which would differ from State to State, city to city and between municipal jurisdictions, depending on the location where Real Estate activities are carried out.

67. **Concentration Risk:** The Product may invest in single investment / asset for the clients who choose so. In such a case the returns of such client's portfolio will be directly linked to the returns on the said single investment / asset.
68. **Post Tax dues/litigations:** The Portfolio Manager may invest in a Portfolio Company which may have tax disputes/litigations or other contingent liabilities in respect of past years. Such tax disputes / litigations may arise after investment by the Portfolio. While Portfolio Manager exercises due diligence and due care to understand such disputes, they may adversely impact the returns of the Portfolio.

## 6. TAXATION

It is currently envisaged that the Portfolio could earn the following streams of income from investments made in the Portfolio Investments:

- Dividend income;
- Interest income;
- Gains on transfer;
- Redemption premium; and
- Buy-back of shares

The tax implications of the each stream of income are provided below:

### Dividends

Dividends declared by Indian companies are exempt from tax in the hands of the Investors under section 10(34) of the ITA. However, such dividends would be subject to dividend distribution tax at the rate of 15%, on the amount of dividend distributed including the dividend distribution tax, in the hands of the Portfolio Companies under Section 115-O of the ITA. Credit of dividend distribution tax is generally not available to investors. The dividend income received by the Portfolio from its investments in units in mutual funds shall be exempt from tax in the hands of the investors under section 10(35) of the ITA.

Further, the Finance Act provides that individual, HUF or firm, resident in India, will be required to pay tax at the rate of 10% (plus applicable surcharge and cess) on the dividend income received by them exceeding INR 10 Lakhs.

### Interest

Interest income shall be taxable in the hands of the Investors as follows:

Interest income from unlisted/listed securities shall be taxable as 'income from other sources' and taxable at the rate of 30% or slab rate applicable to individual investor (plus applicable surcharge and cess).

**Capital Gains on transfer:**

Long-term capital asset: Following securities are regarded as capital assets:

- Listed securities (other than units) and units of equity oriented mutual fund held as investments for a period of more than 12 months immediately preceding the date of transfer;
- Unlisted shares held as investments for a period of more than 24 months; and
- the securities other than stated in the bullet point above held as investments for a period of more than 36 months immediately preceding the date of transfer.

Short-term capital asset: In any other case, the assets are classified as short-term capital assets.

**Taxability of capital gains shall be as follows:**

Type of security	Domestic investors <sup>^</sup>
Short-term capital gains on transfer of listed equity shares and units of equity oriented mutual fund (subject to securities transaction tax)	15%
Any other short-term capital gains (not subject to securities transaction tax)	Applicable slab rates / 30%
Long-term capital gains on transfer of listed equity shares and units of equity oriented mutual fund (subject to securities transaction tax <sup>^</sup> )	10%, above INR 1 lakh (without indexation benefit)#
Long-term capital gains on listed securities other than above (not subject to securities transaction tax)	10% (without indexation) / 20% (with indexation)*
Long-term capital gains on unlisted securities or shares of a company in which public are not substantially interested	20% (with indexation)*
Long-term capital gains on transfer of listed debentures	10% (without indexation) (arguably)

<sup>^</sup>Plus applicable surcharge and cess.

\*Indexation benefit may be applicable for certain assets except debentures.

**Redemption premium**

There are no specific provisions contained in the ITA, with regard to the characterisation of the premium received on redemption of debentures. Considering the fact that the securities are

held as a capital asset, premium on redemption of securities can either be treated as "interest" or as "capital gains". The characterisation of premium on redemption of securities as interest or a capital receipt has to be decided based on factors surrounding the relevant case. Taxability of "interest" and "capital gains" is provided above.

