ASK PROPERTY INVESTMENT ADVISORS PRIVATE LIMITED
(PORTFOLIO MANAGER)

DISCLOSURE DOCUMENT
UPDATED AS ON 30TH JUNE, 2020

FOR

DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

WITH RESPECT TO

ASK COMMERCIAL REAL ESTATE PORTFOLIO SERIES 1
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 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 Property Investment Advisors Pvt. Ltd. (“ASK PIA / Portfolio Manager”) in respect of ASK Commercial Real Estate Portfolio Series 1.

iii) The disclosures made in this Document are true, fair and adequate to enable the investors in make a well informed decision for engaging ASK PIA as the Portfolio Manager.

iv) This Document contains the necessary information about ASK Commercial Real Estate Portfolio Series 1, required by an investor before investing. The investor is advised to retain this Document for future reference.

v) the contents of Disclosure Document have been duly certified on June 30, 2020 by an Independent Chartered Accountant, M/s. Jitendra Chandulal Mehta & Co, Chartered Accountants (FRN 104288W, M. No. 124599) having office at 92-B, Visaria Sadan, 1st Floor, Belgrami Road, Near Bhabha Hospital, Kurla West, Mumbai 400070, Contact No. 022 2650 1357. (A copy of the chartered accountant’s certificate is enclosed)

vi) Principal Officer: Mr. Amit Bhagat
Address: ASK Property Investment Advisors Pvt. Ltd.
          Birla Aurora, Level 16, Office Floor 9,
          Dr. Annie Besant Road, Worli,
          Mumbai – 400 030
Telephone Number: 022-66460000
E-mail: abhagat@askinvestmentadvisors.com

For ASK PROPERTY INVESTMENT ADVISORS PRIVATE LIMITED

AMIT BHAGAT
Managing Director & CEO (Principal Officer)
DIN: 02529737

Date: 14.08.2020
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 22therein. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents 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.

3. DESCRIPTION

[i] History, Present Business and Background of the Portfolio Manager – ASK Property Investment Advisors Private Limited (ASK PIA)

ASK Property Investment Advisors Private Limited, is a company incorporated on January 19, 2009, at Mumbai, Maharashtra under the Companies Act, 1956, having its registered office at Birla Aurora, 16 Level, Office Floor 9, Dr. Annie Besant Road, Worli, Mumbai - 400030, India. The Portfolio Manager is a venture of the ASK Group, set up to manage and advise India focused real estate dedicated funds.

The Portfolio Manager shall be appointed as the portfolio manager, under the Discretionary Portfolio Management Agreement. The Portfolio Manager has overall responsibility for the management, control and operation of the Portfolio.

The Portfolio Manager will provide various portfolio management services, including the following:

- Sourcing investment opportunities and providing target company evaluation, due diligence services and market intelligence;
- Investigating, analyzing, structuring and negotiating potential investments, in accordance with the investment strategy of the Portfolio;
- Executing and implementing investments and divestments by the Portfolio;
- Monitoring the performance of the Portfolio Companies of the Portfolio;
- Furnishing to the Clients such reports and information as are required by the governing documents of the Portfolio;
- Recommending and implementing exit strategies for the Portfolio;
- Performing other activities set out in the Discretionary Portfolio Management Agreement and complying with the obligations required to be complied with under the PM Regulations (as amended from time to time).

