ASK INVESTMENT MANAGERS LIMITED

DISCLOSURE DOCUMENT

FOR

PORTFOLIO MANAGEMENT SERVICES

ASK INVESTMENT MANAGERS LIMITED

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

FORM C

[As required under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020]

It is confirmed that:

i) the Disclosure Document forwarded to SEBI is in accordance with Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time.

ii) the purpose of the document is to provide essential information about the portfolio services and 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 & Company, Chartered Accountants, (FRN 104288W, M. No. 124599) having its head office at 92B, Visaria Sadan, 1st Floor, Belgrami Road, Near Bhabha Hospital, Kurla West, Mumbai 400070.

iv) Principal Officer: Mr. Prateek Agarwal
Address: ASK Investment Managers Ltd.
Birla Aurora, Level 16,
14, Dr. Annie Besant Road, Worli,
Mumbai – 400 030.
Telephone Number: 022-66520061
E-mail: pagrawal@askinvestmentmanagers.com

v) The disclosure document contains necessary information about the Portfolio Manager required by an investor before investing and the investor may also be advised to retain the document for future reference.

For ASK Investment Managers Limited

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Mr. Prateek Agarwal
Principal Officer

Date: 20.4.2022
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, 2020, as amended from time to time and filed with SEBI along with the certificate in the prescribed format in terms of Regulation 22 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 Limited (ASK IM)

ASKIM is a premier and professionally managed Portfolio Management Services firm that provides equity focused portfolio management and investment advisory services. ASKIM got its portfolio management registration in year 1993-1994. From promoter driven company the firm has come a long way to be managed and partly owned by experienced professionals. The majority shareholding of the firm, currently, has been acquired by BCP Topco XII Pte Ltd, which is a private limited company incorporated under the laws of Singapore and registered with the Singapore Accounting and Corporate Regulatory Authority. It is controlled by funds advised and/or operated by affiliates of Blackstone Inc. (“**Blackstone**”).

Blackstone was founded in 1985 and has been publicly listed on the New York Stock Exchange since 2007 under the ticker symbol “BX”. It has a market capitalization of over USD 160 billion as of 17 September 2021. It is headquartered in the United States of America and has offices in London, Mumbai, Tokyo, Shanghai, Hong Kong, Singapore, Sydney, Paris, Düsseldorf and Frankfurt, among many other locations. Blackstone has been active in India since 2006.

Blackstone is a global alternative asset manager, and its alternative asset management businesses include the management of private equity funds, real estate funds, real estate investment trusts, closed ended mutual funds, funds of hedge funds, hedge funds, credit-focused funds, and collateralized loan obligation vehicles. Blackstone, across its different investment businesses, had total assets under management of approximately USD 731 billion as of 30 September 2021. Further information regarding Blackstone is available at www.blackstone.com. Also, Blackstone’s latest financial statements are available at: https://ir.blackstone.com/investors/annual-reports-and-sec-filings/default.aspx.

The Blackstone Group has extensive experience in the financial services sector globally and in India, including through its investments, such as in: (a) Aadhar Housing Finance, the largest independent affordable housing finance company in India; (b) First Eagle, a privately held asset management firm in the US with over USD 100 billion of assets under management; (c) Luminor Bank, the third largest financial services provider in the Baltic banking market; (d) La Trobe Financial, a leading Australian portfolio, asset and wealth manager; and (e) NIBC, a leading Dutch specialist bank, etc. and many in-house experts and global advisors with deep expertise in this sector.

Blackstone has been active as a long-term investor in India since 2006 across investments in Private Equity and Real Estate, and now has a market value of USD ~60 billion of assets, making it a Top 10 business group in India. India is the #1 performing geography globally for Blackstone Private Equity. Blackstone in India is currently also: (a) a promoter of Aadhar Housing Finance Limited, a housing finance company registered with the National Housing Bank; (b) a sponsor of Embassy Office Parks REIT, India's first and Asia's largest (by area) real estate investment trust; (c) a promoter of International Asset Reconstruction Company, an asset reconstruction company, registered with the Reserve Bank of India; (d) a promoter of various listed companies in India, such as Mphasis, Sona Comstar and EPL; (e) the largest foreign investor in FINO, which holds India's first listed payments bank; and (f) invested in various regulated entities, including in BTO AIF (an alternative investment fund), a foreign venture capital investor and a foreign portfolio investor.

ASKIM offerings are designed around high net worth individuals (resident Indians and NRIs), body corporate and Foreign Portfolio investors (FPIs) 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 being registered as Portfolio Manager is exempted to be registered under SEBI (Investment Advisor) Regulations, 2013 for providing investment advice to its clients and is also exempted for registration under SEBI (Research Analyst) Regulations, 2014. ASKIM also act as the Sponsor and Investment Manager to ASK Select Focus Fund, ASK India 2025 Equity Fund and ASK Emerging Opportunities Fund – Closed Ended Funds, and ASK Multi Cap Fund – Open Ended Fund, which are Schemes ASK Equity AIF, registered with SEBI as a Category III – Alternative Investment Fund vide registration number IN/AIF3/17-18/0378 dated October 12, 2017. ASKIM also acts as an Authorized Person (AP) of NSE /BSE registered Trading member.

ASKIM is the first PMS house to establish its branch at Gift City – Gujarat and received approvals from Special Economic Zone Authority (SEZ Approval No KASEZ/DCO/GIFT-SEZ/II/07/2020-21/199 dated 11 January 2021) and International Financial Services Centre Authority Gujarat bearing registration number F.No. 103/IFSCA/PMS-ASK/2020-21 dated November 26, 2020.

ii) Directors, Principal Officer and their Background:-

Mr. Sameer Koticha is the Chairman & Founder of ASK Group. He has been instrumental in incubating and mentoring all the business verticals of ASK Group. He works closely with all the CEO's on strategic direction and mentors ASK Group in areas of Risk, Corporate Governance and Best Practices. He Chairs the Investment Committees for all the businesses and provides guidance to strengthen and steer key client relationships. He is actively involved with ASK Group CSR initiatives.

Mr. Sunil Rohokale, is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's degree in engineering and a master's degree in business administration from the University of Poona. He has been with our Company since 2008 and has been on the Board since 2012. He has over 22 years of experience in the banking and finance industry and has previously worked with ICICI Bank.

Mr. Bharat Shah is an Executive Director of our Company. He holds a bachelor's degree in commerce from the University of Bombay and a post-graduate diploma in management from the Indian Institute of Management, Calcutta. He is also a member of the Institute of Chartered Accountants of India and a member of the Institute of Cost and Works Accountants of India. He has been on the Board since 2008. He has over 24 years of experience in the field of investment management and has previously worked at Birla Capital International AMC Limited and Asian Paints (India) Limited.

Mr. Girish Shrikrishna Paranjpe, is an Independent Director of the Company. He holds a bachelor's degree in commerce from the University of Bombay. He is also a member of the Institute of Chartered Accountants of India and a member of the Institute of Cost and Works Accountants of India. He has experience in the field of information technology and venture capital and has previously been the joint chief executive officer and on the board of Wipro, and has previously served as a consultant with Advent International. He was appointed for a period of five years with effect from July 27, 2018.

Mr. Amit Dixit has been appointed as Nominee Director on 11 February 2022. Mr. Dixit is a MBA from Harvard Business School, MS in Engineering from Stanford University and a B.Tech. from Indian Institute of Technology Mumbai where he was awarded the Director's Silver Medal for graduating at the top of his program. Mr. Amit Dixit is the Head of Asia for Blackstone Private Equity. Since joining Blackstone in 2007, Mr. Dixit has been involved with various investments and investment opportunities in India and South Asia. Previously, Mr. Dixit was a Principal at Warburg Pincus. He currently serves as a Director of several companies including Mphasis, TaskUs, Aadhar, Essel Propack, Aakash Education, Sona Comstar, IBS Software, Jagran Prakashan, Mid-Day Infomedia and Piramal Glass. Mr. Dixit was previously a Director of Intelenet Global Services, Trans Maldivian Airways, Igarashi Motors India, S.H. Kelkar and Emcure Pharmaceuticals.

Mr. Ganesh Mani has been appointed as Nominee Director on 11 February 2022. Mr. Mani received a B.Tech. in Mechanical Engineering from the Indian Institute of Technology Bombay. Mr. Ganesh Mani is a Managing Director in Blackstone's Private Equity Group. Since joining Blackstone in 2011, Mr. Mani has been involved in Blackstone's investments in Sona Comstar, Aadhar Housing Finance, Trans Maldivian Airways, IBS Software, International Tractors Limited, CMS Info Systems, Multi Commodity Exchange of India Ltd., and Jagran Prakashan. Mr. Mani is involved in the evaluation of investment opportunities in the pharma and healthcare, financial services, automotive, and specialty chemicals sectors in South Asia. Mr. Mani currently serves on the Board of Directors of Sona Comstar. Before joining Blackstone, Mr. Mani was an Associate at the Boston Consulting Group.

