

**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, 1<sup>st</sup> 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](mailto: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**



**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](http://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 than routing through any Distributor/Referral or Channel Partners.

For more details about the same, the Client is requested to contact [marketing@askgroup.in](mailto: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**

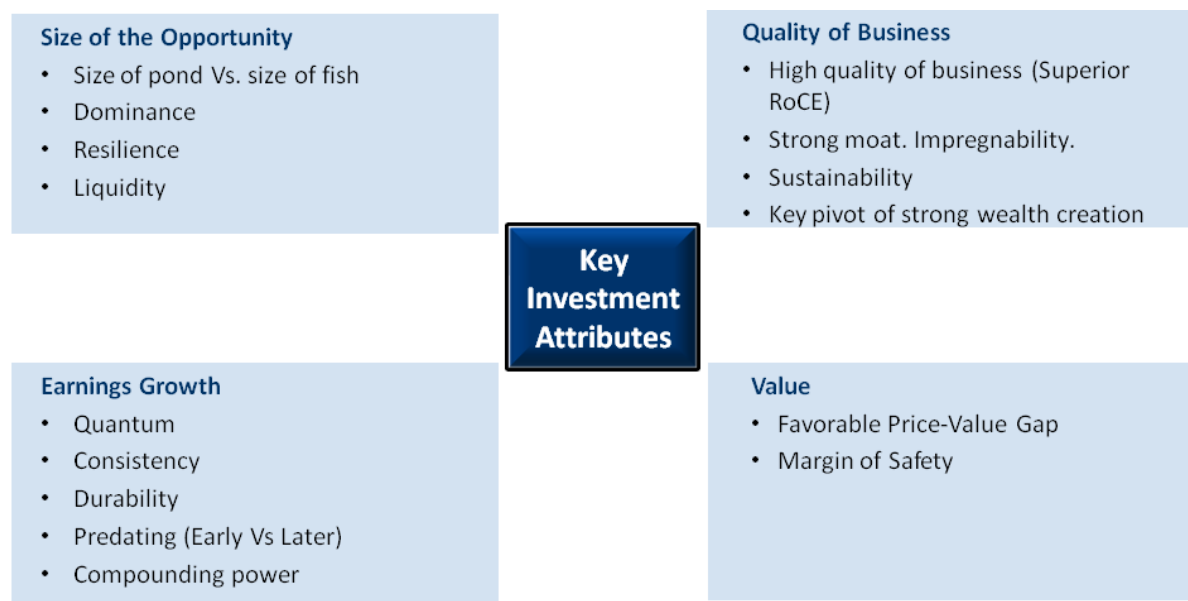
ASKIM follows a **bottom-up approach** to investing with an intensive research process for screening potential investments. ASKIM believes in investing in quality businesses that are easy to understand, quality management with a clear vision and focus on business in which it has strengths and at reasonable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

ASKIM believes that Wealth is nothing without Wisdom.

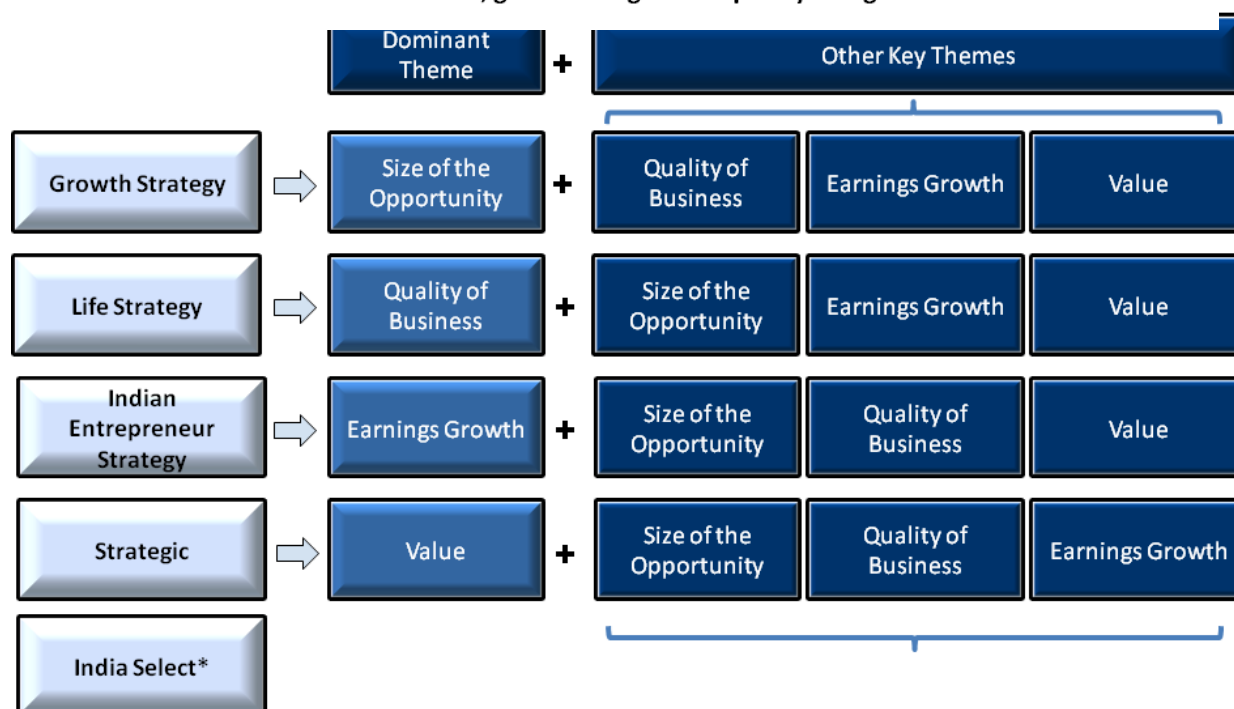
## **7. LIST OF INVESTMENT APPROACHES: -**

- 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.



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



\* > 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:**

<b>Upfront Fee</b>	Nil
<b><u>Management Fee:</u></b>	
1. Equity Opportunities Portfolio, Aggressive Portfolio	1.50% p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.
2. Balanced Portfolio	1.0 % p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.
3. Conservative Portfolio, Pure Debt Portfolio	0.5% p.a. charged on calendar quarter basis on the daily average Net Asset Value (NAV) of the portfolio.
<b>If amount withdrawn within:</b>	<b>Applicable exit fees</b>
1 <sup>st</sup> year	1% charged on the daily average Net Asset Value (NAV) of the portfolio till the time of closing the account with ASK.
2 <sup>nd</sup> year onwards	Nil

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

**h) Benchmark Index:**

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

1. CRISIL Liquid Fund Index (Liquifex)
2. CRISIL Composite Bond Index (Compbex)
3. CNX Mid Cap
4. 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 (Compbox)	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.

### **8. RISK FACTORS: -**

#### **General:**

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

ii. Risk arising due to policy changes: -

- A. The performance may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets. While securities that are listed on the Stock Exchange carry lower

liquidity risk, the ability to sell these investments is limited by the overall trading volume on the Stock Exchange.

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

iii. Risk arising from the investment objective, investment 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 31<sup>st</sup> 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
<b>ASK Indian Entrepreneur Portfolio</b>	-17.8%	68.6%	20.9%
BSE 500	-27.5%	76.6%	20.9%
Nifty 50	-26.0%	70.9%	18.9%
<b>ASK India Select Portfolio</b>	-15.3%	52.3%	20.2%
BSE 500	-27.5%	76.6%	20.9%
Nifty 50	-26.0%	70.9%	18.9%



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

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

<b>Real Estate Special Opportunities Portfolio</b>	-0.4%	-1.4%	5.2%
No Benchmark			
<b>ASK Specialised Portfolio</b>			12.1
NIFTY 50			18.9
<b>ASK India A Plus Portfolio</b>			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 1<sup>st</sup> 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

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

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

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

**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)					
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**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 Dividend income on shares**

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.

#### Non-resident investors

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 Gains on sale of securities

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.

#### Gains characterised as capital gains

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]
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**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:
  - o Fair market value as on 31 January 2018, determined in the prescribed manner; and
  - o 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 Foreign Portfolio Investors

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 Depository. 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](mailto: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.

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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>

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**For ASK INVESTMENT MANAGERS LIMITED**



**Sunil Rohokale**  
**CEO & MD**



**Bharat Shah**  
**Director**

**Date: 20.4.2022**  
**Place: Mumbai**

**ANNEXURE I TO DISCLOSURE DOCUMENT**  
**DETAILS OF LITIGATIONS BY AND AGAINST ASK INVESTMENT MANAGERS LIMITED**

Sr. No	Applicant/Petitioner	Respondent	Case Number	Value of the claim	Brief description of the nature of the claim	Present status
1.	ASK Investment Managers Limited	Ambojini Property Developers Private Limited Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Commercial Arbitration Petition No.808 of 2016, 807 of 2016, 806 of 2016 and (L) 105 of 2016 before the Hon'ble Bombay High Court	Arbitration Petitions for ad-interim/interim relief u/s 9 of Arbitration Act (" <b>said Act</b> ")	<p>ASK Investment Managers Limited (ASK IM) in its capacity as the Portfolio Manager, had sought conversion of OCDs of Ambojini Property Developers P L, held by the REPMS Investors.</p> <p>Since the same was pending beyond reasonable time, ASK IM had served a notice invoking arbitration under the SSA with Ambojini.</p> <p>Subject petition was filed seeking interim relief pending the arbitration proceedings.</p>	<p>Ad-interim reliefs granted by the Hon'ble Bombay High Court vide order dated April 11, 2016.</p> <p>By order dated 26<sup>th</sup> August 2016 passed by the Hon'ble Bombay High Court all section 9 Petitions and disputes pursuant to the SSA referred to Arbitral Tribunal. All section 9 Petitions converted to section 17 applications under the said Act.</p> <p>The Ad interim Order dated 11<sup>th</sup> April 2016 continues till date.</p>

2.	ASK Investment Managers Limited	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Arbitration before the Hon'ble Arbitral Tribunal comprising Hon'ble Justice Mr. Shivraj Patil (Retd.), Hon'ble Justice Mr. D.K Deshmukh (Retd.) and Hon'ble Justice Mr. Govindrajan (Retd.)	Award passed by Tribunal (" <b>said Award</b> ") against the Respondents directing the Respondents to pay an amount of Rs. 155,32,56,626/-plus additional interest as set out in and in terms of the said Award, which is executable against Respondent Nos. 1 to 5, jointly and severally, in terms of the said Award to ASK IM	Pursuant to a SSA executed between the parties, ASK IM in its capacity as the Portfolio Manager had sought Redemption/ Conversion of Debentures. Award passed by Tribunal (" <b>said Award</b> ") against the Respondents directing the Respondents to pay an amount of Rs. 155,32,56,626/- plus additional interest as set out in and in terms of the said Award, which is executable against Respondent Nos. 1 to 5, jointly and severally, in terms of the Award to ASK IM.	By and under Award dated 31st January 2018, Hon'ble Arbitral Tribunal disposed off the arbitration proceedings under reference.
3.	M/s Sai Peace and Prosperity Apartment Owner's Association	ASK Investment Managers Limited & Ors.	In the NCLT Bench-II, Chennai in IA/372/2020 in IA/371/IB/2020 in CP/938/IB/2018 and IA/371/2020 in CP 938/IB/2018	Rs. 182 Crore	The association of homebuyers filed an application against ASK Investment Managers seeking that since no development had taken place according to the	Vide Order dated 7 <sup>th</sup> July 2021 the Hon'ble NCLT Chennai dismissing the homebuyers application held in the favour of ASK

					terms of the said Award the remainder amount was Nil. Consequently, the claim amount of Rs. 182 crore payable pursuant to the said Award ought to be Nil.	Investment Managers stating that the claim of Rs. 182 crore is no way linked to the remainder amount. Thus, the amount of Rs. 182 crore is due and payable to ASK Investment Managers.
4.	ASK Investment Managers Ltd	V.S Suresh, R Damodaran and V.S Saravanan (collectively referred to as <b>"Personal Guarantors"</b> )		Rs. 2,29,04,09,761/-	The Personal Guarantors of Amobijni had executed irrevocable Personal Guarantees dated 23 <sup>rd</sup> March 2011 in the favour of ASK IM. Further, since the Corporate Debtor, Ambojini has failed to pay the aforesaid amount to ASK Investment Managers the personal guarantors are jointly and severally liable to pay the claim amount of Rs. 2,29,04,09,761/- as on 28 <sup>th</sup> February 2022.	The Demand Notices have been invoked against the Personal Guarantors and yet they have failed to pay ASK IM the claim amount thus ASK IM has invoked three Section 95 petitions against the three Personal Guarantors before the NCLT Chennai. The same are yet to be listed and admitted.
5.	ASK Investment Managers Ltd	Real Value Promoters Pvt Ltd		Rs. 2,29,04,09,761/-	Section 7 has been filed against Real Value Promoters Pvt Ltd	The petition is yet to be admitted.