In exchange for providing these services, the Portfolio Manager will receive Portfolio Management Fee in respect of the Portfolio as described in the Discretionary Portfolio Management Services Agreement.
The details of the portfolios / funds managed and/or advised by the Portfolio Manager as of June 30, 2020, are as follows:

(all amounts are in Rupees crores)

<table>
<thead>
<tr>
<th>As Name of the Fund / Portfolio</th>
<th>Investment Manager’s Role</th>
<th>Date of Final Closing</th>
<th>Amount raised till Final Closing</th>
<th>Amount Invested</th>
<th>Amount Returned</th>
<th>Valuation of the balance investments#</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK REPMS-I 🅱</td>
<td>Investment Advisor</td>
<td>Dec, 09</td>
<td>317.18</td>
<td>308.75</td>
<td>537.75</td>
<td>115.00</td>
</tr>
<tr>
<td>ASK REPMS – III 🅲</td>
<td>Investment Advisor</td>
<td>NA</td>
<td>91.7</td>
<td>91.7</td>
<td>65.98</td>
<td>60.10</td>
</tr>
<tr>
<td>ASK RESOF 🅳</td>
<td>Investment Manager</td>
<td>Jun, 12</td>
<td>964.5</td>
<td>869.65</td>
<td>919.77</td>
<td>814.82</td>
</tr>
<tr>
<td>ASK Offshore 🅴</td>
<td>Investment Advisor</td>
<td>Mar, 16</td>
<td>461.85*</td>
<td>260.80</td>
<td>129.03</td>
<td>263.31</td>
</tr>
<tr>
<td>ASK RESOF II 🅵</td>
<td>Investment Manager</td>
<td>Jan, 16</td>
<td>1138.07#</td>
<td>974.34</td>
<td>25.02</td>
<td>1334.0</td>
</tr>
<tr>
<td>ASK RESSF – I 🅶</td>
<td>Investment Manager</td>
<td>Mar, 18</td>
<td>933.40**</td>
<td>350^</td>
<td>22.42</td>
<td>407.6</td>
</tr>
<tr>
<td>ASK RESOF III 🅷  (ASK Offshore is the Feeder)</td>
<td>Investment Manager</td>
<td>Mar, 19</td>
<td>174.76***</td>
<td>82.00</td>
<td>-</td>
<td>96.13</td>
</tr>
</tbody>
</table>

*Amount raised is USD 61.15 mn converted at INR/USD exchange rate of Rs. 75.527 as on 30 June 2020
** Includes Feeder Fund uncalled commitment of USD 26.95 mn converted at INR/USD exchange rate of Rs. 75.527 as on 30 June 2020
*** Includes Feeder Fund uncalled commitment of USD 11.64 mn converted at INR/USD exchange rate of Rs. 75.527 as on 30 June 2020.
# The Fund has its Final close in 14 Jan 2016 where it raised a commitment of INR 1372.5 crore. The commitment amount of the fund has been reduced to Rs. 1138.07 crore with effect from 01 April 2020 due to non-payment of drawdown amounts by defaulting investors.
^ Amount invested includes reinvestment of 8.5 crores
$ All valuations are as on 31 March 20 except for REPMS which is based on exit valuation, also fresh investments under all schemes made after 31 March 20 is based on book value.
1 ASK PMS Real Estate Special Opportunities Portfolio – I
2 ASK PMS Real Estate Special Opportunities Portfolio – III
3 ASK Real Estate Special Opportunities Fund
4 ASK India Real Estate Special Opportunities Fund Pte. Ltd.
5 ASK Real Estate Special Opportunities Fund – II
6 ASK Real Estate Special Situations Fund – I (Scheme of ASK Real Estate Fund)
7 ASK Real Estate Special Opportunities Fund – III (Scheme of ASK Real Estate Fund)- Out of total commitments of ASK RESOF III, capital commitment of Rs. 5 million is made by the Investment Manager as a sponsor commitment and Rs. 169.76 million of the capital commitment is made by ASK Offshore as a feeder fund.
The Portfolio Manager believes that the Portfolio will benefit from the extensive research capabilities and asset management expertise of the Portfolio Manager and the resources of the ASK Group. The real estate team of the Portfolio Manager has over ten decades of cumulative experience and comprises some of the industry’s reputable professionals with retail and corporate lending, real estate, construction businesses, and asset management experience.