Mr. Nitin Rakesh has been appointed as Nominee Director on 11 February 2022. Mr. Rakesh holds a Bachelor's degree in Engineering (Computer Science) from Delhi Institute of Technology, Delhi University and Master's in Management from Narsee Monjee Institute of Management Studies, Mumbai and an alumni of Harvard Business School's CEO Workshop. Mr. Nitin Rakesh has a working experience of more than two decades. He joined Mphasis as its Chief Executive Officer and Director in January 2017. Under Nitin's leadership, Mphasis set a record of highest deal wins in the history of the company. Prior to joining Mphasis, he was the Chief Executive Officer and President of Syntel (a NASDAQ listed IT Services Company). He served at Syntel in various capacities (most recently as the CEO) from 2012 to 2016 and also before that between 2002 and 2008. From 2008 to 2012, he served as the CEO and Managing Director of Motilal Oswal Asset Management Company. In addition, he has worked with the TCG Group, a transnational private equity and investments firm as the Head of Banking & Financial Services Sales at TCG Software Services between 1999 and 2002. Earlier in his career, Mr. Nitin worked for Unit Trust of India, setting up offshore mutual funds and secondary Market Research Cell, Product Development and Risk Management divisions.

Mr. Milind Barve has been appointed as Additional Independent Director on 16 February 2022. Mr. Barve holds bachelor's degree in commerce from University of Pune and is Chartered Accountant. He was responsible for setting up HDFC Asset Management Company (HDFC AMC) and was appointed as its first Managing Director with effect from July 4, 2000 and had been its founder CEO till February 15, 2021.
HDFC Mutual Fund (managed by HDFC AMC) is one of the largest Mutual Fund Managers in the country and manages about USD 60 bn (INR 4.50 trillion) of assets under management and was one of the most profitable asset management company in the country. It is a listed entity with a market capitalization of USD 6.2 bn (INR 470 billion). Under Mr. Barve's leadership, HDFC Mutual Fund pioneered India's only socially oriented Mutual Fund Scheme which finances, through the Indian Cancer Society, free treatment for Cancer patients in 14 hospitals in India. Mr. Barve also served as a member on the Governing Advisory Council of Indian Cancer Society. Prior to July 2000, Mr. Barve headed the Treasury function at HDFC Limited for over 14 years and was responsible for functions such as, Investments and Fund raising from Institutional and Retail sources. Mr. Barve had been awarded the "Maxell Award for Excellence in Business Leadership 2015".

Mr. Prateek Agrawal, Business Head, Chief Investment Officer and Principal Officer of the Company, holds bachelor's degree in Engineering from Regional Engineering College, Rourkela, Sambalpur University and a Postgraduate Diploma in Management from the Xavier Institute of Management, Bhubaneshwar. He works closely with channel partners and provides strategic direction to fund managers and research teams. He holds over 27 years of experience in capital markets with a long-distinguished sell side research, investment banking, and advisory experience which has been a great asset on the buy side. Prior to ASK Investment Managers Ltd., he was associated with SBI Capital Markets as Head of Research and headed equities at ABN Amro and Bharti AXA AMCs. He was part of the team involved with the privatization of VSNL and handled Hindustan Zinc for Vedanta Group.

iii) Group companies / firms of the Portfolio Manager on turnover basis As on March 31, 2021 (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 31.03.21)
1	ASK Wealth Advisors Private Limited	92.07
2	ASK Property Investment Advisors Private Limited	31.88
3	ASK Family Office and Investment Advisors Private Limited	-
4	ASK Property Advisory Services Private Limited	-
5	ASK Trusteeship Services Private Limited	0.04
6	ASK Capital Management PTE Limited (Singapore)	16.57
7	ASK Pravi Capital Advisors Private Limited	5.52
8	ASK Financial Holdings Private Limited (earlier known as “ASK Infrastructure Private Limited”)	24.91

iv) Details of Services being Offered.

a. 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. 50 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 if 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.

b. 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. The Portfolio Manager shall be solely acting as an Advisor to the Client and shall not be responsible for the investment/divestment of securities and/or administrative activities on the client’s portfolio. The Portfolio Manager shall act in a fiduciary capacity towards its Client and shall maintain arm’s length relationship with its other activities. The Portfolio Manager shall provide advisory services in accordance with guidelines and/or directives issued by the regulatory authorities and/or the Client from time to time in this regard. Investment Advisory is active and core activity for ASKIM and we target institutional investors, corporate investors, FPIs, UHNWIs for the advisory mandates. There are experienced Investment team professionals who are involved in managing advisory mandates.

4. DIRECT ONBOARDING OF CLIENTS: -

We are hereby happy to launch direct onboarding facility through our website https://www.askfinancials.com/ask-investment-managers/. This facility shall ease Clients to have direct connection with ASKIM personnel rather that routing through any Distributor/Referral or Channel Partners.

For more details about the same, the Client is requested to contact marketing@askgroup.in.

5. **PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY: -**

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.	Refer Annexure I
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 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.	None

6. SERVICES OFFERED: -

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

Investment Philosophy

ASKIM investment philosophy revolves around two key aspects: Endeavour to preserve capital and generate long term returns. ASKIM endeavors at all times 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.

7. LIST OF INVESTMENT APPROACHES: -

I. ASK Growth Portfolio
II. ASK Strategic Portfolio
III. ASK Life Portfolio
IV. ASK Indian Entrepreneur Portfolio
V. ASK India Select Portfolio
VI. Market Linked Debentures (no new offerings)
VII. ASK PMS Real Estate Special Opportunities Portfolio – I (Separate Disclosure Document filed – Refer Annexure II)
VIII. ASK - Managed Funds Portfolio (no new offerings)
IX. ASK Liquid Strategy
X. ASK Conviction Portfolio
XI. ASK High Conviction Portfolio
XII. ASK Financial Opportunities Portfolio
XIII. ASK Domestic Resurgence Portfolio
XIV. ASK Emerging Opportunities Portfolio
XV. ASK PMS Real Estate Special Opportunities Portfolio - III (Separate Disclosure Document filed – Refer Annexure III)
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.
XVI. ASK India A Plus Portfolio
XVII. ASK Specialized Portfolio
XVIII. ASK India Vision Portfolio
XIX. ASK Indian Entrepreneur Portfolio STP
XX. ASK India Select Portfolio STP
XXI. ASK Growth Portfolio STP
XXII. ASK Emerging Opportunities Portfolio STP
XXIII. ASK Domestic Resurgence Portfolio STP
XXIV. ASK Financial Opportunities Portfolio STP
XXV. ASK India Vision Portfolio STP
XXVI. ASK EDGE Portfolio

The Portfolios use the following 'key' investment attributes to carve out investment approaches 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

Key Investment Attributes

Earnings Growth

- Quantum
- Consistency
- Durability
- Predating (Early Vs Later)
- Compounding power

Value

- Favorable Price-Value Gap
- Margin of Safety

In addition to the above, good management quality is a given constant

	Dominant Theme	+	Other Key Themes		
Growth Strategy	Size of the Opportunity	+	Quality of Business	Earnings Growth	Value
Life Strategy	Quality of Business	+	Size of the Opportunity	Earnings Growth	Value
Indian Entrepreneur Strategy	Earnings Growth	+	Size of the Opportunity	Quality of Business	Value
Strategic	Value	+	Size of the Opportunity	Quality of Business	Earnings Growth
India Select*					

***** > 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 investment approach
- Any stock selection across any investment approach has to pass a minimum threshold for all the four attributes.

- None of the attributes in any investment approach will score an ‘average’ level.
- At least one attribute for each investment approach will be at a heightened level.
- ‘High’ positioning (not necessarily ‘highest’) for the other three attributes.

INVESTMENT APPROACHES

I. ASK GROWTH PORTFOLIO: -

Investment Objective: To provide medium to long-term returns, by seeking to buy growth at value prices from a diversified portfolio of Indian equities with favorable long-term prospects. It is ideal for investors who would like to participate in India's growth opportunity.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- 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”
- Targeted Minimum Profit Before Tax of INR 100 cr and target price-value gap of around 15%

Benchmark: Nifty 50

Basis for Benchmark: Given the large cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

Product variants:

- Value Growth Product:
  - Minimum Ticket size - Rs. 50 lac or as may be determined by the Portfolio Manager.

II. ASK STRATEGIC PORTFOLIO: -

Investment Objective: ASK Strategic Portfolio follows a very rigorous, disciplined, value-creating, filters-based approach and aims to invest in firms of high quality of business and management superior earnings growth and price-value gap.

Type of Securities: Listed Indian Equities

Portfolio Construct:
Strategic portfolio 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 (targeted minimum price value gap of 40%), 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: BSE Midcap and Nifty 50

Basis for Benchmark: Given the mid cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

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.

III. ASK LIFE PORTFOLIO: -

Investment Objective: ASK Life Portfolio follows a very rigorous, disciplined, value-creating, filters-based approach. It invests in firms of high quality of business and management, superior earnings growth at favorable valuations.

Type of Securities: Listed Indian Equities

Portfolio Construct:

Life Portfolio aims 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.

Benchmark: BSE 500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

IV. ASK INDIAN ENTREPRENEUR PORTFOLIO: -

Investment Objective: ASK Indian Entrepreneur Portfolio (IEP) invests in entrepreneurially driven and/or family-owned businesses; listed on the Indian stock markets, for compounding gains over the medium to long term.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Invests into Indian entrepreneurial businesses of size, superior quality and high growth at fair valuations.
- ASK 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 (targeted 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: BSE 500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risks Factors:

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

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

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.

V. ASK INDIA SELECT PORTFOLIO: -

Investment Objective: ASK India Select Portfolio aims to invest in best ideas from each of the four business attributes: Size of Opportunity: Size of pond Vs. size of fish; Quality of Business: Superior Return on Capital Employed; Key pivot of strong wealth creation; Earnings Growth : Quantum, consistency and durability of earnings; Value: Price-value gap or margin of safety.