					before NCLT Chennai claiming a sum of Rs. 2,29,04,09,761/-		
6.	Mr. V Subramaniam Mrs. V Navaneetham Mrs. D. Kavitha	B S	Ambojini Property Developers P L ASK Investment Managers Mr. V S Suresh Mr. R Damodaran Real Value Promoters P L	Arbitration before the Hon'ble Arbitral Tribunal comprising Hon'ble Justice Mr. Shivraj Patil (Retd.), Hon'ble Justice Mr. D.K Deshmukh (Retd.) and Hon'ble Justice Mr. Govindrajan (Retd.)		Pursuant to the order dated 11 <sup>th</sup> April, 2016 passed by the Hon'ble Bombay High Court, the Petitioners filed Company Petition before Company Law Board, Chennai and Civil Suit No. 175 of 2016 filed before Hon'ble Madras High Court. In view thereof ASK IM filed Arbitration Petition No. 806 of 2016 and Arbitration Petition No. 807 of 2016 to restrain the Petitioners from proceeding in the aforesaid matters filed in Chennai. Accordingly, by and under an order dated 26 <sup>th</sup> August, 2016 passed by the Hon'ble Bombay High Court, all disputes arising between the parties in relation to the aforesaid	By and under an Award dated 31 <sup>st</sup> January, 2018 passed by Hon'ble Arbitral Tribunal, all claims sought by the Petitioners were rejected and the arbitration petitions were accordingly disposed of.

					Company Petition and the Civil Suit 176 of 2016 were referred to the Arbitral Tribunal.	
7.	Mr. C. S. Arivanthan, M	Ambojini Property Developers Private Limited Real Value Promoters Private Limited ASK IM	Application Nos. 6630 to 6633 Application Nos. 6843 to 6848 of 2016	Arbitration Petitions for ad-interim/interim relief u/s 9 of the said Act	The Petitioners being the customers of Sai Peace and Prosperity filed Section 9 petition before the Hon'ble Madras High Court inter alia seeking ad-interim and interim reliefs against Ambojini Property Developers and Real Value Promoters Private Limited. Pursuant thereto ASK IM PL filed Application Nos. 2683-3686 of 2017 in Application Nos. 6630 to 6633 and Application Nos.3691-3694 in Application Nos. 6843 to 6848 of 2016 of 2016, wherein ASK IM PL sought to be impleaded as respondent in the aforesaid Arbitration Petition. By and under	By and under order dated 27 <sup>th</sup> April, 2018, the Hon'ble Madras High Court was pleased to refer the parties to mediation and in furtherance thereof have appointed Mrs. Uma Ramanathan as the mediator therein.  However, as the parties could not come to any conclusion, the mediation process has now been concluded and the parties have been referred back to continue the arbitration proceedings before the Hon'ble Madras High Court.  The matter has been disposed off by the

					an Order dated 20 <sup>th</sup> July, 2017 passed by the Hon'ble Madras High Court, ASK IM PL were impleaded as Respondent No. 3 in the aforesaid Application.	Madras High Court since the Corporate Debtors CIRP has commenced.
8.	ASK Investment Managers Limited	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Section 29 A Petition filed under the said Act before the Hon'ble Bombay High Court	Extension of time for passing Award by 3 (three) months	The parties by consent sought an extension of time for the passing of the Arbitral Award in the arbitration proceedings between ASK IM PL and Ambojini Property Developers and others.	By and under Order dated 6 <sup>th</sup> December 2017 passed by the Hon'ble Bombay High Court, an extension of 3 (three) months was granted by the Hon'ble High Court for passing of the Arbitral Award.
9.	ASK Investment Managers Limited	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Section 9 Petition filed under the said Act before the Hon'ble Bombay High Court	To direct Respondent No. 2 to deposit a sum of Rs.20,37,00,000/-, being the amount specified in the Award at paragraph 9.75.	Order dated 11th April, 2016 which was passed by this Hon'ble Court in Arbitration Petition No. 808 of 2016 be continued in the present Arbitration Petition as an interim order pending the execution of the said Award  Respondent No.1 to file necessary forms with the Registrar of	By and under an Order dated 23 <sup>rd</sup> February, 2018, the Hon'ble Bombay High Court continued the order dated 3 <sup>rd</sup> April, 2017 passed by the Hon'ble Arbitral Tribunal for a period of 2 (two) Weeks from the date thereof together with a direction that the order is being passed by the Hon'ble Court to

					Companies and the Sub-Registrar of Assurances for registration of the mortgage/charge created by the Award	enable the Petitioner to move a section 17 Application before the Hon'ble Arbitral Tribunal post passing of the Arbitral Award.
					Appointment of Court Receiver, High Court	
10.	ASK Investment Managers Limited	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Section 17 Application filed under the said Act before the Hon'ble Arbitral Tribunal	To direct Respondent No. 2 to deposit a sum of Rs.20,37,00,000/-, being the amount specified in the Award at paragraph 9.75.	<p>In the Section 17 Application filed by the Applicant/ Petitioner, whereby it was inter alia prayed as follows:-</p> <p>(a) Order dated 11<sup>th</sup> April, 2016 passed by the Hon'ble Bombay High Court in Arbitration Petition No. 808 of 2016 be continued as an interim order pending the execution of the said Award.</p> <p>(b) Ambojini Property Developers to file necessary forms</p>	<p>By and under Order dated 23<sup>rd</sup> March, 2018, the Hon'ble Arbitral Tribunal was pleased to continue the effect and operation of Order dated 3<sup>rd</sup> April, 2017 passed by the Hon'ble Arbitral Tribunal in I.A No. 1, 2 and 3 till 14<sup>th</sup> August, 2018.</p> <p>Accordingly, the Application filed under Section 17 was disposed off in terms of the aforesaid Order dated 23<sup>rd</sup> March 2018.</p>

					with the Registrar of Companies and the Sub-Registrar of Assurances for registration of the mortgage/charge created by the Award dated 31 <sup>st</sup> January, 2018;	
11.	ASK Investment Managers Limited	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Section 33 Application		Hon'ble Arbitral Tribunal be pleased to modify Paragraph No. 9.63 and the operative part of the Award to hold that the Claimant is entitled to an annual IRR of 30% (thirty percent) to be calculated from the Total Investment till the date of return and to provide for the correct computation and accordingly suitably revise paragraphs 9.63, 9.66 and the operative part of the said Arbitral Award.	By and under Order dated 23 <sup>rd</sup> March, 2018, the Hon'ble Arbitral Tribunal was pleased to amend the Award dated 31 <sup>st</sup> January, 2018 in the manner as set out therein.

12.	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	ASK Investment Managers Limited	Section 34 Petition under the said Act filed before the Hon'ble Bombay High Court	Challenging the said Award be directed to pay an amount of Rs. 155,32,56,626/- plus additional interest as set out in and in terms of the said Award, which is executable against Respondent Nos. 1 to 5, jointly and severally	Challenging the said Award to the extent directed to pay an amount of Rs. 155,32,56,626/- plus additional interest as set out in and in terms of the said Award, which is executable against Respondent Nos. 1 to 5, jointly and severally	This Petition is pending before the Hon'ble Bombay High Court.
13.	Mr. V. S Saravanan	ASK Investment Managers Limited	Section 34 Petition under the said Act filed before the Hon'ble Bombay High Court	Challenging the said Award to the extent that the no reliefs ought to have been granted by the Hon'ble Arbitral Tribunal against the Petitioner	Challenging the said Award to the extent that the no reliefs ought to have been granted by the Hon'ble Arbitral Tribunal against the Petitioner	Condonation of delay in filing the Section 34 Petition under the said Act allowed. This Petition is presently pending before the Hon'ble Bombay High Court.
14.	ASK Investment Managers Limited	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Application filed before the Hon'ble Arbitral Tribunal		In the Application filed by the Applicant/ Petitioner, whereby it was inter alia prayed that the order dated 23 <sup>rd</sup> March, 2018 read with Order dated 3 <sup>rd</sup> April, 2017 be continued pending the	By and under Order dated 1 <sup>st</sup> September, 2018, the Hon'ble Arbitral Tribunal was pleased to continue the effect and operation of Order dated 23 <sup>rd</sup> March, 2018 till the time orders are passed by the competent court

					enforcement of the Award.	in the proceedings under Section 34.
15.	ASK Investment Managers Limited	Ambojini Property Developers P L Real Value Promoters P L Mr. V S Saravanan Mr. R Damodaran Mr. V S Suresh	Section 36 Application filed under the said Act before the Hon'ble Madras High Court	The Applicant is inter alia seeking the execution of the said Award whereby the Respondents were directed to pay an amount of Rs. 155,32,56,626/- plus additional interest as set out in the said Award.	The Applicant is inter alia seeking the execution of the said Award whereby the Respondents were directed to pay an amount of Rs. 155,32,56,626/- plus additional interest as set out in the said Award.	An Application under Section 36 of the said Act, <i>inter alia</i> , seeking execution of the Arbitral Award has been filed by the Applicant. The aforesaid Application is presently pending before the Hon'ble Madras High Court.
16.	Nucovo Vista Property Limited	Ambojini Property Developers			Nucovo Vista Property Limited filed a petition before NCLT, Chennai against Ambojini for winding up of the Company.	An order dated 9 <sup>th</sup> September, 2019 passed by Hon'ble National Company Law Tribunal, Chennai, the corporate insolvency resolution process (" <b>CIRP</b> ") of Ambojini (" <b>Corporate Debtor</b> ") commenced and Dr. L. Natarajan was appointed as the Interim Resolution

						<p>Professional (“<b>IRP</b>”) for the Corporate Debtor.</p> <p>Pursuant thereto, ASK filed its claim for an amount of Rs. 182,52,80,395/- (Rupees One Hundred Eighty Two Crores Fifty Two Lakh Eighty Thousand Three Hundred Ninety Five only) (“<b>said Claim</b>”) vide Form C to the IRP against the Corporate Debtor. However, the IRP failed to admit ASK as a financial creditor and consequently failed to induct ASK in the Committee of Creditors of the Corporate Debtor (“<b>COC</b>”).</p>
17.	ASK Investment Managers Limited	Interim Resolution Professional of Ambojini Property Developers			Being aggrieved by the failure of the IRP to admit ASK in the COC, ASK filed a Miscellaneous Application before	Pursuant to the filing of the Application, the IRP vide an email dated 1st October, 2019 admitted us as financial creditor and



					<p>Hon'ble National Company Law Tribunal, Chennai, whereby ASK, inter-alia, sought a stay on the meeting of the COC to be held on 3rdOctober, 2019 until its admission as a financial creditor in the COC.</p>	<p>also admitted the said Claim.</p> <p>In light of the aforesaid, the Hon'ble National Company Law Tribunal, Chennai was pleased to pass an order recording that the issues between the parties have been satisfied and accordingly, disposed of the Miscellaneous Application.</p> <p>Pursuant thereto, meeting of the COC was held on 3rdOctober, 2019, at which time Mr. Anil Khicha has been appointed as the Resolution Professional("RP") of the Corporate Debtor. Further, despite the email and order of the Hon'ble National Company Law</p>
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						Tribunal, the IRP/RP failed to include ASK in the COC.
18.	ASK Investment Managers Limited	Interim Resolution Professional and Resolution Professional of Ambojini Property Developers			Being aggrieved by the failure of the IRP/RP to admit ASK in the COC, ASK filed an Application before Hon'ble National Company Law Tribunal, Chennai against the Interim Resolution Professional and the Resolution Professional of the Corporate Debtor inter-alia seeking (1) a declaration that the preliminary meeting of the Committee of Creditors be declared as null and void; (2) set aside the formation of the Committee of Creditors of the Corporate Debtor.	Pursuant thereto, the Resolution Professional vide its letter dated 24th October 2019 observed that we are related party of the Corporate Debtor.
19.	ASK Investment Managers Limited	Resolution Professional of Ambojini Property Developers			Being aggrieved by the decision of the RP to treat ASK as a related party of the Corporate	The Hon'ble National Company Law