#### **Buy-back of shares:**

Under the provisions of the ITA, the consideration paid by the Portfolio Company for purchase of its own unlisted shares in excess of the sum received by the investee company at the time of issuing the shares ("Distributed Income") will be charged to tax. The Portfolio Company would be liable to pay additional income-tax at 20% (plus applicable surcharge and cess) of the Distributed Income paid to the shareholder. This provision is applicable only in the case of buy-back in accordance with the provisions of Section 77A of the Companies Act, 1956.

The taxes on the distributed income by the Portfolio Company would be treated as final payment of tax in respect of the income. The income arising to the Portfolio / Investors in respect of such a buy-back by the investee company would be exempt. The Portfolio / Investors would not be able to claim credit for the buy-back tax paid by the Portfolio Company. Further, Portfolio / Investor shall not be eligible to claim any expenditure against income arising on account of buy back. The buy-back of shares by listed companies will attract the capital gains related provisions of the Act and the DTAA (entered between India and the country in which the offshore investor is resident) as discussed above.

The Finance Act has been amended to provide for buy-back of unlisted shares under any law for the time being in force relating to companies instead of currently being buy-back under specific section.

Further, Rules will be prescribed to determine the amount received by the investee company for issue of shares.

**Disclaimer:** The tax information provided above is generic in nature and the actual tax implications for each client could vary substantially from what is mentioned above, depending on the facts and circumstances of each case. The client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his or her income or loss and the expenses incurred by him as a result of his investment in the Portfolio Management Service offered by the Portfolio Manager.

## **7. ACCOUNTING POLICIES**

ASK Investment Managers Private Limited follows prudent accounting policies for the portfolio investments of client as under:

- a. *Contribution to portfolio*

Contribution to portfolio by way of securities is recorded at the previous day closing market value from the date the securities are received by the portfolio manager. Contribution by way of cheque/RTGS/NEFT is recorded on the date of clearance of funds in bank account.

b. *Portfolio investments*

Portfolio investments are stated at market/fair value prevailing as on year year end and the difference as compared to book value is recognized as unrealized gain/loss in the statement of affairs for the year.

Market value/fair value of portfolio investments is determined as follows:

- i. Investments in listed equity shares are valued at the closing quoted price on The Stock Exchange, Mumbai/ National Stock Exchange;
- ii. Investments in units of a mutual fund are valued at Net Asset Value of the relevant scheme;
- iii. Valuation of all other securities will be valued at fair price as determined by a valuer of repute appointed by the Portfolio Manager;
- iv. Purchase and sale of investments are accounted for on trade date basis. Cost of purchase and sale includes consideration for scrip and brokerage (including service tax thereon) but excludes securities transaction tax paid on purchase/sale of securities.
- v. Consideration received against fractional entitlements on account of corporate actions is entirely considered as revenue under other income.

c. *Revenue*

Realized gain/loss on sale of investments is accounted on trade date basis by comparing sale consideration with the cost of investment. The cost of investment is identified following First-in-First Out (FIFO) method.

Corporate dividend income is recognized on ex-dividend date.

d. *Expenses*

Portfolio management fees are accounted on accrual basis.

Securities transaction tax paid on purchase/sale of securities is treated as expenditure shown under other expenses in the Statement of Affairs.

Other expenses like depository charges, transaction charges, audit fees etc are recorded on cash basis.

## **8. INVESTORS SERVICES & GRIEVANCE REDRESSAL AND DISPUTE SETTLEMENT MECHANISM:**

ASK IM seeks to provide the portfolio clients a high standard of service. ASK IM is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Investor servicing essentially involves: -

- Reporting portfolio actions and client statement of accounts at pre-defined frequency;
- Attending to and addressing any client query with least lead time;

**Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:**

Ms. Bhakti Rawte

ASK Investment Managers Private Limited

Birla Aurora, Level 16, Office Floor 9,

Dr. Annie Besant Road, Worli, Mumbai 400 030

Phone: 022-56520000

Email: [customerservice@askinvestmentmanagers.com](mailto:customerservice@askinvestmentmanagers.com); [brawte@askinvestmentmanagers.com](mailto:brawte@askinvestmentmanagers.com)

**ASK PMS Real Estate Special Opportunities Portfolio – III** is a Portfolio Management Product set up by ASK Investment Managers Private Limited

The Product proposes to make portfolio investments in accordance with the investment policy with a view to generate superior returns through long term investment in various Portfolio Companies engaged in the real estate, construction development and allied sectors in India.