Type of Securities: Listed Indian Equities

Portfolio Construct:
ASK India Select Portfolio focuses on 4 key business attributes to ensure true diversification within equity as an asset class. The portfolio represents an eclectic mix of size of opportunity, earnings growth, quality of the business and value; to achieve optimal balance.

- The portfolio endeavors to 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 around 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 time of first purchase of the new stock), 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 500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

VI. MARKET LINKED DEBENTURES: - (no new offerings)

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 debentures is generally a pre-packaged investment approach 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 debentures are debt instruments issued by Non Banking Financial Companies (NBFCs) or corporate debentures 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 and 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 (e.g.: 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.

Basis for Benchmark: Depending upon the type of structure, the benchmark is chosen appropriately.

Investment Horizon: Long Term

VII. ASK PMS Real Estate Special Opportunities Portfolio – I (Separate Disclosure Document – Refer Annexure II): -

VIII. ASK – MANAGED FUNDS PORTFOLIO: - (no new offerings)

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%	p60%
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:**

Upfront Fee	Nil
Management Fee:	
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.
If amount withdrawn within:	**Applicable exit fees**
1st year	1% charged on the daily average Net Asset Value (NAV) of the portfolio till the time of closing the account with ASK.
2nd 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. Nifty 50

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 Fund Index (Liquifex)	**CRISIL Composite Bond Index (Compbex)**	**CNX Mid Cap**	**Nifty50**
Equity Opportunities Portfolio	-	-	30%	70%
Aggressive Portfolio	5%	15%	25%	55%
Balanced Portfolio	5%	45%	15%	35%
Conservative Portfolio	10%	70%	5%	15%
Pure Debt Portfolio	10%	90%	-	-

i) 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.

IX. ASK LIQUID PORTFOLIO: -

Investment Objective: The portfolio 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 Portfolio and can subsequently transfer funds to equity PMS over a period of time.

Type of Securities: Growth option of Liquid / Money Market Mutual Funds

Investment Horizon: Short Term with an objective of interim parking of money.

Benchmark: Crisil Liquid Fund Index

Basis for Benchmark: Given the objective of the portfolio is to park money temporarily, the benchmark is chosen appropriately.

Risk Factors: Given that the portfolio 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.

Systematic Transfer Plan (STP):

- A new investor can opt for STP by investing in the equity portfolio 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 Portfolio
- Every month on the STP Date the amount will be transferred from the Liquid Portfolio to the Equity Portfolio

X. ASK CONVICTION PORTFOLIO: -

Investment Objective: A concentrated portfolio 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 superior core Return on Capital Employed (ROCE) and long-term compounding growth prospect, while being available at reasonable valuations. It is a portfolio of carefully blended stocks with outstanding long-term compounding prospects.

Type of Securities: Listed Indian Equities

Portfolio Construct:

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

- 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.

Benchmark: Nifty 50

Basis for Benchmark: Given the portfolio construct, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XI. ASK HIGH CONVICTION PORTFOLIO: -

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

Type of Securities: Listed Indian Equities

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 approach 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: BSE Midcap and Nifty 50

Basis for Benchmark: Given the mid cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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.

XII. ASK FINANCIAL OPPORTUNITIES PORTFOLIO: -

Investment Objective: To build a portfolio of businesses representing quality and superior long-term compounding potential, largely representing from the Banking and Financial Services industry.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated approach of carefully identified businesses across range of market capitalization representing the Banking and Financial Services industry.
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term
- 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: BSE Finance

Basis for Benchmark: Given the sectoral bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XIII. ASK DOMESTIC RESURGENCE PORTFOLIO: -

Investment Objective: To identify long-term sustainable domestic growth business opportunities which are likely to benefit from acceleration in domestic economy.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated approach of carefully identified businesses across range of market capitalization which are likely to benefit from acceleration in domestic economy
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term
- 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: BSE 500 and Nifty50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XIV. ASK EMERGING OPPORTUNITIES PORTFOLIO: -

Investment 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.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated approach 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 approach 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: BSE Midcap and Nifty50

Basis for Benchmark: Given the mid cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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.

XV. ASK PMS REAL ESTATE SPECIAL OPPORTUNITIES PORTFOLIO III (Separate Disclosure Document Refer Annexure III): -

XVI. ASK INDIA A PLUS PORTFOLIO: -

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

Type of Securities: Listed Indian Equities

Portfolio Construct:

Concentrated approach of carefully identified business across range of market capitalization

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

Buying businesses with a large competitive advantage in industries with a large size of opportunity that offers superior growth over long period of time

Benchmark: MSCI India All Return Index (FIF)

Basis for Benchmark: Given the portfolio construct, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

- Equities as an asset class carry a higher risk in comparison to debt. While risk cannot be totally eliminated, it can be mitigated through a well-designed investment approach.

- The securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the portfolio concepts will be achieved.
- Investors are not being offered any guaranteed or assured return on the portfolio. The past performance does not in any manner indicate the future performance of the portfolio concepts.
- 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 strategies as value opportunities may be available only in a few sectors.

XVII. ASK SPECIALISED PORTFOLIO: -

Investment Objective: To provide medium to long term returns, by seeking to buy growth at value prices from a diversified portfolio of Indian equities with favorable long-term prospects.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization.
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term.
- 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: Nifty50

Basis for Benchmark: Given the construct of the Portfolio, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XVIII. ASK INDIA VISION PORTFOLIO: -

Investment Objective: To generate returns for the investors through price appreciation of the stocks held over a period of time.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization.

- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term.
- 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: BSE 500 and Nifty50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XIX. ASK INDIAN ENTREPRENEUR PORTFOLIO STP: -

Investment Objective: To invest in entrepreneurially driven and/or family-owned businesses; listed on the Indian stock markets, for compounding gains over medium to long term.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization which are likely to benefit from acceleration in domestic economy.
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term.
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time.
- Investments will be made in a staggered manner as per instructions provided by the client.

Benchmark: BSE 500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XX. ASK INDIA SELECT PORTFOLIO STP: -

Investment Objective: To invest in best ideas from each of the four business attributes: Size of opportunity, quality of business, earnings growth and value.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization which are likely to benefit from acceleration in domestic economy.
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term.
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time.
- Investments will be made in a staggered manner as per instructions provided by the client.

Benchmark: BSE500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XXI. ASK GROWTH PORTFOLIO STP: -

Investment Objective: To provide medium to long term returns, through a portfolio with favourable long-term prospects. It is ideal for investors who would like to participate in India's growth opportunity.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization which are likely to benefit from acceleration in domestic economy.

- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term.
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time.
- Investments will be made in a staggered manner as per instructions provided by the client.

Benchmark: Nifty 50

Basis for Benchmark: Given the large cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XXII. ASK EMERGING OPPORTUNITIES PORTFOLIO STP: -

Investment 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 which are likely to benefit from acceleration in domestic economy.
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term.
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time.
- Investments will be made in a staggered manner as per instructions provided by the client.

Benchmark: BSE Midcap and Nifty 50

Basis for Benchmark: Given the mid cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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.

XXIII. ASK DOMESTIC RESURGENCE PORTFOLIO STP: -

Investment Objective: To identify long-term sustainable domestic growth business opportunities which are likely to benefit from acceleration in domestic economy.

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization which are likely to benefit from acceleration in domestic economy
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time
- Investments will be made in a staggered manner as per instructions provided by the client

Benchmark: BSE500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XXIV. ASK FINANCIAL OPPORTUNITIES PORTFOLIO STP: -

Investment Objective: To build a portfolio of businesses representing quality and superior long-term compounding potential, largely representing from the Banking and Financial Services industry.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization representing the Banking and Financial Services industry.
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time
- Investments will be made in a staggered manner as per instructions provided by the client

Benchmark: BSE Finance

Basis for Benchmark: Given the sectoral bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XXV. ASK INDIA VISION PORTFOLIO STP: -

Investment Objective: To generate returns for the investors through price appreciation of the stocks held over a period of time.

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Concentrated strategy of carefully identified businesses across range of market capitalization
- Focused portfolio of high-quality and high-growth businesses that are positioned for compounding in the long-term
- Buying businesses with a large competitive advantage in industries with a large size of opportunity, that offer superior growth over long period of time
- Investments will be made in a staggered manner as per instructions provided by the client

Benchmark: BSE 500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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

XXVI. ASK EDGE PORTFOLIO: -

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

Type of Securities: Listed Indian Equities

Portfolio Construct:

- Strategy of carefully identified businesses across range of market capitalization
- Focused portfolio of high-quality and high-growth businesses that are positioned for outstanding compounding in the long-term
- 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: BSE 500 and Nifty 50

Basis for Benchmark: Given the multi cap bias, the benchmark is chosen appropriately.

Investment Horizon: Long Term

Risk Factors:

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.

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.

iii) **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.

<u>8. RISK FACTORS: -</u>

<u>General:</u>

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 approach 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 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 Nifty (or any other index used instead of, in replacement or in conjunction with the S&P CNX Nifty) 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 Nifty (or any other index) or any data included therein.

12. 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.

13. 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.

14. 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.

15. NCDs may generate returns, which are not in line with the performance of the Reference underlying, depending on their payoffs.

16. 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.

17. 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.

18. Clients should be aware that the investment approach of the Portfolio may lead to a dilution of performance when compared to a direct investment into underlying. The Participation Rate and the averaging mechanism of the NCD, if any, will also affect the performance of the Portfolio.