					<p>Debtor, an Application was filed by ASK against the RP inter-alia seeking (1) setting aside of the decision of the Resolution Professional holding ASK as a related party of the Corporate Debtor; and (2) declaration that ASK is a member of the COC.</p>	<p>Tribunal, Chennai vide a Common Order dated 3rd January, 2020 directed the Resolution Professional to make ASK a member of the COC with voting rights proportionate to its claim against the Corporate Debtor and accordingly, the two applications filed by ASK were disposed off.</p> <p>At the 15th Meeting of the Committee of Creditors, the Resolution Plans submitted by Sobha Limited and Casagrand Regale Private Limited were put up for voting and the time period for the same was extended until 12 th December 2020. Accordingly, the Committee of Creditors of the Corporate</p>
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						<p>Debtor on 12th December, 2020 approved the Resolution Plan submitted by Casagrand Regale Private Limited, by majority vote of 95%. As per the terms of Resolution Plan submitted by Casagrand Regale Private Limited, it has provided bank guarantee of Rs. 20 crores to the Resolution Professional. Thereafter, the Resolution Professional has filed an Application on 25 th December, 2020 before the National Company Law Tribunal, Chennai for approval of the Resolution Plan submitted by</p>
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						Casagrand Regale Private Limited under Section 31(1) of the Insolvency and Bankruptcy Code, 2016. The same is pending as on date.
17.	Sai Peace and Prosperity Apartment Buyers Association	ASK Investment Managers Limited and others	Company Appeals (AT) (INS) No.252 of 2020 and Company Appeals (AT) (INS) No.315 of 2020]		Being aggrieved by the Order dated 3 <sup>rd</sup> January 2020, Sai Peace and Prosperity Apartment Buyers Association had filed an appeal before Hon'ble National Company Appellate Tribunal, Delhi seeking setting aside of the aforesaid Order.	This appeal has been disposed off vide Order dated 20 <sup>th</sup> September 2021 of the Hon'ble National Company Appellate Tribunal, Delhi. The aforesaid Order held ASK to be a related party to the Corporate Debtor therefore it cannot be made a part of the COC with voting rights.
	Mr. V.S. Suresh	ASK Investment Managers Limited and Others	Company Appeals (AT) (INS) No.252 of 2020 and Company Appeals (AT) (INS) No.315 of 2020]		Being aggrieved by the Order dated 3 <sup>rd</sup> January 2020, the suspended director of the Corporate Debtor had filed an appeal before Hon'ble National Company Appellate Tribunal, Delhi	This appeal has been disposed off vide Order dated 20 <sup>th</sup> September 2021 of the Hon'ble National Company Appellate Tribunal, Delhi. The aforesaid Order held ASK to be a

					seeking setting aside of the aforesaid Order.	related party to the Corporate Debtor therefore it cannot be made a part of the COC with voting rights.
19.	ASK Investment Managers Ltd.	Sai Peace and Prosperity Apartment Buyers Association & Ors. & etc.	Civil Appeal No. 5959-5960 of 2021 before the Hon'ble Supreme Court of India		Being aggrieved by the Order dated 20 <sup>th</sup> September 2021, ASK Investment Managers Ltd. Filed an appeal before the Hon'ble Supreme Court of India.	The same is pending in the Hon'ble Supreme Court of India. Presently, there is no next date in this matter.
20.	Sanjeev Kumar Gupta	ASK Investment Managers Limited and Others	Section 7 of the Insolvency and Bankruptcy Code, 2016 seeking to initiate corporate insolvency resolution process against ASK IM	Rs. 16,18,736.88/- Rupees Sixteen Lakh Eighteen Thousand Seven Hundred Thirty Six and Paise Eighty Eight only)	The Applicant has alleged that ASK IM had assured returns on the investment of Rs. 50 Lakhs made by the Applicant and that the Applicant has not received the assured returns.	The Application was heard extensively by the Hon'ble NCLT Mumbai on 29 <sup>th</sup> March 2022 and the same is now reserved for orders.
21.	ASK Investment Managers Limited	Anil Khicha	Insolvency and Bankruptcy Code, 2016 seeking to exclude claims of homebuyers who have not made	Rs. 10,05,86,608 (Rupees Ten Crores Five Lakhs Eighty-Six Thousand Six Hundred and Eight)	ASK has sought reliefs to direct the Respondent to exclude the claims of the Home Buyers to the extent of Rs. 10,05,86,608 (Rupees Ten Crores Five Lakhs	The matter is now listed on 6 <sup>th</sup> June 2022

			payments to the Corporate Debtor		Eighty-Six Thousand Six Hundred and Eight) admitted by the Respondent, and to consequently modify the constitution of and/or reconstitute the Committee of Creditors of the Corporate Debtor (Ambojini Property Developers Private Ltd.) after exclusion of the aforesaid claims;	
22.	ASK Investment Managers Limited	Anil Khicha	Insolvency and Bankruptcy Code, 2016 seeking to exclude claims of homebuyers who have not made payments to the Corporate Debtor	5,93,81,412 (Rupees Five Crores Ninety Three Lakh Eighty One Thousand Four Hundred Twelve) to Real Value instead of the Corporate Debtor	ASK has sought reliefs to direct the Respondent to exclude the claims of the Home Buyers to the extent of Rs. 5,93,81,412 (Rupees Five Crores Ninety Three Lakh Eighty One Thousand Four Hundred Twelve) to Real Value instead of the Corporate Debtor admitted by the Respondent, and to consequently modify the constitution of and/or reconstitute the Committee of Creditors of the Corporate Debtor (Ambojini Property Developers Private Ltd.)	The matter is now listed on 6 <sup>th</sup> June 2022

					<p>after exclusion of the aforesaid claims. Upon further inspection the amount of Rs. 5,93,81,412 (Rupees Five Crores Ninety Three Lakh Eighty One Thousand Four Hundred Twelve) now stands at 8,01,23,382/- (Rupees Eight Crore One Lakh Twenty-Three Thousand Three Hundred and Eight Two). A Rejoinder has been filed by ASK Investment Managers to bring the updated amounts on record.</p>	
23.	Sai Peace and Prosperity Association	ASK Investment Managers Limited	Appeal filed before the TN RERA Appellate Authority	The Association has filed an Appeal before the Tamil Nadu RERA Appellate Authority against a decision of the Tamil Nadu RERA Authority, wherein ASK was not held to be a promoter of the Corporate Debtor.	The Association has filed an Appeal before the Tamil Nadu RERA Appellate Authority against a decision of the Tamil Nadu RERA Authority, wherein ASK was not held to be a promoter of the Corporate Debtor.	Vide Order dated 17 <sup>th</sup> December 2021 the TN RERA decided on the limited point of maintainability and held that the complaint filed by the homebuyers is maintainable.



**ASK INVESTMENT MANAGERS  
LIMITED**

**ANNEXURE II  
TO  
DISCLOSURE DOCUMENT**

**FOR**

**ASK INVESTMENT MANAGERS LIMITED**

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

**PORTFOLIO MANAGEMENT SERVICES**

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**ASK INVESTMENT MANAGERS LIMITED**

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Level 16, Birla Aurora Centre, 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]**

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- i) This Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time.
- ii) The purpose of this Document is to provide essential information about the portfolio management services provided by ASK Investment Managers Ltd (“ASK IM /Portfolio Manager”) in respect of **ASK PMS Real Estate Special Opportunities Portfolio – I** so as to assist and enable the investors in making an informed decision for engaging ASK IM as the Portfolio Manager.
- iii) This Document contains the necessary information about ASK IM and ASK PMS Real Estate Special Opportunities Portfolio – I, required by an investor before investing. The investor is advised to retain this Document for future reference.
- i) 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, 1<sup>st</sup> Floor, Belgrami Road, Near Bhabha Hospital, Kurla West, Mumbai 400070.
- ii) Principal Officer : Mr. Prateek Agrawal  
  
Address : ASK Investment Managers Ltd.  
Birla Aurora, 16 Level, Office Floor 9, Dr. Annie Besant Road, Worli,  
Mumbai – 400 030  
  
Telephone Number : 022-66520000  
  
E-mail : [pagrawal@askinvestmentmanagers.com](mailto:pagrawal@askinvestmentmanagers.com)

**For ASK Investment Managers Limited**



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**Mr. Prateek Agarwal**  
**Principal Officer**

## **1. Disclaimer Clause**

This Disclosure Document (“Document”) sets forth concisely the information about the Portfolio Management Services (PMS) offered by ASK IM in respect of **ASK PMS Real Estate Special Opportunities Portfolio – I** (“Real Estate Portfolio”) that a prospective Client should know before investing. The particulars of the services offered have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended till date, and filed with the Securities and Exchange Board of India (“SEBI”). This Document has not been approved or disapproved by SEBI nor has SEBI certified the accuracy or adequacy of this Document.

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

## **2. Definitions**

<b>“AMC” or “Portfolio Manager” or “ASK IM”</b>	ASK Investment Managers Limited incorporated under the Companies Act, 1956 and registered with the Securities and Exchange Board of India as a Portfolio Manager under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.
<b>Agreement/ Portfolio Management Agreement / Client Agreement</b>	Discretionary Portfolio Management Service Agreement, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.
<b>“Application Form”</b>	Means the application form submitted by the Client for making investments through the Portfolio, containing such information as may be required by the Portfolio Manager and the terms and conditions of which shall be read in conjunction with the Agreement.
<b>“Business Day”</b>	Means any day other than Saturday or a Sunday, a day on which the banks in Mumbai and / Reserve Bank of India (RBI) are closed for business / clearing, a day which is a public holiday and / or bank holiday; a day on which stock exchanges are closed, a day declared as a public holiday under the Negotiable Instruments Act, 1881, a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the Portfolio Manager may specify from time to time. The Portfolio Manager reserves the right to amend the definition of “Business Day”.
<b>“Business Hours”</b>	Presently 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be decided by the Portfolio Manager from time to time.
<b>“Capital Commitment”</b>	The aggregate amount agreed by the Client to be contributed for investments through the Real Estate Portfolio. The minimum Capital Commitment of the Client is a sum of Indian Rupees Fifty Lakhs (INR 50,00,000) or such other amount as the Portfolio Manager may decide in its discretion.

<b>“Capital Contribution”</b>	That portion of Capital Commitment paid by a Client with respect to the Real Estate Portfolio upon the execution of the Agreement and/or subsequently, pursuant to the issuance of a Drawdown Notice from time to time.
<b>“Client”</b>	A person who enters into Agreement with ASK IM for availing the portfolio management services being offered in respect of the Real Estate Portfolio.
<b>“Commitment Period”</b>	The period up to the expiration of two (2) years from the Portfolio Commencement Date, which may be extended by an additional period of six (6) months at the discretion of the Portfolio Manager, provided however that, the Client will be obligated to fund any remaining portion of their Capital Commitments through the Term of the Agreement (a) to cover expenses and fees of the Portfolio Manager, and (b) to make Follow-On Investments.
<b>“Drawdown Notice”</b>	Any notice issued to the Client calling upon the Client to make Capital Contribution out of the amount of its Unfunded Commitment/s.
<b>“Follow-On Investments”</b>	Portfolio Investments made after the termination of the Commitment Period in respect of which a binding commitment of the Portfolio Manager exists on the date on which the Commitment Period terminates, and investments after the Commitment Period in Securities of Portfolio Companies that in the good faith judgment of the Portfolio Manager are necessary to protect and/or enhance the value of the Real Estate Portfolio’s existing investments in such Portfolio Companies.
<b>“Fair Market Value”</b>	means the last 3-monthly valuation determined by a credible valuer of repute appointed by the Portfolio Manager.
<b>the “Initial Capital Contribution” or “Application Amount”</b>	Portion of the Capital Commitment payable by the Client simultaneously upon execution of this Agreement, as stipulated by the Portfolio Manager and equal to twenty percent (20%) of the total Capital Commitment.
<b>“Portfolio” or “Client Portfolio”</b>	The total holding of all investments, Securities and funds belonging to the Client in accordance with the Agreement.
<b>“Portfolio Commencement Date”</b>	The closing date for payment of the Initial Capital Contribution, as determined by the Portfolio Manager.
<b>“Portfolio Company”</b>	Companies, enterprises, entities, special purpose vehicles, directly or indirectly engaged in Real Estate and in the Securities of which the monies of the Portfolio are invested.
<b>“Principal Officer”</b>	means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.