[ii] Promoters, Directors, Principal Officer and their background:

Promoter:

ASK Investment Managers Limited is a company incorporated on August 9, 2004 at Mumbai, Maharashtra under the Companies Act, 1956. The Promoter is the holding company of the ASK Group. The Promoter is also a licensed portfolio manager, regulated by the Securities and Exchange Board of India, Mumbai.

The Promoter is a diversified financial services group renowned for its strong research based investment advice. It focuses on long-term wealth creation for its clients, emphasizing attainment of superior long term compounding. The Promoter invests exclusively in listed Indian equities for India domiciled as well as off-shore clients, through segregated accounts as well as commingled funds. It currently manages / advises assets for both domestic and offshore clients. The Promoter provides Portfolio Management Services (PMS) in listed equity to domestic clients including individuals, corporate and Non-Resident Indians. It also offers investment advisory services to offshore funds. Following are the offerings by the Promoter:

- Growth Portfolio
- Eagle Portfolio
- Strategic Portfolio
- Life Portfolio
- Indian Entrepreneur Portfolio
- India Select Portfolio
- Market Linked Debentures
- ASK PMS Real Estate Special Opportunities Portfolio – I (Separate Disclosure Document filed & no subsequent change thereafter)
- ASK - Managed Funds Portfolio
- ASK Liquid Strategy
- ASK Conviction Portfolio
- ASK GEMS Portfolio
- ASK High Conviction Portfolio
- ASK Financial Opportunities Portfolio
- ASK Domestic Resurgence Portfolio
- ASK Emerging Opportunities Portfolio
- ASK PMS Real Estate Special Opportunities Portfolio - III
- ASK India A Plus Portfolio
- ASK Select Focus Portfolio
- ASK India Vision 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

Directors:

➢ **Mr. Sameer Koticha:**

Mr. Sameer Koticha is the Chairman of ASK Group and carries with him more than three decades of corporate experience and mentors the ASK Group in the areas of Corporate Governance and best practices. He has been instrumental in shaping the ASK Group into a leading wealth management entity. He provides support to all board members and chief executives in implementing business objectives that are aligned to ASK Groups philosophy, culture and values.

➢ **Mr. Sunil Rohokale:**

Mr. Sunil Rohokale, founder of the private equity real estate practice at ASK, is currently Chief Executive and Managing Director of ASK Investment Managers Ltd., which is renowned for its strong research based investment management, asset management, private equity, wealth advisory and multi-family office business.

Mr. Rohokale is responsible for the vision of ASK group and spearheads the strategy of the group which manages equities, real estate, private equity and wealth advisory. Prior to joining ASK in September, 2008, he was the Managing Director & Chief Executive Officer of ICICI Home Finance Co. Ltd. one of the largest mortgage company in India & a wholly owned subsidiary of ICICI Bank. He was a member of the core team who started the mortgage business of ICICI Bank. Under his leadership ICICI Bank has achieved a leadership position in the mortgage and real estate business with a real estate portfolio of US$ 18 Billion which was half of ICICI Bank’s retail assets. He is amongst the rare breed of professionals with experience in the assets, liabilities and investment. He enjoys strong credentials in setting up new businesses and building strong professional teams that deliver results. He has 20 years of Banking, financial services and investment experience.

➢ **Mr. Amit Bhagat:**

Mr. Amit Bhagat is MD & CEO of the Portfolio Manager. Please refer ‘Principal Officer’ section below for his detailed profile.

➢ **Principal Officer:**

Mr. Amit Bhagat is co-founder of the private equity real estate practice at ASK and MD & CEO of the Portfolio Manager.

At ASK, Amit manages/advises Rs. 4,737.50 Crore of real estate investments in ASK since 2009 and has provided exits of Rs. 2,541.85 Crore.

He has spent nearly two decades in banking and financial services of which he has spent more than 15 years in the mortgage and real estate business. Amit worked in various capacities in ICICI Bank Ltd. including as National Credit Head for the mortgage division.