19. 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. Transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client’s portfolio. **Nil**

viii. If the portfolio manager has group companies, a disclosure of conflict of interest related to services offered by group companies of the portfolio manager if any.-

ASKIM may, from time to time:

a. Acquire, have and/ or maintain a position in any security similar to the Securities held, purchased or sold for the Client forming part of the Assets of Account;
b. Purchase or sell on behalf of the Client any security which forms part of the portfolio of the Portfolio Manager or its other clients or which is otherwise purchased, sold or traded in by the Portfolio Manager on its own account or on account of its other client(s); The Client is aware of such interest of the Portfolio Manager under the scheme vis-à-vis in the proprietary account of ASK IM;
c. Purchase or sell on its own account or on behalf of any other client, any security which forms part of the Assets of Account;
d. Have a commercial or other relationship or agreement with stock brokers, banks and companies with whom or through whom transactions are carried out for purchase and sale of any of the Securities or with any issuer of Securities whose Securities are purchased and/ or sold for or on behalf of the Client;
e. Deal on the Client's behalf with any Associate Company of the Portfolio Manager as long as the terms are as favorable to the Client as would be ordinarily obtained from a concern which is not an Associate Company;
f. ASKIM acts as an Authorized Person (AP) of NSE /BSE registered Trading member through which the Client's trades may be executed and would receive commission from Trading member for such services rendered.
g. Purchase or sell Securities from or to anyone with whom the Portfolio Manager or any of its Associate Company has a commercial or other relationship or agreement, including selling or purchasing the Securities to or from the account of the Portfolio Manager or another client of the Portfolio Manager;
h. Act as principal, agent, or broker in any transaction; and in such event, the Portfolio Manager shall be separately compensated for its actions in that capacity;
i. Employ, retain or appoint any Associate Company of the Portfolio Manager as broker, custodian, investment adviser, research providers, consultants or in any other capacity for carrying out any of the functions or work relating to the Services provided to the Client.

However, ASKIM shall avoid any conflict of interest in relation to its decision with regard to investments with respect to the Client's funds and where such conflict of interest does arise, ASKIM shall ensure fair treatment as in an arm's length transaction to all its Clients and shall also specifically ensure that the interest of the Client is not prejudiced.

9. CLIENT REPRESENTATION: -

(i) Category of Clients

The details as given below are as on March 31, 2022: -

Category of clients	No. of clients	Funds Managed (Discretionary) (Rs. in Crores)
Associates / Group companies:		
March 31, 2022	1	2
March 31, 2021	NIL	NIL
March 31, 2020	NIL	NIL
March 31, 2019	NIL	NIL
Others (only Discretionary clients):		
March 31, 2022	20,479	28,824
March 31, 2021	20,076	23,406
March 31, 2020	21,489	17,103
March 31, 2019	15,790	16,772

(ii) Related Party Disclosure

i. Names of Related Parties and nature of relationship……Refer Annexure IV

ii. Transactions during the period with related parties are as under: -

a. The portfolios of some related parties are managed by ASK Investment Managers Ltd. These portfolios are under different accounts. The following are details of funds of related parties managed during October 1, 2021 – March 31, 2022.

RELATED PARTY	Funds as on 31 Oct, 2021 (Rs.)	Received during October 2021 to March 2022 (Rs.)	Returned during October 2021 to March 2022 (Rs.)	Funds as on 31 March 2022 (Rs.)
Jatin Kishore Koticha	22,757,145.70	488	4,247.70	21,779,279.86
Jyotin Kantilal Mehta	6,161,906.36	108	536.52	5,977,073.58
Pramoda Koticha	205,012,439.11	0	83,525.15	196,810,561.17
Sameer Kishore Koticha	16,944,264.75	0	0	16,764,957.75
Sunil Rohokale	81,361,508.68	976.42	24,894.83	78022834.25
Varsha Ghelani	9,731,932.27	7,500,000.00	0.00	16,685,700.83
Girish Paranjpe	57,397,221.08	0	16,264.90	55,254,510.01
ASK Financial Holdings Private Limited	24,470,468.14	5,291.00	8,351.10	23,500,215.31
Aditi Girish Paranjpe	4,822,447.26	5,000,000.00	4,163,000.00	4,687,425.65

b. 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 2021 to March 2022 and the fees receivable from them as on March 2022.

RELATED PARTY	Fees earned during October 2021 to March 2022 (Rs.)	Fees receivable as on March 31, 2022 (Rs.)
Mr. Girish Paranjpe	1,958,887.45	1,958,887.45
Mr. Jatin Koticha	66,345.65	31,971.18
ASK Financial Holdings Private Limited	641,481.41	630,400.08
Mrs. Aditi Girish Paranjpe	39,709.77	20,366.41
Mrs. Varsha Ghelani	11.64	11.64

iii. Transactions with Subsidiaries /Joint Ventures / Entity controlled by the Company: (as per last audited Balance sheet of 31st March 2021……**Refer Annexure IV**

10. **FINANCIAL PERFORMANCE: -**

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

Particulars	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2018-19
Profit / (Loss) Before Depreciation & Taxation	250.06	174.19	138.73
Net Profit / (Loss) after Depreciation & Taxation	180.59	127.18	88.71
Shareholder's Funds			
Share Capital	14.50	14.46	14.46
Reserves & Surplus	844.35	660.55	527.54

11. PERFORMANCE OF PORTFOLIO MANAGER: -

Portfolio Management Performance (active strategies) of the Portfolio Manager for the last three years.

Strategy	FY 20	FY 21	FY 22
ASK Indian Entrepreneur Portfolio	-17.8%	68.6%	20.9%
BSE 500	-27.5%	76.6%	20.9%
Nifty 50	-26.0%	70.9%	18.9%
ASK India Select Portfolio	-15.3%	52.3%	20.2%
BSE 500	-27.5%	76.6%	20.9%
Nifty 50	-26.0%	70.9%	18.9%

ASK Growth Portfolio	-13.7%	60.9%	15.9%
Nifty 50	-26.0%	70.9%	18.9%
ASK Life Portfolio	-13.2%	65.4%	17.1%
BSE 500*	-27.5%	76.6%	20.9%
Nifty 50	-26.0%	70.9%	18.9%
ASK Strategic Portfolio	-13.1%	73.6%	17.0%
BSE Midcap*	-31.7%	90.9%	19.5%
Nifty 50	-26.0%	70.9%	18.9%
ASK High Conviction Portfolio	-14.8%	67.1%	16.1%
BSE Midcap*	-31.7%	90.9%	19.5%
Nifty 50	-26.0%	70.9%	18.9%
ASK Emerging Opportunities Portfolio	-13.3%	70.1%	15.6%
BSE Midcap*	-31.7%	90.9%	19.5%
Nifty 50	-26.0%	70.9%	18.9%
ASK Domestic Resurgence Portfolio	-16.0%	65.6%	13.7%
BSE 500	-27.5%	76.6%	20.9%
Nifty 50	-26.0%	70.9%	18.9%
ASK Financial Opportunities Portfolio	-25.7%	76.1%	10.3%
S&P BSE Finance	-33.2%	70.9%	8.4%
ASK Growth Portfolio STP		57.3%	15.7%
Nifty 50		70.9%	18.9%
ASK Conviction Portfolio	-21.0%	80.0%	25.6%
Nifty 50	-26.0%	70.9%	18.9%

ASK Domestic Resurgence Portfolio STP		62.4%	13.2%
BSE 500		76.6%	20.9%
Nifty 50		70.9%	18.9%
ASK Indian Entrepreneur Portfolio STP		67.4%	20.4%
BSE 500		76.6%	20.9%
Nifty 50		70.9%	18.9%
ASK India Select Portfolio STP		49.1%	19.3%
BSE 500		76.6%	20.9%
Nifty 50		70.9%	18.9%
ASK India Vision Portfolio		58.6%	23.3%
BSE 500		76.6%	20.9%
Nifty 50		70.9%	18.9%
ASK India Vision Portfolio STP		59.1%	23.1%
BSE 500		76.6%	20.9%
Nifty 50		70.9%	18.9%
ASK Financial Opportunities Portfolio STP		76.1%	10.3%
S&P BSE Finance		70.9%	8.5%
ASK Liquid Strategy	5.9%	3.2%	3.0%
Crisil Liquid Fund Index		4.1%	3.7%
ASK Managed Funds Portfolio	-24.2%	70.6%	NA
BSE 500	-27.5%	76.6%	NA
ASK Hybrid Portfolio	0.0%	4.0%	-33.4%
No Benchmark			

Real Estate Special Opportunities Portfolio	-0.4%	-1.4%	5.2%
No Benchmark			
ASK Specialised Portfolio			12.1
NIFTY 50			18.9
ASK India A Plus Portfolio			NA
MSCI India All Return Index			NA

Notes:

- Performance figures are net of all fees and expenses.
- Returns have been calculated using time weighted rate of return method as specified by SEBI.
- With effect from 1st October 2020, performance of all clients is being considered to arrive at overall investment approach level performance.
- The actual returns of the client may differ from the investment approach returns.
- Past performance may or may not be sustained in future and should not be used as basis for comparison with other investments.
- ASK Portfolio returns are composite returns of all the Portfolios aligned to the portfolio Objective as on March 31, 2022.
- * Benchmark changed w.e.f October 1, 2019.

12. STATUTORY AUDIT OBSERVATIONS: -

During the last 3 financial years, there have been no adverse remarks/observations found with respect to company's operation and the Company is providing a fair and accurate representation of its financial position.