<b>“Real Estate”</b>	Includes immovable property of every description, transferable development and redevelopment rights, floor space, townships, industrial parks, IT/ITES Parks, business centers, serviced and other plots, special economic zones, hotels, multiplexes, shopping malls, residential units, commercial units and the like, infrastructure facilities including roads, bridges and tunnels as well as any interest(s) or right(s) therein and /or any services relating to the aforesaid.
<b>“Real Estate Portfolio”</b>	ASK PMS Real Estate Special Opportunities Portfolio – I in accordance with the terms of this Document and as set out in the Agreement.
<b>“Securities”</b>	Mean and include securities of asset level special purpose vehicles, all marketable securities including equity shares, quasi equity shares, preference shares, debentures, convertible securities, depository receipts, bonds, secured premium notes, government securities, pass-through certificates, treasury bills, units, derivatives, equity linked products, debt, hybrid debt products, mortgage-backed securities, commercial debt papers, notes, and all other debt instruments and any other instrument included within the definition of ‘security’ under section 2(h) of the Securities Contract (Regulation) Act, 1956 .
<b>“SEBI”</b>	Means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
<b>“SEBI Regulations” or “Regulations”</b>	Means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended and modified from time to time.
<b>“Term”</b>	The term of the Portfolio, which will terminate upon the expiry of the fifth anniversary of the Portfolio Commencement Date and may be extended at the discretion of the Portfolio Manager for two further periods of one (1) year each beyond such fifth anniversary.
<b>“Unfunded Commitment”</b>	Means the Capital Commitment as reduced by the Capital Contribution, which shall be increased to the extent of any payments such as overdue interest or penalties on account of delayed payments by the Client or other receivables as may be determined by the Portfolio Manager.
<b>XIRR Method</b>	Means the internal rate of return on the Capital Contribution contributed by the Client to the Portfolio accrued and realized and credited into the account of the Portfolio Manager, determined by using the xIRR function of Microsoft Excel. The xIRR shall at all times be inclusive of any coupon and/or dividend gross of taxes received on the invested Securities, as applicable.

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

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

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

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

**Investment Advisor**

The Portfolio Manager had appointed ASK Property Investment Advisors Private Limited (ASKPIA) as the Investment Advisor for Portfolio to provide non-binding and non- discretionary advice and the said advisory relationship has now been terminated effective 23 February 2022. The advice was recommendatory in nature and the final investment decisions in respect of the Portfolio had been taken by the Portfolio Manager at its sole discretion and responsibility.

**Investment Philosophy**

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

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

**Investment Approach**

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

ASK IM believes that Wealth is nothing without Wisdom.

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

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

#### **Redevelopment**

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

#### **Repositioning**

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

#### **Recapitalization**

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

#### **Exit Strategy**

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

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

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

#### **Exposure limits**

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

- a) Investment in a single project not to exceed 20% of the Portfolio Investments.
- b) Investment in a Group not to exceed 25% of the Portfolio Investments.
- c) Investment in a city not to exceed 35% of the Portfolio Investments.
- d) Investment in each segment (Commercial/ Retail) other than residential not to exceed 30% of the Portfolio Investments.

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

#### **Liquidity Facility**

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

#### **Co-investment**

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

#### **Conflicts of Interest**

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

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

- ⇒ The Relevant Parties may have pre-existing relationships with a significant number of companies in which Real Estate Portfolio may invest. The Portfolio Manager may take into consideration these relationships with respect to the management of the Real Estate Portfolio. For instance, there may be certain investments that the Portfolio Manager will not undertake in view of such relationships.
- ⇒ The Relevant Parties may represent potential buyers of businesses through their mergers and acquisition activities, and may provide lending and other related financing services in connection with such transactions. When the Relevant Parties represent a buyer seeking to acquire a company, the Portfolio Manager may be limited or precluded during the term of such representation from investing in or selling Securities issued by



such Portfolio Company. In that case, certain conflicts of interest would be inherent in the situation, including those involved in negotiating a purchase price.

- ⇒ There could be multiple portfolios under the management of real estate investment team (“Management Team”) of ASK IM as a Portfolio Manager, thereby presenting possibility of conflict of interest in allocating investment opportunities amongst the various portfolios. The Portfolio Manager will endeavour to resolve any such conflicts in a reasonable manner taking into account, amongst other things, the investment objectives and policies of each portfolio, the remaining Unfunded Commitment, the level of diversification of each portfolio, and the basis on which prior conflicts in allocating investment opportunities have been resolved. However there can be no assurance that the Real Estate Portfolio shall be allocated any particular investment opportunities that are identified by the Portfolio Manager. Furthermore, the Portfolio Manager shall have the right, at its discretion, to allocate any investment opportunities to other portfolio or to their own portfolio.
- ⇒ Subject to compliance with the transparent disclosure standards and adherence with the valuation norms, the Portfolio Manager may invest in any of the projects of ASK group companies strictly on an arm’s length basis ensuring that the interest of the Client is not prejudiced in making such investments and any conflicts are managed by complying with the applicable laws and acting in good faith. Also, any such investments by the Portfolio Manager would only be done as a co-investment along with some other reputed real estate fund/investment vehicle not related to the ASK group.

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

### **3. Risk factors**

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

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

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

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

- ⇒ The Indian Real Estate market is not very transparent. As a result, it may be difficult to determine market values for properties that are considered for purchase by a Portfolio Company. Consequently there can be no assurance that the Portfolio Manager would be able to readily set an appropriate value to investments proposed to be made by the Real Estate Portfolio.
- ⇒ There may be risks generally associated with changes in general or local market conditions, and the cyclical nature of the property markets. Any reduction in demand or increase in the supply of Real Estate or potential reduction in demand or increase in the supply of Real Estate (whether developed or undeveloped) may lead to periods of oversupply and result in lower sale prices. Newly developed Real Estate projects may be disproportionately affected by fluctuations in demand and supply.
- ⇒ The long lead times between project inception and completion may lead to well conceived projects becoming unviable due to changes in market conditions before project completion.
- ⇒ The acquisition of Real Estate is subject to a wide variety of risks, including without limitation, risks related to status of title, environmental approvals, zoning laws, building codes or other laws. Properties may be acquired by Portfolio Companies with no recourse, or with limited recourse, with respect to unknown liabilities or conditions. Consequently if a property is subject to any liability, or if any adverse condition exists with respect to any property, the Portfolio Company may be required to pay substantial sums to settle or cure it, and this could adversely affect the return on investments for Real Estate Portfolio.
- ⇒ Portfolio Companies may incur significant costs while bidding for projects which may be finally awarded to other bidders. Also projects may not materialize after significant costs have been sunk, thereby incurring costs on which no return is obtained.
- ⇒ The Portfolio Company may invest in listed or unlisted Securities of an entity, holding undeveloped land and certain development properties. Such properties are exposed to greater risks and costs in comparison to the properties on which the development has already been completed. The Portfolio shall be exposed to such risks if the investment is made in Securities of such Portfolio Companies which have invested in such undeveloped land directly or indirectly.
- ⇒ Cost and time overruns may occur during project development by Portfolio Companies. This may lead to increased costs, potential loss of purchasers and the possibility of defaults under financing arrangements between Portfolio Companies and their lenders, which may adversely affect the profitability of the Portfolio Company and consequently the ability of the Portfolio Company to distribute expected returns to Real Estate Portfolio.
- ⇒ Performance of the Portfolio Companies may be dependent on the performance of third party contractors and service providers. Accordingly the failure of any third-party contractor or service provider may negatively affect the performance of Portfolio Companies.
- ⇒ Regulatory approvals and consents of third parties, if any, required by Portfolio Companies developing such projects may cause significant delays in the project completion process,

exacerbating the risk that changes in market conditions may render a project economically unattractive. There can be no assurance that any such approvals and consents will be obtained in a timely manner, if at all. In addition, regulatory enactments and pronouncements, including, but not limited to, various permitting or licensing requirements, or changes in their interpretation by the competent authorities, may limit the ability of Portfolio Companies to develop, manage or dispose of properties in a manner that would be most advantageous to Real Estate Portfolio.

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

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

**Title**

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

**Land Acquisition**

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

**Environmental Laws**

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

**Rent Control**

The rent control laws of various states in India place restriction on the amount of rent that can be charged from the tenants. If the Portfolio is invested in Securities wherein the underlying assets represents property that comes under the purview of rent control laws, then the same may adversely affect the returns which the Portfolio would generate from such a property and could have an adverse impact on the returns generated by the Real Estate Portfolio.

**Litigation**

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

**Tenancy Risk**

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

**Use of Agricultural land**

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

**Investment risks**

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

**Nature of investments**

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

**Development risks**

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

**Market cycles**

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

## **Management and Operational risks**

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

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

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

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

### **Investment in Securities**

- ⇒ The Portfolio shall consist of Securities of Real Estate companies which may be undergoing restructuring or require additional capital and active management. These Securities are subject to various inherent risks, including that (i) the Securities fluctuate in value, based on factors unrelated to the issuers of the Securities, (ii) such investments are generally subject to risks with respect to the issuer, (iii) the market for these Securities may be less liquid than that for other higher rated or more widely followed Securities, and (iv) Securities of some issuers are less liquid and more volatile than Securities of other issuers. Further there can be no assurance that such investment will not be sold at price below its acquisition costs.
- ⇒ The in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Portfolio could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the agreement with Portfolio Companies.
- ⇒ It is anticipated that some of the Portfolio Companies in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment of the Portfolio. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the Portfolio Company for such period as may be agreed between the Portfolio Manager and the Portfolio Companies or as may be stipulated by the SEBI (Disclosure & Investor Protection) Guidelines, 2000, and therefore, despite such listing, such Securities will remain illiquid for the specified period.
- ⇒ The Portfolio may invest in Portfolio Companies in highly competitive markets or product segments dominated by other firms/organizations. These and other inherent business risks could affect the performance of the portfolio companies.
- ⇒ While a representative of the Portfolio Manager will strive to be on the Board of the Portfolio Company as a nominee director of the Portfolio Manager, there may be certain information that the nominee director may not be able to share with the clients.
- ⇒ The Real Estate Portfolio may also invest in Portfolio Companies which are new or recently established. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance. Such early-stage projects may also lack a fully developed and experienced management, financial resources to complete their projects or a market for their projects.

## **Portfolio-related Risks**

**Identification of Appropriate Investments**

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

**Investment and Liquidity Risks**

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

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

**In specie distribution**

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

**India-related risks****Political, economic and social risks**

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

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

**Government approvals**

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

**Tax risks**

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

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

**Inflation Risk**

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

**Fiscal Risk**

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

**Other risks**

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

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

- ⇒ Investments in Securities are subject to market risks and Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives of the investment will be achieved.
- ⇒ The past performance of the Portfolio Manager is not necessarily indicative of the future performance of the Portfolio Manager.
- ⇒ Any act, omission or commission of the Portfolio Manager under the Agreement is solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or

- commission or failure to act save and except in cases of negligence, willful default and/or fraud of the Portfolio Manager.
- ⇒ The Client undertakes all responsibilities and agrees to bear all risks arising out of refusal by a Portfolio Company for whatever reasons, to register the transfer of any of the Securities in respect of the Client's account. The Securities which are so purchased and refused to be transferred in the name of the Client or the Portfolio Manager, will be sold by the Portfolio Manager, at the best available market rate, at the risk and responsibility of the Client concerned.
  - ⇒ The Portfolio may be affected by the changes in the interest rates prevailing for fixed income Securities and volumes of trading.
  - ⇒ The Portfolio may be affected by settlement periods and transfer procedures.
  - ⇒ The liquidity of the Portfolio is inherently restricted by trading volumes in the Securities of Portfolio Companies.
  - ⇒ The portfolio management service is subject to risk arising out of non-diversification.