Prior to joining ASK in September, 2008, Amit was the Head of ICICI Property Services which comprised of transactions, investment banking, research & advisory. During his tenure ICICI Property Services became one of the largest players in India and syndicated a significant amount of private equity on behalf of domestic and offshore investors in various real estate projects across
the country. Amit has also syndicated and advised transactions of Rs. 3,000 Crore in property services.

Amit is known for his skills in identifying new growth frontiers, strategic agility and negotiation, leading to win-win partnerships with prospective partners. Amit is a Chartered Accountant.

➢ **Ms. Shweta Jalan:**

Ms. Shweta Jalan, is a Nominee Director of the Company. She holds a bachelor’s degree in science from the University of Calcutta and master’s degree in business administration from the National Institute of Management, Calcutta. She is the managing director of Advent India PE Advisors Private Limited and has several years of experience in the field of finance and management, industrials and business services, and has previously worked with the corporate advisory service team at Ernst & Young LLP.

Note: The below Directors have resigned from the Directorship of the Portfolio Manager:
   a) Mr. Balakrishnan Anantharaman - Resigned w.e.f. 20th April, 2020
   b) Mr. Jyotin Kantilal Mehta – Resigned w.e.f. 23rd April, 2020
   c) Mr. Asit Koticha – Resigned w.e.f. 10th June, 2020

[iii] **Group companies / firms of the Portfolio Manager on turnover basis as on March 31, 2020 (the last audited balance sheet):**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Group company of the Portfolio manager</th>
<th>Turnover (based on the Audited Balance sheet as of 31.03.20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ASK Wealth Advisors Private Limited</td>
<td>122.27</td>
</tr>
<tr>
<td>2</td>
<td>ASK Investment Managers Limited</td>
<td>489.44</td>
</tr>
<tr>
<td>3</td>
<td>ASK Family Office and Investment Advisors Pvt Ltd</td>
<td>NIL</td>
</tr>
<tr>
<td>4</td>
<td>ASK Property Advisory Services Private Limited</td>
<td>NIL</td>
</tr>
<tr>
<td>5</td>
<td>ASK Trusteeship Services Private Limited</td>
<td>0.04</td>
</tr>
<tr>
<td>6</td>
<td>ASK Capital Management Pte. Limited (Singapore)</td>
<td>18.88</td>
</tr>
<tr>
<td>7</td>
<td>ASK Pravi Capital Advisors Private Limited</td>
<td>7.41</td>
</tr>
<tr>
<td>8</td>
<td>ASK Financial Holdings Private Limited (earlier known as “ASK Infrastructure Private Limited”)</td>
<td>11.59</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>None</td>
</tr>
<tr>
<td>Penalties imposed for any economic offence and/ or for violation of any securities laws by SEBI</td>
<td>None</td>
</tr>
<tr>
<td>Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any by SEBI</td>
<td>None</td>
</tr>
<tr>
<td>Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency by SEBI.</td>
<td>None</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Authority where the case is pending</th>
<th>Remarks (As on 30.06.2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIT (A) (For AY 2011-12)</td>
<td>Rs. 0.35 crores of Client Referral Fees disallowed and amortised over a period of next 7 years. One Submission made with CIT(A). Date for next hearing awaited. (Demand raised is Rs. NIL)</td>
</tr>
<tr>
<td>CIT (A) (For AY 2013-14)</td>
<td>Rs. 11.06 crores of Client Referral Fees disallowed as Capital Expenditure. (Hearing is awaited) (Demand raised is Rs. 3.91 crores, the same is adjusted towards refund of A.Y. 2015-16)</td>
</tr>
<tr>
<td>ITAT (For AY 2014-15)</td>
<td>Rs. 4.03 crores of Client Referral Fees disallowed and amortised over a period of next 7 years. (CIT (A) Order received dt. 9th September 2019 confirming amortization of Client Referral Fees over a period of next 7 years). We have filed appeal with ITAT. (Hearing is awaited) (Demand raised is Rs. 1.74 crores, Out of the aforesaid Rs 1.36 crores is adjusted from refund of AY 2016-17)</td>
</tr>
<tr>
<td>CIT (A) (For AY 2017-18)</td>
<td>Rs 1.79 crores of ESOPs expenses is disallowed. We have filed appeal with CIT(A). (Hearing is awaited) (Demand raised is Rs. NIL)</td>
</tr>
</tbody>
</table>