13. 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 II)**
III. **Real Estate Special Opportunities Portfolio III (Refer Annexure III)**

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

Option 1: Fixed Fees	Upfront Fee: NIL, Management Fee: upto 2.50% p.a, on the daily average Net Asset Value of the Portfolio
Option 2: Variable Fees	Upfront Fee: NIL, 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 3.00%

Special Situation Portfolio

Option 1: Fixed Fees	Upfront Fee: NIL, 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: NIL, 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 3.00%

For the below Investment Approaches: -

- ASK Indian Entrepreneur Portfolio
- ASK India Select Portfolio
- ASK Growth Portfolio
- ASK Life Portfolio
- ASK Strategic Portfolio
- ASK Conviction Portfolio
- ASK High Conviction Portfolio
- ASK Eagle Portfolio
- ASK Financial Opportunities Portfolio
- ASK Domestic Resurgence Portfolio
- ASK Emerging Opportunities Portfolio
- ASK India Vision Portfolio
- ASK EDGE Portfolio
- ASK India A Plus Portfolio
- ASK Indian Entrepreneur Portfolio STP
- ASK India Select Portfolio STP
- ASK Growth Portfolio STP
- ASK Emerging Opportunities Portfolio STP
- ASK Domestic Resurgence Portfolio STP
- ASK Financial Opportunities Portfolio STP
- ASK India Vision Portfolio STP
- ASK Liquid Portfolio

Option 1: Fixed Fee	Upfront fee: NIL Management Fee: upto 2.50% p.a, on the daily average Net Asset Value of the Portfolio.
Option 2: Variable Fees	Upfront Fee: NIL Management Fee: upto 1.50% p.a. fee on the daily average Net Asset Value of the Portfolio Profit Sharing: 20% of performance over 8% compounded hurdle on corpus of the Investor. (8% 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)
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: upto 3% Greater than 12 months and upto 24 months: upto 2 % Greater than 24 months and upto 36 months: upto 1% Greater than 36 months: No exit load

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 8% 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	1.50% p.a. (Charged on the daily average Net Asset Value of the Portfolio)
Performance Fees	20% of performance over 8% hurdle calculated and charged on 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. (8% 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.

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: NIL
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%

Market Linked Debentures

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

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

Upfront Fee	Nil
Management Fee:	
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.

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

14. TAXATION

1. General

This summary on Indian tax matters contained herein is based on existing law as on the date of this memorandum. No assurance can be given that future legislation, administrative rulings or court decisions will not significantly modify the conclusions set forth in this summary, possibly with retroactive effect. In view of the nature of tax consequences, each client is advised to consult their respective tax advisor with respect to the specific tax consequences to the client arising from participation in the investment approaches. Clients are best advised to take independent opinion from their tax advisors/ experts for any income earned from such investments.

The following is a summary of certain relevant provisions of the Income-tax Act, 1961 (‘ITA’) as amended by the Finance Act, 2022 (‘Finance Act’) read along with Income-tax Rules, 1962, (‘Rules’) and various circulars and notifications issued thereunder from time to time.

The summary is based on laws, regulations, rulings and judicial decisions now in effect, and current administrative rules, practices and interpretations, all of which are subject to change, with possible retrospective effect.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes of the Portfolio Manager. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. Clients should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the client is advised to best consult their own tax consultant, with respect to specific tax implications arising out of their portfolio managed by the Portfolio Manager. This information gives the direct tax implications on the footing that the securities are/ will be held for the purpose of investments. In case, the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/ the date of making investment shall endure indefinitely.

The Portfolio Manager accepts no responsibility for any loss suffered by any client as a result of current taxation law and practice or any changes thereto. It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the securities.

2. Tax Rates

The tax rates stated in this tax chapter are exclusive of surcharge and health and education cess (unless stated otherwise).

The tax rates are applicable for the financial year 2022-23. The rate of surcharge and health and education cess are as under:

2.1 Surcharge rates are provided below:

Type of Investor	Surcharge rate as a % of income-tax (refer notes below)				
	If income is less than INR 50 lakhs	If income is more than INR 50 lakhs but less than or equal to INR 1 Crore	If income exceeds INR 1 Crore but less than or equal to INR 2 Crores	If income exceeds INR 2 Crores but less than or equal to INR 5 Crores	If income exceeds INR 5 crores
Individual, HUF, AOP, BOI	Nil	10%	15%	25%	37%

(Resident and non-resident)					

Note 1: In the case where the total income includes dividend income (only residents) or income referred to in section 111A or section 112A of the ITA, surcharge on such income shall not exceed 15%. The Finance Act has amended that in the case where the total income includes income referred to in section 112 of the ITA, surcharge on such income shall not exceed 15%.

Note 2: In the case where the total income of foreign portfolio investor ('FPI') includes dividend income or any income in the nature of short-term capital gains or long-term capital gains, surcharge on such income shall not exceed 15%.

Type of Investor	**Surcharge rate as a % of income-tax (refer notes below)**		
	If income does not exceed INR 1Crore	**If income exceeds INR 1 crore but less than or equal to INR 10 Crores**	**If income exceeds INR 10 Crores**
Partnership firm (Domestic and foreign)	Nil	12%	12%
Domestic Company	Nil	7%	12%
Foreign Company, including FPI incorporated as a company	Nil	2%	5%

Note 1: Per the Taxation Laws (Amendment) Act, 2019, the applicable surcharge rate on income chargeable to tax under sections 115BAA or 115BAB of the ITA is 10% irrespective of the income threshold.

2.2 In this tax chapter, we have used the term 'applicable slab rates' at many places. The slab rates which are applicable for individuals / HUF / AOP / BOI are as follows:

Total Income (Refer notes below)	**Tax rates (refer notes below)**
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

The slab rates applicable for individuals/HUF opting for Alternative Tax Regime

Total Income (Refer notes below)	**Tax rates (refer notes below)**
Up to INR 2,50,000	Nil

From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 7,50,000	10%
From INR 7,50,001 to INR 10,00,000	15%
From INR 10,00,001 to INR 12,50,000	20%
From INR 12,50,001 to INR 15,00,000	25%
INR 10,00,001 and above	30%

Note 1: The Central Government *vide* the Finance (No. 2) Act, 2019, has provided for a rebate on tax on total income of upto INR 5,00,000 for resident individual assessee.

Note 2: In the case of a resident individual of the age of 60 years or more but less than 80 years at any time during the year, the basic exemption limit is INR 3,00,000.

Note 3: In the case of a resident individual of the age of 80 years or more at any time during the year, the basic exemption limit is INR 5,00,000.

In addition to the above, health and education cess at the rate of 4% is leviable on aggregate of tax and surcharge.

3. **It is envisaged that a portfolio investor, including an FPI, could earn the following streams of income from investments made in the portfolio investments:**

- Dividend income;
- Interest income;
- Gains on sale of securities;
- Premium on redemption; and
- Gains on buy-back of shares.

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

3.1 <u>Dividend income on shares</u>
Per the amendments made by the Finance Act 2020, the Indian Company declaring dividend on or after 1 April 2020, is not required to pay any Dividend Distribution Tax ('DDT') on dividend distributed/ paid/ declared to its shareholders. The dividend income is now taxable in the hands of the shareholders under section 56 of the ITA under the head 'Income from Other Sources' at the applicable rates (except where DDT and tax under section 115BBDA of the ITA has been paid). Further, the taxpayer can claim deduction of interest expenditure under section 57 of the ITA against such dividend income. However, the taxpayer can claim deduction of interest paid to a maximum of 20% of the dividend income.

Per the provisions of section 194 of the ITA an Indian company declaring dividend is required to deduct tax at the rate of 10% provided amount of dividend exceed INR 5,000 (in case of payment to resident investors) and at specified rates/ rates in force (in case of payment to non-resident investors). In case, the dividend income is paid to an FPI, the rate of tax deduction as per section 196D of the ITA is 20%

subject to availability of benefits under the double taxation avoidance agreement ('Tax Treaty'), if any.

Per the amended provisions, the dividend income (net of deductions, if any) is taxable at the following rates:

Resident investors

Dividend income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	30%
Resident Firms / LLPs	30%
Resident Individuals/ HUFs/ AOP/ BOI (Refer Note 3)	30%

Note 1: The Finance Act has reduced the tax rates to 25% in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2020-21.

Note 2: Per the provisions as contained under section 115BAA and section 115BAB, domestic companies have the option to pay tax on total income at the rate of 15% or 22% subject to fulfilment of certain conditions.

Note 3: Per section 115BAC in the ITA, Individuals and HUF may have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions. At present, the highest slab rate has been captured.

Non-resident investors

Per the provisions of section 115A of the ITA, dividend income (net of deductions, if any) is taxable in the hands of the non-resident investors at the rate of 20% under the ITA. However, this rate is subject to the tax rate specified in the Tax Treaties of the respective jurisdictions of the investors and subject to applicable conditions.

3.2 Interest income on debt securities

Resident investors

Interest income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	30%
Resident Firms / LLPs	30%
Resident Individuals/ HUFs/ AOP/ BOI (Refer Note 3)	30%

Note 1: The Finance Act has reduced the tax rate to 25% in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2020-21.

Note 2: Per the provisions as contained under section 115BAA and section 115BAB, domestic companies have the option to pay tax on total income at the rate of 15% or 22% subject to fulfilment of certain conditions.