## **Nature of Fee and Expenses**

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

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

Less than 5 crores of Capital Commitment	2% of Capital Commitment
More than 5 crores of Capital Commitment and upto 10 crores	1.5% of Capital Commitment
More than 10 crores of Capital Commitment	NIL

\* Plus service tax as applicable

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

#### **a. Management Fee: \*\***

During Commitment Period	2% per annum of the Capital Commitment
Post- Commitment Period	2% p.a. of the Net Capital Invested

\*\* Plus GST as applicable

"Net Capital Invested" shall mean the Capital Contribution made by the Client less the Capital Contribution returned by the Portfolio Manager to the Client.

The Management Fee shall be payable on a quarterly basis in advance except for the first year where it will be paid for the entire year in advance.

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



Sr. No.	Returns on the Portfolio  (Calculated using xIRR method from the date of drawdown till date of distribution)	Fees Charged to the Client  (This is payable at the time of repayment, wherever applicable)
(a)	Between 0% to 12%	No fee will be charged till 12% return has been returned to the Investor
(b)	Between 12% to 15%	100% of the returns in excess of 12% upto 15%
(c)	Above 15%	20% of the returns in excess of 15% plus fees calculated as per (b)

\*\*\* Plus GST as applicable

For the purpose of valuation of unlisted securities in the Portfolio / unlisted securities transferred to the client, the Fair Market Value as determined by the independent valuer appointed by the Portfolio Manager would be considered final and returns on the Portfolio would be calculated accordingly

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

In the event the Client terminates the Agreement prior to the expiry of the term of the Agreement, the Client's portfolio shall be subject to a termination fee of 25%. The Termination Fee shall be calculated as a percentage of the Fair Market Value of the Securities held on behalf of the Client or on the Capital Commitment, whichever is higher.

#### **Part V - Miscellaneous**

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

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

## **6. TAXATION**

### **A. 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 proposed to be 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.

## **B. 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 (Resident and non-resident)	Nil	10%	15%	25%	37%

**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.

**C. 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:

i. Dividend income on shares

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.

ii. 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.

Non-resident investors

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.

iii. Gains on sale of securities

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.

#### Gains characterised as capital gains

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:	10% [Note 4]	10% [Note 4]	10%



	(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]	[on income in excess of INR 1 lakh]	[on income in excess of INR 1 lakh]	[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 transfer of unlisted securities (other than unlisted bonds and unlisted debentures) [Note 6]	20% (with indexation)	10% [Note 4 and 5]	10% [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:
  - o Fair market value as on 31 January 2018, determined in the prescribed manner; and
  - o 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.

iv. 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.

v. 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.

vi. 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.

#### **D. 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 Foreign Portfolio Investors

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 Depository. 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%.

**ACCOUNTING POLICIES**

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

**a. *Contribution to portfolio***

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

**b. *Portfolio investments***

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

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

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

c. *Revenue*

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

Corporate dividend income is recognized on ex-dividend date.

d. *Expenses*

Portfolio management fees are accounted on accrual basis.

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

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

**INVESTORS SERVICES & GRIEVANCE REDRESSAL AND DISPUTE SETTLEMENT MECHANISM:**

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

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

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

Mr. Kiran Valanger  
ASK Investment Managers Limited  
Birla Aurora, Level 16, Office Floor 9,  
Dr. Annie Besant Road, Worli, Mumbai 400 030  
Phone: 022-66520000  
Email: [ce@askpms.in](mailto:ce@askpms.in)

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

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

**Grievance Redressal:**

Mr. Kiran Valanger, Head – Operations & Client Service, Mr. Jenil Doshi – Head – Client Service and Mr. Amit Gupta, Group Compliance Officer shall attend to and address any client query or concern as soon as practicably possible.

**Dispute Settlement Mechanism:**

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

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

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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>

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**ASK INVESTMENT MANAGERS  
LIMITED**

**ANNEXURE III**

**TO**

**DISCLOSURE DOCUMENT**

**FOR**

**ASK INVESTMENT MANAGERS LIMITED**

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

**PORTFOLIO MANAGEMENT SERVICES**

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**ASK INVESTMENT MANAGERS LIMITED**

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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]**

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- i) This Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time.
- ii) The purpose of this Document is to provide essential information about the portfolio management services provided by ASK Investment Managers Pvt. Ltd (“**ASK IM /Portfolio Manager**”) in respect of **ASK PMS Real Estate Special Opportunities Portfolio – III** so as to assist and enable the investors in making an informed decision for engaging ASK IM as the Portfolio Manager.
- iii) This Document contains the necessary information about **ASK PMS Real Estate Special Opportunities Portfolio – III**, required by an investor before investing. The investor is advised to retain this Document for future reference.
- i) 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, 1<sup>st</sup> Floor, Belgrami Road, Near Bhabha Hospital, Kurla West, Mumbai 400070.
- ii) Principal Officer : Mr. Prateek Agrawal
- Address : ASK Investment Managers Ltd.  
Birla Aurora, 16 Level, Office Floor 9,  
Dr. Annie Besant Road, Worli,  
Mumbai – 400 030
- Telephone Number : 022-66460000
- E-mail : pagrawal@askinvestmentmanagers.com

**For ASK Investment Managers Limited**



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**Mr. Prateek Agarwal**  
**Principal Officer**

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

## **2. DEFINITIONS**

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

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

## **3. PRODUCT DETAILS**

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

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

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

### **➤ Investment Advisor:**

The Portfolio Manager had appointed ASK Property Investment Advisors Private Limited (ASKPIA) as the Investment Advisor for Portfolio to provide non-binding and non- discretionary advice and the said advisory relationship has now been terminated effective 23 February 2022. The advice was purely recommendatory in nature and the final investment decisions in respect of the Portfolio was taken by the Portfolio Manager at its sole discretion and responsibility.

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

The Portfolio proposes investment in mix of equity-oriented and debt-oriented instruments. The primary objective of the Portfolio shall be to invest in real estate projects in equity, equity-linked, debt, debt linked and convertible securities in the growing Indian real estate sector. The investment objective

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

➤ **Investment Philosophy:**

The investment philosophy of the Portfolio is as follows:



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

### ➤ **Investment Approach**

The Product is a portfolio aimed primarily at residential, commercial, retail and/or mixed use real estate segments and intends to invest in equity, equity linked, debt, debt linked and convertible securities of operating real estate companies, special purpose vehicles and holding companies of special purpose vehicles that undertake such real estate developments with a significant residential component.

The proposed investment approach of the Product is summarized below:

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

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

### ➤ **Exit Strategy**

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

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

- ❖ Redemption of the investment by the Portfolio Companies;
- ❖ Sale to the end user;

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

#### ➤ Structuring of Investments

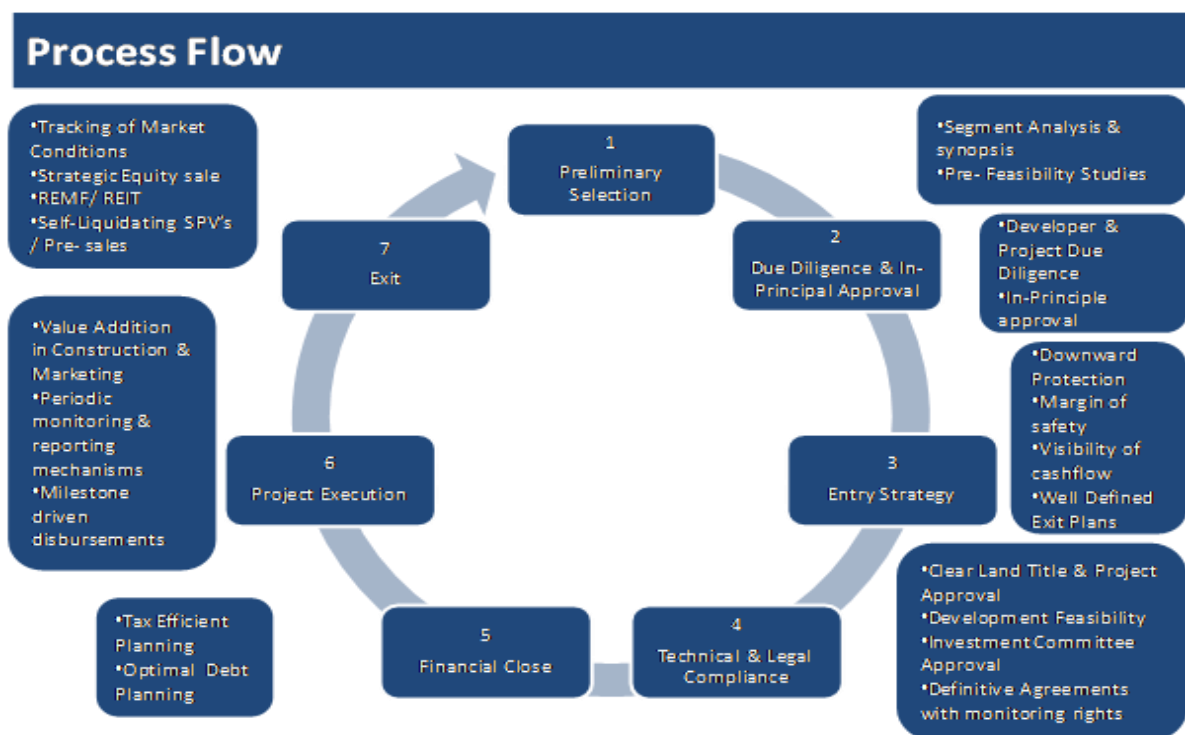
The Product may make Portfolio Investments in Portfolio Companies directly. Alternatively, in order to make a more efficient investment, the Product may choose to make Portfolio Investments in holding companies having one or more special purpose vehicles holding real estate assets in India set up for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

#### ➤ Temporary Investments

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

#### ➤ Investment Process

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



➤ **Investment Guidelines**

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

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

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

➤ **Portfolio Features:**

Particulars	Terms
<b>Product Name</b>	<b>ASK PMS Real Estate Special Opportunities Portfolio – III</b>
<b>Minimum Commitment</b>	INR 50,00,000 (Rupees Fifty Lakhs Only) subject to any minimum amount set out in the PM Regulations.
<b>Reinvestment Option</b>	The Portfolio Manager shall not be entitled to reserve and/or re-invest any proceeds it may receive from investments.
<b>In specie distribution</b>	Upon termination of investments through this Product, in case the Client decides to retain Securities, then the Fair Market Value of the underlying assets represented by such Securities shall be deemed to have been returned / distributed to the Client and the Performance Fees will be calculated accordingly. The valuation of the Fair Market Value of the underlying area shall be basis the latest valuation report availed by the Portfolio Manager.
<b>Valuation Frequency</b>	6 monthly by a credible valuer of repute as selected by the Portfolio Manager.
<b>Audit Frequency</b>	Annually by a credible auditor of repute as selected by the Portfolio Manager.

➤ **Conflicts of Interest**

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

Some of the potential conflicts of interest are outlined below:

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



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

Conflicts of interest would be inherent between the activities of the Portfolio Manager and the Relevant Parties. It is intended for such conflicts to be managed primarily by complying with the Applicable Law, acting in good faith to develop equitable resolutions of known conflicts and developing policies to

reduce the possibilities of such conflict. The Portfolio Manager shall endeavor to ensure that these conflicts do not work to the detriment of the interests of the Client; however there can be no assurance that they will be able to do so in all instances. Also, any investments by the Portfolio Manager in the projects of ASK group companies would only be done as a co-investment along with some other reputed Real Estate fund/investment vehicle not related to the ASK group.