**Grievance Redressal:**

Ms. Bhakti Rawte, Head – Client Service and Mr. Himanshoo Bohara, Compliance Officer shall attend to and address any client query or concern as soon as practicably possible.

**Dispute Settlement Mechanism:**

All disputes, differences, claims and questions whatsoever which shall arise either during the subsistence of the agreement with a client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising therefrom or the interpretation of any provision therein shall be, in the first place settled by mutual discussions, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Mumbai and be conducted in English language.

The Agreement with the client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a client or the performance of the agreement by the either party of its obligations will be conducted exclusively in courts located within the city of Mumbai in the State of Maharashtra.

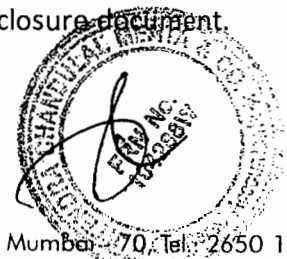


**Jitendra Chandulal Mehta & Co.**  
**Chartered Accountants**

**CERTIFICATE**

The Board of Directors,  
ASK Investment Managers Private Limited,  
Birla Aurora, Level 16, Office Floor 9,  
Dr. Annie Besant Road,  
Worli,  
Mumbai – 400 030.

1. You have requested to us to provide a certificate on the Disclosure document for Portfolio Management Services (“the Disclosure Document”) of ASK Investment Managers Private Limited (“the Company”). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India (“the SEBI”)
2. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 (“the SEBI Regulations”) is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purpose issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
3. In respect of the information given in the Disclosure document, we state that
  - i. The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.
  - ii. The Promoters and directors qualification, experience, ownership details are as confirmed by the directors and have been accepted without further verification.
  - iii. We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the disclosure document.



**Head Office** : 92-B, Visaria Sadan, 1st Floor, Belgrami Road, Near Bhabha Hospital, Kurla (W), Mumbai - 70, Tel.: 2650 1357

**Branch Office** : B-702, Neelkanth Business Park, Near Vidyavihar Bus Depot, Vidyavihar (West), Mumbai - 86.

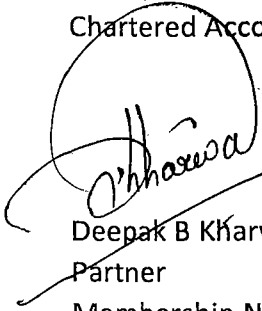
Tel.: 022 - 2516 2488, 2512 2488 Email: deepak.kharwad@gmail.com

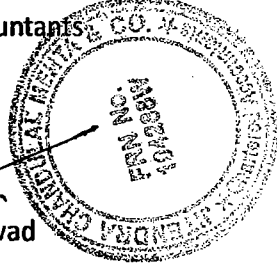
iv. We have relied on the representation made by the management regarding the amount of portfolios/funds managed/ advised as on March 31, 2018.

4. Read with above and on the basis of our examination of the books of accounts, records, statements produced before us and to the best of our knowledge and according to the information, explanations and representations given to us, we certify that the disclosure made in the Disclosure Document are true and fair in accordance with the disclosure requirement laid down in Regulation 14(2) read with schedule V to the SEBI Regulations. A management certified copy of the disclosure document is enclosed herewith and marked as Annexure "A".

5. This certificate is intended solely for the use of the management of the company for the purpose as specified in paragraph 1 above.

For M/s Jitendra Chandul Mehta & Company  
Chartered Accountants

  
Deepak B Kharwad  
Partner



Membership No. : 174599

Firm Registration No. : 104288W

Place : Mumbai

Date : April 25, 2018