Note 3: Per section 115BAC in the ITA, Individuals and HUF have an option to pay tax on their total income at the reduced tax rates (as mentioned above). The income would, however, have to be computed without claiming prescribed deductions or exemptions. At present, the highest slab rate has been captured.

<u>Non-resident investors</u>

Per the provisions of the ITA, in case of taxability of non-resident (who is a tax resident of a country with which India has a Tax Treaty for granting relief of tax), the provisions of the ITA apply to the extent they are more beneficial.

The interest income earned by the non-resident investors (being corporate entity / non-corporate entity) is generally (unless certain conditions are satisfied) taxable at the rate of 30%/40% under the provisions of the ITA.

The Indian company paying interest is required to deduct tax at the rates in force in case of payment to resident/ non-resident investors. In case, the interest income is paid to an FPI, the rate of tax deduction as per section 196D of the ITA is 20% subject to availability of benefits under the Tax Treaty, if any.

3.3 <u>Gains on sale of securities</u>

Gains arising from the transfer of securities held in the investee company or portfolio company may be treated either as 'Capital Gains' or as 'Business Income' for tax purposes, depending upon whether such securities were held as a capital asset or a trading asset (i.e., stock-in-trade). Traditionally, the issue of characterisation of gains (whether taxable as Business Income or Capital Gains) has been a subject matter of litigation with the tax authorities. There have been judicial pronouncements on whether gains on transfer of securities should be taxed as 'Business Income' or as 'Capital Gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Also, the Central Board of Direct Taxes ('CBDT') has provided guidance, vide its Instruction: No. 1827, dated 31 August 1989 and Circular No. 4/2007, dated 15 June 2007, in respect of characterisation of gains as either Capital Gains or Business Income.

Following are the key illustrative factors indicative of Capital Gains characterisation (not Business Income): -

(a) Intention at the time of acquisition - capital appreciation;
(b) Low transaction frequency;
(c) Long period of holding;
(d) Shown as investments in books of accounts (not stock in trade);
(e) Use of owned funds (as opposed to loan) for acquisition;
(f) Main object in constitution document is to make investments;
(g) Higher level of control over the investee companies; amongst others.

Further, the CBDT had issued a circular no. 6/2016 dated 29 February 2016 (‘CBDT Circular 2016’), clarifying the issue of taxability of gains arising on sale of listed shares and securities. The CBDT Circular 2016, laid down guiding principles to characterise the gains from sale of listed shares and securities, either as Business Income or Capital Gains. It had clarified that the income-tax officer would not dispute any income arising from transfer of listed shares and securities held for more than 12 (twelve) months, if the same was treated as, and offered to tax under, the head `’Capital Gains’, subject to genuineness of the transaction being established. However, as regards the securities sold within 12 months there is a risk that the tax officer could characterise the said income as ‘Profits and gains from business or profession’.

To avoid disputes/ litigation and to have a consistent view in assessments, the CBDT had issued an instruction on 2 May 2016, to the tax department, on determining the tax treatment of income arising from transfer of unlisted shares, providing that the income from transfer of unlisted shares (for which no formal market exists for trading) would be treated as ‘Capital Gain’ irrespective of period of holding. However, the CBDT has carved out the following 3 (three) exceptions for the tax department to take an appropriate view, if:

a) The genuineness of transactions in unlisted shares itself is questionable;

b) The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or

c) The transfer of unlisted shares is made along with the control and management of underlying business.

<u>Gains characterised as capital gains</u>

The ITA, provides for a specific mechanism for computation of capital gains. Capital gains are computed by deducting from the sale consideration, the cost of acquisition and certain other expenses. The tax payable on capital gains depends on whether the capital gains are long-term or short-term in nature.

Depending on the period for which the securities are held, capital gains earned by the Investors are treated as short-term or long-term capital gains. The taxability of capital gains is discussed below:

Type of instrument	Period of holding	Characterisation
Listed Securities (other than a unit), units of equity-oriented mutual funds, units of Unit Trust of India and Zero- Coupon bonds	More than twelve (12) months	Long-term Capital Asset
	Twelve (12) months or less	Short-term Capital Asset
Shares of a company (other than shares listed on a recognised stock exchange in India)	More than twenty-four (24) months	Long-term Capital Asset
	Twenty-four (24) or less	Short-term Capital Asset
Other securities	More than thirty-six (36) months	Long-term Capital Asset
	Thirty-six (36) months or less	Short-term Capital Asset

Taxability of capital gains under the ITA (without considering the benefits under the Tax Treaty for non-resident investors) are be as follows:

Sr. No	Particulars	Resident investors	Non-resident investors [Note 1]	FPI
		Tax rate (%) excluding applicable surcharge and health and education cess		
1	Short-term capital gains on transfer of listed equity shares or units of an equity oriented mutual fund chargeable to Securities Transaction Tax ('STT')	15%	15%	15%
2	Any other short-term capital gains	30% [Note 2]	30% (in case of firms/LLP/foreign non-corporates) / 40% (in case of foreign company) (assumed highest slab rate for individuals)	30%
3	Long-term capital gains on transfer of: (i) listed equity shares on which STT has been paid both at the time of acquisition and sale of such shares; and (ii) units of equity oriented mutual fund on which STT has been paid on transfer [Note 3]	10% [Note 4] [on income in excess of INR 1 lakh]	10% [Note 4] [on income in excess of INR 1 lakh]	10% [Note 4] [on income in excess of INR 1 lakh]
4	Long-term capital gains on sale of listed bonds or listed debentures	10% (without indexation) [Note 5]	10% (without indexation) [Note 5]	10% [Note 4]
5	Long-term capital gains on transfer of unlisted bonds or unlisted debentures	20% (without indexation)	10% [Note 4 and 5]	10% [Note 4]
6	Long-term capital gains on	20%	10%	10%

	transfer of unlisted securities (other than unlisted bonds and unlisted debentures) [Note 6]	(with indexation)	[Note 4 and 5]	[Note 4]

Note 1:

In case, the investments are made by Non-resident Indians, then such investors are entitled to be governed by the special tax provisions under Chapter XII-A of the ITA.

Note 2:

Assuming highest slab rates for individual investors.

In the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2020-21), the tax rate is 25%.

Also, per provisions of section 115BAA or section 115BAB, domestic companies have the option to pay tax on total income at the rate of 15% or 22% subject to conditions as prescribed therein.

Per section 115BAC in the ITA, Individuals and HUF have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions.

Note 3:

The cost of acquisition of equity shares or units of an equity oriented mutual funds acquired before 1 February 2018, shall be higher of:

- the actual cost of acquisition; and
- Lower of:
  - Fair market value as on 31 January 2018, determined in the prescribed manner; and
  - Value of consideration received or accruing upon transfer.

The CBDT issued a notification dated 1 October 2018, wherein the list of transactions has been specified in respect of which the provision of sub-clause (a) of clause (iii) of sub-section (1) of section 112A of the ITA with respect to payment of STT shall not apply.

Note 4:

Without considering indexation and foreign exchange fluctuation benefit.

Note 5:

The Indian Revenue Authorities may disregard the said position and apply a tax rate of 20%.

Note 6:

Per section 50CA of the ITA, where the consideration received or accruing on account of transfer of unlisted shares is less than the fair market value of such share, determined in the prescribed manner, the fair value as determined should be deemed to be the full value of consideration for the purpose of computing capital gains.

3.4 Gains are characterised as 'business income'

If the gains are characterised as business income, then the same is taxable on net income basis at the rate of 30% for resident investors. The Finance Act has reduced the tax rate to 25% in case of domestic companies having a total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2020-21. Kindly note, we have assumed highest rate for resident individual investors. Also, per the provisions as contained under section 115BAA and section 115BAB, domestic companies have the option to pay tax on total income at the rate of 15% or 22% subject to fulfilment of certain conditions.

If the gains are characterised as business income, then the same are taxable on net income basis at 40% for foreign company if it has a business connection/ permanent establishment in India, and such income is attributable to the business connection/ permanent establishment of the non-resident in India. Further, for non-resident investors (other than a foreign company) tax at the rate of 30% is levied.

3.5 Premium on redemption:

There are no specific provisions contained in the ITA, with regard to the characterisation of the premium received on redemption of debentures. Redemption premium earned on account of redemption of Non-Convertible Debentures/ Optionally Convertible Debentures, may be classified as capital gains or interest. The characterisation of premium on redemption of debentures as interest or a capital receipt has to be decided based on factors surrounding the relevant case and within the framework of the following features:

- The term of the loan,
- The rate of interest expressly stipulated for (whether at arm's length, whether contains premium over risk free rate of return, etc.),
- The nature of the risk undertaken:
- Interest rate risk (e.g. Changes in prevailing market interest rates)
- Capital risk (e.g. Risk of loss of capital)
- Industry risk (real estate being quite volatile sector)
- Limited Exit Opportunities (e.g. Redemption option at the end of the 37th month and limitations with respect to purchaser in the open market)
- Country risk (e.g. economic risks - slowdown in economic growth or macro-economic imbalances, political instability and related risks, laws and tax related risks - retrospective amendments)
- Currency risk – adverse change in exchange rate

In order to characterise the redemption premium as capital gains, one need to demonstrate and substantiate (with requisite documentation) that any premium paid is on account of above referred risks. Preferable, one should be able to provide broad bifurcation of premium against each category of risk.

Where redemption premium is classified as capital gains, the same is taxable at the rate specified against capital gains. If redemption premium is classified as interest, it is taxable at the rate specified against interest.