#### 4. FEES AND CHARGES:

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

#### EXPENSE STRUCTURE

	Nature of Fees and frequency of levy	Amount (INR) / %
1.	<b><u>Account Opening Fee</u></b> One-time fee charged upon selection by the Client of this Product by execution of the Discretionary Portfolio Management Agreement and the Product Schedule appended to it.	As per Discretionary Portfolio Management Services Agreement
2.	<b><u>Management Fee</u></b> For the first year of the investment, Management Fee would be charged in advance for the whole year; and for the second year (and thereafter) of the investment, Management Fee would be charged quarterly in advance.	As per Discretionary Portfolio Management Services Agreement
3.	<b><u>Performance Fee</u></b> No Performance Fee shall be payable prior to the earlier of: (i) the end/termination of the Product Term or Term, whichever is earlier, (ii) the date on which the entire Capital Commitment has been drawn down by the Portfolio Manager, and (iii) the date on which the Client withdraws all the Assets. The Client shall bear all applicable indirect taxes on the Performance Fee.	As per Discretionary Portfolio Management Services Agreement
4.	<b><u>Transaction Charges</u></b> Transaction charges are charges incurred by the Portfolio Manager in the process of executing transactions for the Client, and payable by the Client quarterly. For example: <ul style="list-style-type: none"> <li>▪ <b>Registrar and transfer agent charges:</b> Charges payable to registrars and transfer agents in connection with effecting transfer of Securities of the Client, including stamp charges, service charge, cost of affidavits, notary charges, postage stamp and courier charges;</li> <li>▪ <b>Brokerage and transaction costs:</b> Brokerage charges, stamp duty, and other transaction costs such as securities transaction tax (STT), turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments;</li> <li>▪ <b>Intermediary costs:</b> (i) Depository Participant charges, (ii) charges of the Custodian for all services to the Client,</li> </ul>	Charged at actuals.

	<p>including safekeeping of Funds and Portfolio, (iii) bank charges, and (iv) other payments made to Intermediaries of securities market;</p> <ul style="list-style-type: none"> <li>▪ <b>Certification and professional charges:</b> (i) Charges such as consultancy charges, service charges and retainership fees payable for outsourced professional services like accounting, audit, taxation and legal services; (ii) expenses in relation to valuations, certifications and attestations required by bankers or regulatory authorities, connected with the execution, recording and settlement of Portfolio transactions; (iii) insurance premiums; and (iv) such other expenses, duties and charges incurred on behalf of the Client;</li> <li>▪ <b>Other expenses:</b> Due diligence expenses in connection with the Assets; charges in connection with courier expenses, stamp duty, registration charges, service tax, postal, telegraphic, opening and operation of Bank Account(s) etc.; and all other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above and arising out of or in the course of managing or operating the Assets.</li> </ul>	
5.	<p><b><u>Termination Fee</u></b></p> <p>Termination Fee is charged if the Client chooses to redeem the investments made prior to the end of the Product Term.</p>	As per Discretionary Portfolio Management Services Agreement
6.	<p><b><u>Default Interest</u></b></p> <p>The Portfolio Manager may charge interest on the overdue amount from the due date until the date of payment and/or offset amounts otherwise distributable to the Client against such interest at quarterly interval.</p>	As per Discretionary Portfolio Management Services Agreement

## 5. RISK FACTORS:

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

1. Securities investments are subject to market and other risks and the Portfolio Manager provides no guarantee or assurance that the objectives set out in the Disclosure Document, Product Schedule and/or the Discretionary Portfolio Management Agreement shall be accomplished.
2. The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as de-listing of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume and Real Estate sector as a whole. The Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.
3. The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and demat.

4. Investment decisions made by the Portfolio Manager may not always be profitable.
5. Past performance of the Portfolio Manager does not indicate or guarantee the future performance of the Portfolio Manager.
6. In addition to the factors that affect the value of individual Securities, the value of the Portfolio can be expected to fluctuate with movements in the broader equity, bond and Real Estate markets and may be influenced by factors affecting capital markets and Real Estate markets in general, such as, but not limited to, price and volume volatility in the capital markets, real estate markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.
7. Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment approach and asset allocation set out in the relevant Product Schedule.
8. The benchmark index may not be truly representative of the Services offering due to the unique nature of the Services wherein inter alia: (a) the number of Securities may be lower in comparison to the benchmark index; and (b) the weightages of individual stocks may vary from weightages in the benchmark index.
9. The Portfolio will primarily consist of equity, equity linked and convertible Securities issued by companies whose Securities are not publicly traded. Although private equity investments offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk, as well as company specific, industry specific and market risks that can result in substantial losses. Such Portfolio Companies may face intense competition, including competition from companies with greater financial resources, extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The Portfolio Manager can offer no assurance that the marketing efforts of any particular Portfolio Company will be successful or that its business will succeed. Further, equity Securities and equity related Securities are volatile and prone to price fluctuations on a daily basis. Investments in such Securities involve a degree of risk and the possibility of loss of the amount invested.
10. While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner in such instruments, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.
11. **Macro-Economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to various factors including industry, exports and taxation may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.
12. **Liquidity Risk:** Liquidity of investments in Securities is often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular Security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular Security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market Securities, while fairly liquid, lack a well developed secondary market,

which may restrict the selling ability of such Securities thereby resulting in a loss to the Portfolio until such Securities are finally sold. Even upon termination of the Discretionary Portfolio Management Agreement, the Client may receive illiquid Securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the strategy are un-invested and no return is earned thereon. The inability of the Portfolio Manager to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.

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

plans, change in government policies could affect performance of the investment in mutual fund units. In case of investments in mutual fund units, the Client shall bear the recurring expenses of the Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.

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

28. Changes in Market Requirements may impact the performance of the Portfolio.
29. Approvals of the Government or regulatory bodies or local authorities may be required before certain investments can be made. The Portfolio Manager cannot be certain that these approvals will be obtained or be aware of the timeline for such approvals.
30. Persons who are associated with or related to the Portfolio Manager, including its promoters and/or any direct or indirect shareholders of the Portfolio Manager may from time to time become clients of the Portfolio Manager. Consequent to the above, the Portfolio Manager may manage funds of these entities, together with the funds of its other clients. While the Portfolio Manager will endeavor to avoid any situations where a conflict of interest may arise, in the event that the Portfolio Manager faces any such situation of conflict, then the Portfolio Manager shall exercise due care and professional judgment in order to ensure fair treatment to its clients.
31. There is a possibility of the Client, the Portfolio Manager and/or other clients of the Portfolio Manager being treated as persons acting in concert in terms of the Takeover Regulations and consequently, the Securities acquired / held by all such persons may be clubbed to determine the applicability of requirements under the Takeover Regulations, including disclosure requirements and the requirement to make an open offer for acquiring Securities from the public.
32. If the proposed arrangement of raising of funds from various clients and investing them in Portfolio Companies could be construed as an Association of Persons (AOP) in India under the provisions of the Income Tax Act, 1961, then any adverse tax consequence would be borne by the Client. The full tax impact of an investment under the Portfolio would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Company. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.
33. Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the Portfolio Companies. The Government of India, State Governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Companies. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Portfolio's profitability. Furthermore, the tax laws in relation to the Portfolio are subject to change, and tax liabilities could be incurred by clients as a result of such changes. The full tax impact of an investment under the Portfolio would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Company. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.
34. **Inflation risk:** Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the Indian economy, and the securities markets and Real Estate sector in particular. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India, and particularly the securities markets and Real Estate sector in India.

35. The Government has exercised and continues to exercise, substantial influence and control over many aspects of the private sector. In some cases, governments own or control many companies. The availability of investment opportunities for the Portfolio depends in part on Government continuing to liberalize its policies regarding foreign investment and to further encourage private sector initiatives. Accordingly, government actions in the future could have a significant effect on economic conditions, which could affect private sector companies and the prices and yields of portfolio investments.
36. The Portfolio Company may (i) co-invest with third parties through partnerships, joint ventures or other entities (ii) rely on independent third party management with respect to the operation of an investment or (iii) only acquire a participation in an asset underlying an investment and, as a result, may not be able to exercise control over the management of such investments.
37. Any act, omission or commission of the Portfolio Manager under the Discretionary Portfolio Management Services Agreement is solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of negligence, willful default and/or fraud of the Portfolio Manager.
38. The Client undertakes all responsibilities and agrees to bear all risks arising out of refusal by a Portfolio Company for whatever reasons, to register the transfer of any of the Securities in respect of the Client's account. The Securities which are so purchased and refused to be transferred in the name of the Client or the Portfolio Manager, will be sold by the Portfolio Manager, at the best available market rate, at the risk and responsibility of the Client concerned.
39. **Breaches of Investment Documents; Counter-Party Risks; etc.:** Under its investment documents with Portfolio Companies, the Portfolio Manager will seek to obtain typically seen contractual protections and covenants appropriate for the Portfolio investment in question. There can be no assurance that such protections or covenants will achieve their desired effect. Material misrepresentations or omissions or breaches of contracts on the part of a Portfolio Company or other obligors (including any credit support providers) may occur which will affect the Portfolio investments and their value. Further, the Portfolio Manager will rely upon the accuracy and completeness of representations made by Portfolio Companies and other obligors to the extent reasonable, but cannot guarantee such accuracy or completeness.
40. **Risks Associated with Convertible Instruments:** The Portfolio Manager may make investments in fully, partially or optionally convertible Securities that may be converted into or exchanged for a specified amount of equity instruments of the same or a different issuer within a particular period of time at a specified price or formula. Such convertible security entitles its holder to receive interest that is generally paid or accrued on debt until the convertible security matures or is redeemed, converted or exchanged. Convertible Securities have unique investment characteristics in that they generally have higher yields than equity, but lower yields than comparable non-convertible Securities, are less subject to fluctuation in value than the underlying equity due to their fixed-income characteristics, and provide the potential for capital appreciation if the market price of the underlying equity increases.
41. A convertible security may be subject to redemption at the option of the Portfolio Company issuing it at a price established in the investment documents. If a convertible security held in the Portfolio is



called for redemption, the Portfolio Manager will be required to permit the Portfolio Company to redeem the security, convert it into the underlying equity or sell it to a third party. Any of these actions could have an adverse effect on the Portfolio Manager's ability to achieve the investment objective.

42. **Enforcement Risks:** The enforcement of security and/or contractual rights that may be obtained in respect of the Portfolio investments will involve actions in Indian courts or arbitral tribunals, and the Portfolio will be exposed to the delays in the Indian judicial system and arbitrations. In the normal course, such enforcement could take between 7 (seven) to 10 (ten) years.
43. Security provided by the Portfolio Company and/or other obligors will be subject to the risk of insolvency of such persons. In the case of liquidation of Portfolio Companies, to realize amounts, liquidation procedures in India are generally time consuming, complex and require permissions from various authorities, including courts and creditors, which may impair the ability of the Portfolio Manager to realize its returns upon such liquidation. For sale and realization of security through such winding-up proceedings, it is not uncommon for lenders being required to wait for 10 (ten) to 15 (fifteen) years. The Portfolio Manager will have the option of staying outside the scope of the winding up proceedings, and liquidating assets specifically charged to them separately, but even this process does not usually provide a significant advantage.

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

44. The market for Real Estate is, in general, less liquid than the market for Securities. In addition, Real Estate developments have often been mired in controversies on various grounds such as defective title to the land, alleged violation of zonal and legal regulations etc., resulting in long delays in the completion of such projects. If such problems were to occur in projects developed by the Portfolio Companies, it may adversely affect the value of the Portfolio investments.
45. Changes in various laws such as laws relating to ceilings on land holdings, rent control, zonal regulations and duties and taxes on sale, transfer and the holding of properties may affect the supply of and demand for Real Estate, thus affecting the value of the Portfolio investments.
46. Real Estate development is a highly competitive business that may involve significant risks for the Portfolio Companies and thus have an adverse effect on the Portfolio. These include the following:
- a. The Indian Real Estate market is not very transparent. As a result, it may be difficult to determine market values for properties that are considered for purchase by a Portfolio Company. Consequently there can be no assurance that the Portfolio Manager would be able to readily set an appropriate value to investments proposed to be made;
  - b. There may be risks generally associated with changes in general or local market conditions, and the cyclical nature of the property markets. Any reduction in demand or increase in the supply of Real Estate or potential reduction in demand or increase in the supply of Real Estate (whether developed or undeveloped) may lead to periods of oversupply and result in lower sale prices. Newly developed Real Estate projects may be disproportionately affected by fluctuations in demand and supply;

- c. The Real Estate (Regulation and Development) Act, 2016 (“**RE Act**”) aims to institutionalize transparency and accountability in real estate and housing transactions. The RE Act provides for establishment of state level regulatory authorities - the Real Estate Regulatory Authorities (the “**RERAs**”) and certain provisions of the RE Act are subject to additional rules or notifications issued by the RERAs and the relevant state governments. Therefore, the implementation of the RE Act may vary from one state to another, and this may have an adverse impact on some of the projects undertaken by the Portfolio Company(ies). The RE Act provides, inter alia that (a) projects with certain land area or having certain number of apartments must be registered with the RERAs, (b) such projects cannot be offered for sale by the promoters without such registration, (c) 70% (seventy percent) of the amounts realized for the project from allottees must be deposited in a separate bank account and used only to cover the cost of construction, and (d) developers are barred from effecting any changes to plans and designs of a project without the consent of two-thirds of the allottees. The RE Act therefore seeks to expand regulatory oversight and compliance and will apply to new projects as well as on-going projects. Therefore, the implementation of the RE Act could create significant transition issues such as customer litigations, delays, work stoppage, and increased costs to ensure compliance with the provisions of the RE Act.
- d. The long lead times between project inception and completion may lead to well conceived projects becoming unviable due to changes in market conditions before project completion;
- e. The acquisition of Real Estate is subject to a wide variety of risks, including without limitation, risks related to status of title, environmental approvals, zoning laws, building codes or other laws. Properties may be acquired by Portfolio Companies with no recourse, or with limited recourse, with respect to unknown liabilities or conditions. Consequently if a property is subject to any liability, or if any adverse condition exists with respect to any property, the Portfolio Company may be required to pay substantial sums to settle or cure it, and this could adversely affect the return on investments for the Portfolio;
- f. Portfolio Companies may incur significant costs while bidding for projects which may be finally awarded to other bidders. Also projects may not materialize after significant costs have been sunk, thereby incurring costs on which no return is obtained;
- g. The Portfolio Company may invest in listed or unlisted Securities of an entity, holding undeveloped land and certain development properties. Such properties are exposed to greater risks and costs in comparison to the properties on which the development has already been completed. The Assets shall be exposed to such risks if the investment is made in Securities of such Portfolio Companies which have invested in such undeveloped land directly or indirectly;
- h. Cost and time overruns may occur during project development by Portfolio Companies. This may lead to increased costs, potential loss of purchasers and the possibility of defaults under financing arrangements between Portfolio Companies and their lenders, which may adversely affect the profitability of the Portfolio Company and consequently the ability of the Portfolio Company to distribute expected returns to the Portfolio;
- i. Performance of the Portfolio Companies may be dependent on the performance of third party contractors and Service Providers. Accordingly the failure of any third-party contractor or Service Provider may negatively affect the performance of Portfolio Companies;

- j. Regulatory approvals and consents of third parties, if any, required by Portfolio Companies developing such projects may cause significant delays in the project completion process, exacerbating the risk that changes in market conditions may render a project economically unattractive. There can be no assurance that any such approvals and consents will be obtained in a timely manner, if at all. In addition, regulatory enactments and pronouncements, including, but not limited to, various permitting or licensing requirements, or changes in their interpretation by the competent authorities, may limit the ability of Portfolio Companies to develop, manage or dispose of properties in a manner that would be most advantageous to the Portfolio;
  - k. Subsequent to the investment in the Portfolio Companies, these companies may admit new investors at a price, which may be at a discount to the prevailing asset value and which may be below the value considered by the Portfolio Manager at the time of making the investment. The valuation of such investments is subjective in nature and the value arrived at by the Portfolio Manager or an independent auditor may not reflect the actual worth of the investments; and
  - l. Focus will be on partnering with prominent established strong regional developers. The progress of developments underlying the Portfolio Manager's investments would depend on among other factors, the developer's / joint development partner's ability to procure resources and execute the project in a timely and cost efficient manner. As a consequence, Client would be subject to development execution risk. The Client may further face such risk in case of insolvency of any of the joint development partner.
47. **Title:** While the Portfolio Manager believes that reasonable due diligence investigations would be conducted prior to making a Portfolio investment, there can be no assurance that there will not be any defects or deficiencies in relation to such due diligence including any title due diligence. The method of documentation of land records in India has not been fully computerized and is mostly done manually with physical records of all land related documents physically updated. This could result in the updation process getting substantially delayed or being inaccurate in certain aspects. As a result thereof, the title of the real property in which the underlying assets might be invested in, or represent, may not be clear or may remain doubtful in absence of accurate or updated land records.
48. **Land Acquisition:** The property ownership rights in India are subject to the imposition of restrictions by the Government. The Government is vested with the right to acquire any land or part thereof if the same is for a 'public purpose'. Though the compensation fetched might not be at such a rate which the acquired property might have got if it were sold in the open market. This may have an adverse impact on the Portfolio.
49. **Environmental Laws:** The Indian Courts have time and again applied the "polluter pays" principle in the field of environmental law whereby the person, company or industry responsible for causing the pollution, through the use or disposal of hazardous or toxic substances harming the property, is liable to make good the damage caused to the property and the surrounding environment and compensate any victims thereof. Such presence of hazardous or toxic substances may adversely affect the performance of the Portfolio Manager investing in any underlying assets, which may be affected thereby.

50. **Rent Control:** The rent control laws of various states in India place restriction on the amount of rent that can be charged from the tenants. If a Portfolio investment is made in Securities wherein the underlying assets represents property that comes under the purview of rent control laws, then the same may adversely affect the returns which the Portfolio investment would generate and could have an adverse impact on the returns generated by the Portfolio.
51. **Litigation:** The properties in India are susceptible to litigation, which takes a long time to settle and is quite complex in nature. If any property / Security in which the Portfolio is invested and the same is / becomes subject to litigation, it could have an adverse impact on the performance of the Portfolio. Such litigation may in most cases, extend beyond the term of the Portfolio and therefore, significantly impair the ability of the Portfolio Manager to exit a Portfolio Company in a timely manner or for a suitable exit value. Litigation may be commenced with respect to projects in relation to activities that took place prior to the Portfolio Manager making a Portfolio investment. There may be limited or no recourse with respect to such unknown liabilities. As a result, if any such liability is asserted against the Portfolio Company, or if any adverse condition existed with respect to the projects, the Portfolio Company might be required to pay substantial sums to settle or cure it, and this could adversely affect the Cash flow and operating results of the Portfolio. Further, it could also adversely affect the security / Encumbrance created in relation to the Portfolio investments.
52. **Tenancy Risk:** The monetary inflows for the Portfolio could be impacted by the bankruptcy, insolvency or non-payment by the tenant for any other reasons.
53. **Use of Agricultural land:** Certain lands in India have been reserved for the purposes of carrying on agricultural activities only. In order to carry on any non-agricultural activities, prior permission of the relevant local authority is required. Hence, if a Portfolio Company does not get such permission for usage of agricultural land for non-agricultural use then the Portfolio Company would not be able to carry out its plans and in turn it would affect the performance of the Portfolio.
54. **Investment risks:** As the Portfolio investments made by the Portfolio Manager will include unlisted Securities which are illiquid in nature, hence the risk involved in investing is quite more than the risk of investing in publicly listed Securities. Furthermore, many of the regulatory requirements are inapplicable to unlisted companies which may result in lesser investment protection initiatives and lack of disclosures.
55. **Development risks:** The Portfolio shall be subject to various development risks, delay in project risk, regulatory and various other legal risks. Development risks could be mitigated by providing an incentive structure to the developers for timely completion of the project. The development risks on integrated townships and SEZs would be high because of applicable political and regulatory regime. The same could lead to significant time and cost overruns. Also the delay in getting approvals for the projects in which the Portfolio Companies are bidding may also impact the performance of the Portfolio.
56. **Fluctuations in the Market:** The Real Estate operations of any Portfolio Company are subject to the performance of the Real Estate market in India generally and more particularly the markets in which its projects are located. The development of a Real Estate project takes a substantial amount of time and could be adversely impacted if there is a decline in prices over the timeframe of development and consequential sale. The investment made during the boom period and looking favorable may become a loss making proposition during the market recession. Hence there will always be a risk

associated with the market cycle. Changes in government policies, local economic conditions, demographic trends, employment and income levels and interest rates, among other factors, may affect the Real Estate market and affect the demand for and valuation of the projects.

57. **Sector Risk:** The Portfolio investments will be subject to the risks incidental to the ownership, construction and operation of the Real Estate sector, including risks associated with the general economic climate, geographic or market concentration, the ability of the Portfolio Manager to manage the Portfolio investment, technical problems, financial failures of operating or construction sub-contractors, government regulations, and fluctuations in interest rates. Since Portfolio investments in the Real Estate sector, like many other types of long-term investments, have historically experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of an investment (such reductions could be material) and adversely impact the Portfolio.
58. In addition, general economic conditions in relevant jurisdictions, as well as conditions of domestic and international financial markets, may adversely affect operations of the Portfolio Manager. With respect to Portfolio investments which involve real property, the Portfolio will incur the burdens of ownership of real property, which include the paying of expenses and ad valorem and other real property taxes, maintaining such property and any improvements thereon, exposure to liabilities, and ultimately disposing of such property. Further, in India, given the system of recording of title to property assets and the non-availability of title insurance, the risk of title defects may increase, where real property is acquired.
59. **Changes in Regulatory Policy:** Low interest rates on housing loans and favourable tax treatment of these loans have helped boost the recent growth of the Indian Real Estate market. High interest rates could discourage consumers from taking loans for acquiring Real Estate and thereby weaken the Real Estate market. Rising interest rates also increase cost of borrowings for the Portfolio Companies. Various provisions and norms imposed by the RBI in relation to housing loans by banks and housing finance companies could reduce the attractiveness of the property, and the RBI or the Government of India may take further steps to reduce directly or indirectly the credit to the Real Estate sector, which may adversely affect the availability of housing loans at attractive rates. The use of home loans for residential properties has also become attractive due to income tax benefits. A change in fiscal, monetary or other policy or any withdrawal of such income tax benefits may adversely affect the operating results and financial condition of the Portfolio. These factors can negatively affect the demand for and valuation of projects of Portfolio Companies.
60. **Construction risk:** The development of properties includes a degree of risk associated with the construction of the asset, including the risk that a project may not be completed within budget, within the agreed timeframe and/or to the agreed specifications. The Portfolio Manager will seek to mitigate the exposure of the Portfolio by transferring some or all of such risks from the relevant Portfolio Company to the relevant construction contractors under the terms of the construction contract, including a requirement for payment of liquidated damages by the construction contractor. However, should any of the above risks materialise in relation to any Portfolio Company, they could have a material adverse effect on the value of the relevant Portfolio investment which could, in turn, have a corresponding effect on the financial position and/or its results of the Portfolio.