3.6 Proceeds on buy-back of shares by a domestic company

Per section 10(34A) of the ITA, gains arising on buy back of shares are exempt in the hands of investors. However, per section 115QA of the ITA, a distribution tax at the rate of 20% is payable by an Indian company on distribution of income by way of buy-back of its shares where the buy-back is in accordance with the provisions of the Companies Act, 2013. Such distribution tax is payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed. In this regard, CBDT *vide* its notification dated 17 October 2016 prescribed final buyback rules by inserting new Rule 40BB to the Rules for determination of the amount received by the Indian company in respect of issue of shares.

The above provision also applies in the case of buyback of shares listed on a recognised stock exchange.

4. Other tax considerations

4.1 Advance tax instalment obligations

It will be the responsibility of the investors to meet the advance tax obligation instalments payable on the due dates prescribed under the ITA.

4.2 Tax deduction at source

Section 206AA of the ITA

The income tax provisions (section 206AA of the ITA) provide that where a recipient of income (who is subject to withholding provisions) does not furnish its Permanent Account Number ('PAN'), then tax is required to be deducted by the payer at the higher of the following i.e., (i) rates specified in the relevant provisions of the ITA; (ii) rates in force; or (iii) at 20%.

In the case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate shall not apply if they furnish certain prescribed information / documents. The CBDT had issued a notification granting certain relaxations from deduction of tax at a higher rate in the case of non-resident investors or a foreign company. The provisions of section 206AA of the ITA does not apply in respect of payments to be made which are in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, provided the deductee furnishes certain details and specified documents to the deductor.

Section 206AB of the ITA

The Finance Act, 2021 has introduced a new provision - section 206AB in the ITA for deducting tax at higher rates on payments made to non-filers of income-tax returns. Section 206AB of the ITA applies where any sum or income or amount is paid, or payable or credited, by a person to a specified person and tax is required to be deducted at source as per provisions of the ITA (except under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the ITA). The Finance Act has excluded section 194-IA, 194-IB, or 194M from the scope of section 206AB of the ITA.

The term 'specified person' has been defined to mean a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under section 139(1) has expired; and the aggregate of tax deducted at source and tax collected at source in his case is INR 50,000 or more in each of these two previous years. The Finance Act, 2022 has amended the definition of the term 'specified person' by reducing the period of non-furnishing of return from two years to one year. Further, specified person shall not include a non-resident who does not have a permanent establishment in India.

In case the aforesaid section is applicable, tax shall be deducted at higher of the followings rates:

- twice the rate specified in the relevant provision of the ITA; or
- twice the rate or rates in force; or
- the rate of five per cent.

If provisions of section 206AA and section 206AB of the ITA are applicable to a specified person, then, tax shall be deducted at higher of the two rates provided under the respective sections of the IT Act.

Withholding tax on purchase of goods

The Finance Act, 2021 has introduced a new provision - section 194Q in the ITA. The section provides that any person (i.e. buyer) who is responsible for paying any sum to any resident (i.e. seller) for the purchase of any goods (likely to include shares and securities) of the value or aggregate of such value exceeding INR 50 lakhs in any previous year, shall deduct an amount equal to 0.1%. of such sum exceeding INR 50 lakhs. The buyer shall be required deduct such tax at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier.

Further, the term 'buyer' has been defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceeds INR 10 crores during the Financial Year immediately preceding the Financial Year in which the purchase of goods is carried out.

The section further provides that if any sum is credited to any account, whether called "suspense account" or by any other name, in the books of the buyer liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee (i.e. seller) and the provisions of this section shall apply accordingly.

However, the provisions of section 194Q shall not apply to transactions on which:

(a) tax is deductible under any of the provision of the ITA; and

(b) tax is collectible under the provisions of section 206C of the ITA other than transaction to which section 206C(1H) of the ITA applies.

Collection of tax at source

Section 206C(1H) of the ITA mandates a seller to collect tax at source at the rate of 0.1% of the consideration value of the goods (likely to include shares and securities) sold exceeding value of INR 50 lakhs. The seller has been defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceeds INR 10 crores during the specific earlier year. If the buyer does not provide PAN or Aadhaar number to the seller, then the tax rate shall be collected at rate higher of the following:

- at twice the rate specified in the relevant provision of this Act
- At the rate of 1%.

In a situation, where the buyer is liable to undertake withholding obligations and has undertaken the said obligation, the seller will not be liable to collect tax at source.

Having said the above, the CBDT *vide* its Circular No. 17 of 2020, dated 29 September 2020, stated that the provisions of 206C(1H) shall not apply to transactions in securities and commodities which are traded through recognized stock exchanges.

The Finance Act, 2021, has proposed a new section (i.e. section 206CCA) which is to be effective from 1 July 2021. Vide this section, tax will be required to be collected at the higher of the i.e., (i) rates specified in the relevant provisions of the ITA; or (ii) at 5% (five per cent) by a person at the time of receipt of any sum from a specified person.

In this context, the term 'specified person' means a person who has not filed the tax returns for the specific defined past two years and the tax withheld and tax collected at source is INR 50,000 or more for the said two years. The Finance Act, 2022, has amended the definition of the term 'specified person' by reducing the period of non-furnishing of return from two years to one year. Further, the specified person to not include a non-resident who does not have a permanent establishment in India.

If both the above-mentioned provisions are applicable (i.e. section 206CC and 206CCA), it has been proposed that the tax will be collected at the higher of the two rates derived in both the sections.

Applicability of these provisions in the case of cross-border or offshore transactions to be evaluated on a case to case basis.

The applicability of these provisions w.r.t. shares and securities are required to be tested.

4.3 <u>Foreign Portfolio Investors</u>

Per section 2(14) of the ITA, any investment in securities made by FPIs in accordance with the regulations made under the Securities and Exchange Board of India is treated as a capital asset. Consequently, any income arising from transfer of securities by FPIs are to be treated as capital gains.

Under section 115AD of the ITA, long-term capital gains arising from transfer of securities are taxable at the rates mentioned in paragraph 3.3 above.

Under section 115AD of the ITA, interest and dividend income earned by FPIs are taxable at 20%. However, interest referred to in section 194LD of the ITA is taxable at 5% subject to fulfilment of conditions.

Per section 196D of the ITA, no deduction of tax is made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD which is payable to FPI. However, tax shall be deducted under section 196D of the ITA with respect to interest income (other than referred to in section 194LD of the ITA) and dividend income at the rate of 20%.

These tax rates are subject to the rates specified in the applicable tax treaties and subject to fulfilment of conditions specified therein and under the ITA for availing such benefits.

4.4 Tax Treaty Benefits for Non-Resident investors

Per Section 90(2) of the ITA, the provisions of the ITA, are applicable to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investor (subject to General Anti Avoidance Rules ('GAAR') provisions discussed below and to the extent of availability of Tax Treaty benefits to the non-resident investors).

Section 90(1) of the ITA provides that the Central Government may enter into Tax Treaty for granting relief in respect of income tax, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit of residents of any other country or territory).

Having said the above, it may be noted that no assurance can be provided that the Tax Treaty benefits will be available to the non-resident investors or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future. This chapter does not discuss the tax implications applicable to the non-residents under a beneficial Tax Treaty, which would need to be analysed separately based on the specific facts.

The taxability of such income of the non-resident investors, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, is in accordance with the provisions of the ITA.

4.5 Tax Residency Certificate ('TRC')

In order to claim Tax Treaty benefits, the non-resident investors have to obtain the TRC as issued by the relevant authorities of its home jurisdiction. Further, the non-resident investors are required to furnish such other information or document as may be prescribed. In this connection, the CBDT *vide* its notification dated 1 August 2013 had prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC.

The tax authorities may grant Tax Treaty benefit (after verifying the TRC) based on the facts of each case.

4.6 Non-resident investors (including FPI):

A non-resident investor is subject to taxation in India only if;

- it is regarded a tax resident of India; or
- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received/ deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the ITA.

Per Section 6 of the ITA, a foreign company is treated as a tax resident in India if its place of effective management ('POEM') is in India in that year. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity are, in substance made. In case, the foreign company has a POEM in India, it qualifies as a resident of India for tax purposes and consequently, its worldwide income is taxable in India. In this connection, the CBDT issued a notification dated 22 June 2018, prescribing special provisions regarding taxation of foreign companies which are regarded as residents in India on account of its POEM being in India. Further, the foreign company might also not be entitled to claim the benefits of a Tax Treaty between India and the country of residence of the foreign company.

The CBDT had *vide* its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company ('POEM Guidelines'). The POEM guidelines lay down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM.

The CBDT had *vide* circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM do not apply to companies having turnover or gross receipts less than or equal to INR 50 crores during the Financial Year.

Per section 90(2) of the ITA, the provisions of the ITA apply to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investor (subject to GAAR provisions discussed below).

Section 90(1) of the ITA provides that the Central Government may enter into Tax Treaty for granting relief in respect of income tax, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit of residents of any other country or territory).

However, no assurance can be provided that the Tax Treaty benefits will be available to the non-resident investor or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future. The taxability of such income of the non-resident investor, in the absence of Tax Treaty benefits or where the non-resident investor is from a country with which India has no Tax Treaty, would be as per the provisions of the ITA.