61. The Portfolio may remain at risk if, following construction completion, there exist site defects that were caused by the construction contractor and not discovered. There may be a limit to the liquidated damages available to the Portfolio Manager from the construction contractor, particularly in the event of the construction contractor's financial failure. Consequently the Portfolio Manager may not be able to recoup all damages/losses incurred as a result of a time delay or budget overrun.
62. **Construction Cost Risk:** Real Estate projects involve significant construction and development works with construction cost forming a major portion of the project capital expenditure. Construction cost is affected by the availability, cost and quality of raw materials. The principal raw materials include steel, cement, wood, sand, metal, glass and aluminium. The prices and supply of these and other raw materials depend on factors not under the control of the Portfolio Company, including general economic conditions, competition, production levels, transportation costs and import duties. If, for any reason, the Portfolio Company is unable to obtain such raw materials to in the required quantities and at prices that are competitive, its ability to meet its material requirements for its projects could be impaired, its construction schedules could be disrupted and it may not be able to complete its projects as per schedule. The Portfolio Company may also not be able to pass on any increase in the prices of these building materials to its customers. This could affect its results of operations and impact its financial condition.
63. **Delays in projects:** The construction of projects may face opposition from local communities, non government organisations and other parties. The construction of projects may become politicised and face opposition from the local communities where these projects are located and from special interest groups. In particular, the public may oppose the acquisition or lease of land due to the perceived negative impact it may have on such communities or on the environment. The Portfolio Company may in such cases incur significant expenditure on any such resettlement which may adversely affect its financial condition and results of operation.
64. **Competition risk:** The Portfolio Manager may invest in Portfolio Companies that construct or maintain and operate certain assets in the Real Estate assets in a highly-competitive environment. The Portfolio Manager will compete with other consortia and companies for property and Real Estate related assets. These competitors, which include large construction and engineering groups and other financial investors, may have significant financial resources and may be able to present bids with competitive terms. As a result of such competition, the Portfolio Manager may have difficulty in making certain potential investments or the Portfolio Manager may be required to make investments on economic terms less favourable than anticipated. If the Portfolio Manager fails to make new investments or makes investments under less favourable terms, the financial condition and results of operations of the Portfolio Manager could be materially and adversely affected.
65. **Valuation Related Risks:** Property valuations generally may include a subjective determination of certain factors relating to the relevant project, such as their relative market positions, financial and competitive strengths and physical conditions. There can be no assurance that any Real Estate appraisals which are obtained by the Portfolio Manager will reflect the actual market values of the properties or that such values will not change over time. The appraised value of any of the projects is not an indication of, and does not guarantee, projected returns at present or in the future. The price at which the Portfolio Manager may dispose of a Portfolio investment may be lower than its appraised value as determined by independent valuers (though independent valuers would be reputed property consultants or such other competent organizations that can provide impartial reports on the value of the projects).

66. **Property tax and Other Similar Risks:** Real Estate projects are subject to property taxes that may increase from time to time. Any increase in property taxes and any other applicable taxes or levies will adversely affect the value of the Portfolio investment. Transactions involving Real Estate projects are also subject to stamp duties and other local or municipal taxes, which would differ from State to State, city to city and between municipal jurisdictions, depending on the location where Real Estate activities are carried out.
67. **Concentration Risk:** The Product may invest in single investment / asset for the clients who choose so. In such a case the returns of such client's portfolio will be directly linked to the returns on the said single investment /asset.
68. **Post Tax dues/litigations:** The Portfolio Manager may invest in a Portfolio Company which may have tax disputes/litigations or other contingent liabilities in respect of past years. Such tax disputes / litigations may arise after investment by the Portfolio. While Portfolio Manager exercises due diligence and due care to understand such disputes, they may adversely impact the returns of the Portfolio.

## 6. TAXATION

### A. 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 to be 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.

## B. 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 (Resident and non-resident)	Nil	10%	15%	25%	37%

**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.

**C. 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:

**i. Dividend income on shares**

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.

ii. 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.

#### Non-resident investors

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.

#### iii. Gains on sale of securities

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.

#### Gains characterised as capital gains

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	More than twelve (12) months	Long-term Capital Asset

unit), units of equity-oriented mutual funds, units of Unit Trust of India and Zero- Coupon bonds	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	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]

	mutual fund on which STT has been paid on transfer [Note 3]			
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 transfer of unlisted securities (other than unlisted bonds and unlisted debentures) [Note 6]	20% (with indexation)	10% [Note 4 and 5]	10% [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.

iv. 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.

v. 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.

vi. 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.

## **D. 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 following 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:

- tax is deductible under any of the provision of the ITA; and
- 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 Foreign Portfolio Investors

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 Depository. 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%.

## **7. ACCOUNTING POLICIES**

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

### *a. Contribution to portfolio*

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

### *b. Portfolio investments*

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

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

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

### *c. Revenue*

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

Corporate dividend income is recognized on ex-dividend date.

### *d. Expenses*

Portfolio management fees are accounted on accrual basis.

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

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

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

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

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

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

Mr. Kiran Valanger  
ASK Investment Managers Limited  
Birla Aurora, Level 16, Office Floor 9,  
Dr. Annie Besant Road, Worli, Mumbai 400 030  
Phone: 022-66520000  
Email: [ce@askpms.in](mailto:ce@askpms.in)

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

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

### **Grievance Redressal:**

Mr. Kiran Valanger, Head – Operations & Client Service, Mr. Jenil Doshi – Head, Client Service and Mr. Amit Gupta, Group Compliance Officer shall attend to and address any client query or concern as soon as practicably possible.

### **Dispute Settlement Mechanism:**

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

The Agreement with the client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a client or the performance of the

agreement by the either party of its obligations will be conducted exclusively in courts located within the city of Mumbai in the State of Maharashtra.

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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>

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ASK Investment Managers Limited					
Notes to the consolidated financial statements					
for the year ended March 31, 2021					
E.	Basis of Consolidation				
	The Group, its subsidiaries and its joint venture (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:				
	a) List of entities consolidated				



<b>ASK Investment Managers Limited</b>			
<b>Notes to the consolidated financial statements (Continued)</b>			
<i>for the year ended March 31, 2021</i>			
<i>(All amounts in lacs)</i>			
<b>30.</b>	<b>Related party disclosure</b>		
	<b>A)</b>	<b>Names of related parties and nature of relationship</b>	
	<b>(a)</b>	<b>Key managerial personnel (KMP) and relatives</b>	
		Asit Koticha	Director (till June 10, 2020)
		Sameer Koticha	Director
		Sunil Rohokale	CEO and Managing Director
		Bharat Shah	Director
		Shweta Jalan	Director
		Vinod Padikkal	Director (w.e.f April 28, 2020)
		Sneh Koticha Contractor	Director (w.e.f June 11, 2020)
		Sangeeta Kapiljit Singh	Independent Director (till April 24, 2020)
		Balakrishnan Anantharaman	Independent Director (till April 20, 2020)
		Vivek Narayan Gour	Independent Director
		Girish Shrikrishna Paranjpe	Independent Director
		Jyotin Kantilal Mehta	Independent Director
		Jatin Koticha	Relative of Director
		Apurva Mazumder	Relative of Director
	<b>(b)</b>	<b>Enterprises where the reporting entity exercises significant influence</b>	
		ASK Foundation	
		ASK Multi Cap Fund	
		ASK India 2025 Equity Fund	
		ASK Select Focus Fund	
		ASK Pravi Private Equity Opportunities Fund	
		ASK Real Estate Special Opportunities Fund	
		ASK Real Estate Special Opportunities Fund – II	
		ASK Real Estate Special Opportunities Fund – III	
		ASK Real Estate Special Opportunities Fund – IV	
		ASK Real Estate Special Situations Fund-I	
		ASK India Real Estate Special Opportunities Fund Pte. Ltd.	
		ASK India Opportunities Fund I	
		ASK India Real Estate Special Situations Fund Pte. Ltd.	
	<b>(c)</b>	<b>Joint venture :</b>	
		ASK Pravi Capital Advisors Private Limited	

<b>ASK Investment Managers Limited</b>						
<b>Notes to the consolidated financial statements (Continued)</b>						
<i>for the year ended March 31, 2021</i>						
<i>(All amounts in lacs)</i>						
<b>30. Related party disclosure (Continued)</b>						
<b>B) Transactions with related parties</b>						
<b>(a) Transactions with key management personnel</b>						
The table below describes the compensation to key management personnel which comprise directors and executive officers under Ind AS 24:						
<b>Key management personnel compensation</b>						
	<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>			
	Short term employee benefits (refer note 1 and 2)	<b>1,204.86</b>	1,166.14			
	<b>Total compensation</b>	<b>1,204.86</b>	1,166.14			
<b>(b) Transactions with related parties</b>						
The Company's related party transactions and outstanding balances with its joint ventures with whom the Company enters into transactions in the ordinary course of business.						
Transactions with related parties are as follows:						
	<b>Sr. No.</b>	<b>Nature of transactions</b>	<b>Year ended March 31</b>	<b>Joint venture</b>	<b>Key management personnel (KMP) and relatives</b>	<b>Entities where the reporting entity exercises significant influence</b>
	<b>1.</b>	Services rendered	2021	-	45.63	5,899.32
			2020	-	27.80	6,674.36
	<b>2.</b>	Managerial remuneration (refer note 1 to 2)	2021	-	1,204.86	-
			2020	-	1,166.14	-
	<b>3.</b>	Investments purchased	2021	-	-	423.45
			2020	-	-	348.25
	<b>4.</b>	Issue of Class B Shares	2021	-	163.48	-
			2020	-	-	-
	<b>5.</b>	Sale of units of Pravi fund	2021	-	-	-
			2020	-	-	37.45
	<b>6. Other transactions :</b>					
		Other income	2021	-	-	-
			2020	-	-	13.32
		Donation	2021	-	-	381.05
			2020	-	-	-
		Recovery of expenses	2021	-	-	111.14
			2020	-	-	150.99

<b>ASK Investment Managers Limited</b>						
<b>Notes to the consolidated financial statements (Continued)</b>						
<i>for the year ended March 31, 2021</i>						
<i>(All amounts in lacs)</i>						
<b>30. Related party disclosure (Continued)</b>						
	Sr. No.	Nature of transactions	Year ended	Joint venture	Key management personnel (KMP) and relatives	Entities where the reporting entity exercises significant influence
		Outstandings :				
	6.	Payable	Mar-21	-	0.35	-
			Mar-20	-	1.96	-
	7.	Receivable	Mar-21	-	7.75	4,958.13
			Mar-20	-	28.47	3,264.46
	8.	Investments (at cost)	Mar-21	814.50	-	4,283.27
			Mar-20	814.50	-	3,548.66
	9.	Number of options outstanding	Mar-21	-	10,810,423	-
			Mar-20	-	10,810,423	-
		<b>Notes:</b>				
		1. The future liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole. Accordingly, the amount pertaining to KMP is not ascertainable separately, and not included above.				
		2. Managerial remuneration includes bonus on accrual basis.				
		3. 8,673,806 numbers of options represents issuance of ESOPs and ESARs to employees of subsidiary companies.				
	<b>C) Terms and conditions of transactions with related parties</b>					
		The transactions with related parties are made on arm's length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash.				



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

**CERTIFICATE**

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

1. You have requested to us to provide a certificate on the Disclosure document for Portfolio Management Services ("the Disclosure Document") of ASK Investment Managers Limited ("the Company"). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India within 7 working days of the material changes. ("the SEBI")
2. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ("the SEBI Regulation") is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purpose issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
3. In respect of the information given in the Disclosure document, we state that
  - i. The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.
  - ii. The Promoters and directors qualification, experience, ownership details are as confirmed by the directors and have been accepted without further verification.
  - iii. We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the disclosure document.



iv. We have relied on the representation made by the management regarding the Value of assets under management of as on March 31, 2022.

4. Read with above and on the basis of our examination of the books of accounts, records, statements produced before us and to the best of our knowledge and according to the information, explanations and representations given to us, we certify that the disclosure made in the Disclosure Document are true and fair in accordance with the disclosure requirement laid down in Regulation 22 read with schedule V to the SEBI Regulations. A management certified copy of the disclosure document is enclosed herewith and marked as **Annexure "A"**.

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

For M/s Jitendra Chandulal Mehta & Company  
Chartered Accountants

DEEPAK     Digitally signed  
BABULAL     by DEEPAK  
KHARWAD     BABULAL  
                   KHARWAD  
                   Date: 2022.04.20  
                   18:20:01 +05'30'

Deepak B Kharwad

Partner

Membership No. : 124599

Firm Registration No. : 104288W

Place : Mumbai

Date : 20<sup>th</sup> April, 2022

Cert. No. : JCM/2022-23/002

UDIN : 22124599AHMAHU6404