4.7 STT:

STT is applicable on various transactions as follows:

(a) 0.10% on the purchase of equity shares in a company and units of business trust on a recognised stock exchange in India where the contract for purchase is settled by the actual delivery or transfer of shares or units;
(b) 0.10% on the sale of equity shares in a company or sale of units of a business trust on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of shares or units;
(c) 0.001% on the sale of units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of units
(d) 0.025% on the sale of equity shares in a company or units of equity oriented funds or units of a business trust on a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;
(e) 0.01% on the sale of futures in securities;
(f) 0.05% on the sale of options in securities;
(g) 0.125% of the difference between the strike price and settlement price of the option, where the options are exercised;
(h) 0.001% on the sale of units of equity oriented fund to the Mutual Fund.
(i) 0.2% on sale of unlisted equity shares or unlisted units of a business trust under an offer for sale
(j) 0.001% on sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal, with respect to unit linked insurance policy issued by such insurance company on or after 1 February, 2021

4.8 Receipt of any property at a value below fair market value

In case, a resident subscribes to the shares of an Indian closely held company at a premium and the total consideration for subscription exceeds the face value of such shares, the difference between the total consideration for subscription and FMV of such shares is considered as income from other sources. The same would be subject to tax in the hands of the investee companies under section 56(2)(viib) of the ITA.

For the above purposes, the FMV of shares is determined as per detailed rules prescribed or as may be substantiated by the company to the satisfaction of the tax officer based on the value of assets and liabilities, whichever is higher.

4.9 Transfer of unquoted shares at less than fair market value

Per Section 50CA of ITA, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value is deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has notified rules for computation of FMV for the purpose of section 50CA of the ITA.

The provision of section 50CA do not apply to any consideration received/ accruing on transfer by certain class of persons and subject to fulfilment of conditions, as prescribed under Rule 11UAD.

4.10 Deemed income on investment in securities

Section 56(2)(x) of the ITA provides that if any assessee receives any property (including securities) without consideration or for inadequate consideration in excess of INR 50,000 as compared to the fair market value, fair market value in excess of such consideration is taxable in the hands of the recipient as 'Income from Other Sources'. The tax rates are subject to availability of benefits under the Tax Treaty, if any in case of non-resident assessee.
The CBDT has notified rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the ITA.

The provision of section 56(2)(x) of the ITA do not apply to any sum of money or any property received by such class of persons and subject to fulfilment of conditions as may be prescribed.

Such deemed income is chargeable to tax (i) at the rate of 30% in case of resident investors (assuming highest slab rate for resident individual) (ii) at the rate of 40% in case of foreign companies and (iii) at the rate of 30% in case of non-resident (assuming highest slab rate for non-resident individual).

In the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2020-21, the tax rate is 25%. Furthermore, domestic companies have the option to pay tax on total income at the rate of 15% or 22% depending on fulfilment of certain conditions and their nature of business.

Per section 115BAC in the ITA, Individuals and HUF have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions.

4.11 GAAR:
The GAAR regime as introduced in the ITA is effective from April 1, 2017. GAAR may be invoked by the tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the ITA;
- It lacks commercial substance or is deemed to lack commercial substance as specified under section 97 of the ITA in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterise or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Reallocating and re-characterizing equity into debt, capital into revenue, etc.
- Disregarding or treating any accommodating party and other party as one and the same person;
- Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The GAAR provisions override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it does not apply, have been enumerated in Rules 10U to 10UC of the Rules. The Rules provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

On 27 January 2017, the CBDT issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ('LOB') in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crores cannot be read in respect of a single taxpayer only.

4.12 FATCA Guidelines

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act ('FATCA') provisions and the Common Reporting Standards ('CRS'), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

a. the name, address, taxpayer identification number [('**TIN**') (assigned in the country of residence)] and date and place of birth ['**DOB**' and '**POB**' (in the case of an individual)];
b. where an entity has one or more controlling persons that are reportable persons:
    i. the name and address of the entity, TIN assigned to the entity by the country of its residence; and
    ii. the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
c. account number (or functional equivalent in the absence of an account number);

d. account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and
e. the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and Other reportable accounts (i.e. under CRS).

4.13 Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting.

MLI is an agreement negotiated under Action 15 of the OECD/G20 BEPS Project. As opposed to bilateral Double Taxation Avoidance Agreements, the MLI is intended to allow jurisdictions to swiftly amend their tax treaties to include the Tax Treaty-related BEPS recommendations in multiple Tax Treaties. MLI seeks to curb tax planning strategies that have the effect of shifting profits to low or no tax jurisdictions, supplements or modifies existing tax treaties etc.

The final impact of the MLI on a Tax Treaty is dependent on both the contracting states to the Tax Treaty having deposited their respective instruments of ratification with their final MLI Positions with the OECD Depositary. The MLI includes both mandatory provisions (i.e. the minimum standards under the BEPS Project) as well as non-mandatory provisions.

India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs. The Union Cabinet of India issued a press release dated 12 June 2019, approving the ratification of the MLI to implement Tax Treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty. On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The MLI entered into force from 1 October 2019 and operational with effect from the financial year beginning from 1 April 2020 in respect of certain treaties signed by India.

Once MLI evolves and is implemented in future, one should need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries. There is limited guidance or jurisprudence at present on how the above will be interpreted by the Revenue authorities and applied.

4.14 Minimum Alternate Tax

The Taxation Laws (Amendment) Act, 2019 has reduced the base rate of MAT from 18.5% to 15% (plus applicable surcharge and cess), which shall be applicable w.e.f. 1 April 2020 i.e. Financial Year 2019-2020. Per the ITA, if the income-tax payable on total income by any company is less than 15% (excluding applicable surcharge and health and education cess) of its book profits, the company is required to pay MAT at 15% of such book profits (excluding applicable surcharge and health and education cess). Further, MAT provisions are not applicable to a foreign company if such company is a resident of a country or a specified territory with which India has a Tax Treaty and the company does not have a permanent establishment in India. Also, MAT provisions are not applicable if the company is a resident of a country or a specified territory with which India does not have a Tax Treaty, but the company is not required to seek registration under any law in relation to companies.

Further, the MAT credit is allowed to be carried forward up to 15 assessment years. The Finance Act, 2017, has introduced the framework for computation of book profit for IndAS compliant companies in the year of adoption and thereafter.

In case where the domestic company opts to be taxed as per the rates and manner prescribed under section 115BAA and section 115BAB of the ITA, then MAT provisions does not apply to such domestic companies. Also, MAT credit (if any) is not allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above.

4.15 Alternate Minimum Tax

Per the ITA, if the income-tax payable on total income by any person other than a company is less than the alternate minimum tax, the adjusted total income is deemed to be the total income of that person and he is liable to pay income-tax on such total income at the rate of 18.5% (excluding applicable surcharge and health and education cess). Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs.

Further, the above provisions are not applicable in case of a person who exercises the option referred to in section 115BAC or section 115BAD of the ITA.

4.16 Bonus stripping

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units is ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored is deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units.

The Finance Act has been amended to include shares and units of infrastructure Investment Trust or Real Estate Investment Trust or Alternative Investment Funds (AIFs) in the anti-avoidance provisions of the ITA related to bonus stripping.

4.17 Carry-forward of losses and other provisions (applicable irrespective of the residential status)

In terms of section 70 read with section 74 of the ITA, short-term capital loss arising during a year can be set-off against short-term as well as long-term capital gains. Balance loss, if any, can be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, can be carried forward and set-off against long-term capital gains arising during the subsequent 8 assessment years.

4.18 Proposed change in the India tax regime

The Government of India intends to replace the current Income-Tax Act, 1961 with a new direct tax code ('DTC') in consonance with the economic needs of the country. The task force is in the process of drafting a direct tax legislation keeping in mind, tax system prevalent in various countries, international best practices, economic needs of the country, among others. At this stage, it is not possible to comment on the final provisions that the new DTC will seek to enact into law and consequently, no views in that regard are being expressed. There can be no assurance as to the implications of the final new DTC for the Portfolio Manager and its investors.

4.19 Goods and Services Tax

From July 1, 2017 onwards, India has introduced Goods and Service Tax ('GST'). Post introduction of GST, many Indirect tax levies (including service tax) have been subsumed and GST should be applicable on services provided by the Portfolio Manager. GST rate on such services is currently 18%.

15. 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

Purchase and sale of investments are accounted for on trade date basis. Cost of purchase and sale includes consideration for scrip and brokerage (including GST 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.

a. 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.

b. Expenses

Portfolio management fees are accounted on accrual basis based on average of daily portfolio value at quarterly intervals.

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.

16. 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;

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

Mr. Kiran Valanger
Head – Operations and Customer Service
ASK Investment Managers Limited
Birla Aurora, Level 16, Dr Annie Besant Road
Worli, Mumbai 400 030
Phone: 022-66520000
Email: ce@askpms.in

ii. Grievance redressal and dispute settlement mechanism:

Grievance Redressal:

Mr. Kiran Valanger, Head – Operations and Customer Service, Mr. Jenil Doshi, Head – Customer Service and Mr. Amit Gupta, Group Compliance Officer, 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.

ASK Investment Managers Ltd (Investor Grievance) link wherein you can lodge your complaint: https://www.askfinancials.com/ask-investment-managers/investor-grievance.aspx

SEBI Scores Link wherein you can lodge your complaint against Intermediary: https://www.scores.gov.in/scores/Welcome.html

For ASK INVESTMENT MANAGERS LIMITED

Sunil Rohokale
CEO & MD

Bharat Shah
Director

Date: 20.4.2022
Place: Mumbai