5. SERVICES OFFERED & PRODUCT DETAILS

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

Portfolio name: ASK Commercial Real Estate Portfolio Series 1 (Product):

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

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

The Portfolio Manager proposes to follow below Investment Strategy in the Product:
The Portfolio Manager intends to primarily invest in operating real estate companies, special purpose vehicles and holding companies of special purpose vehicles that undertake commercial and retail real estate developments.

- **Investment Objective and Philosophy**

**Partner**: Prudent developer selection  
**Location**: Growth corridor driven by job creation in micro-market  
**Entry Price**: Development stage as opposed to land aggregation Some distressed opportunities  
**Structure**: Margin of safety – underwriting at conservative present micro market pricing with escalation in cost  
: Asset management focus and monitoring  
: Control on the cash flows of Project SPV  
**Relationships**: Access management with key stakeholders  
: 360 degrees view of partners operations  
: Deep understanding of core values & growth aspirations of partner

The Portfolio Manager proposes to invest in mix equity-oriented and debt-oriented instruments. The primary objective of the Product 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 Product 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 commercial and retail real estate assets and related infrastructure opportunities. The investment philosophy of the Portfolio Manager 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 Strategy**

The Product is a portfolio aimed primarily at commercial and retail 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 commercial and retail real estate developments.

The proposed investment strategy of the Product is summarized below:

- Investments predominantly in 6 Cities (Mumbai Metropolitan Region, National Capital Region, Bengaluru, Chennai, Pune & Hyderabad) in India;  
- Investments operating and holding entities (entities that have a portfolio of projects either in themselves and/ or in downstream entities) as well as special purpose vehicles (that actually hold the assets);  
- Investments in commercial and retail developments with pre determined leasing ability  
- Investments in redevelopment of existing commercial 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 a mix of listed and unlisted private companies and in equity, equity linked, debt, debt linked, and convertible instruments and any other securities as permitted under the PMS Regulations. The above investment strategy is indicative of the investment strategy of the Product as per the market conditions as of the date of this Disclosure Document and shall be subject to change, in accordance with the PMS Regulations, depending on the change in market conditions at any time during the term of the Product.

➢ Exit Strategy

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

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

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

➢ Structuring of Investments

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

➢ Temporary Investments

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

➢ Investment Process

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

The Portfolio Manager will make 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 Manager 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 only in commercial and retail segments of real estate.

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.

Types of Services

Discretionary Portfolio Management Services (PMS):

In the beginning the Portfolio Manager shall provide discretionary portfolio management services to domestic high net-worth individuals, corporates and other entities to manage their equity investments in Portfolio Companies engaged in real estate sector and over a period of time the Portfolio Manager shall provide the portfolio management services in other sector as well.

Under this Product, 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.

Product Name: ASK Commercial Real Estate Portfolio Series 1

Investment Objective Strategy:

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 commercial and retail real estate assets and related infrastructure opportunities.

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

**Portfolio Features:**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Name</strong></td>
<td>ASK Commercial Real Estate Portfolio Series 1</td>
</tr>
<tr>
<td><strong>Minimum Commitment</strong></td>
<td>INR 50,00,000 (Rupees Fifty Lakh Only) subject to any minimum amount set out in the PM Regulations.</td>
</tr>
<tr>
<td><strong>Reinvestment Option</strong></td>
<td>The Portfolio Manager shall not be entitled to reserve and/or re-invest any proceeds it may receive from investments.</td>
</tr>
<tr>
<td><strong>In specie distribution</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Valuation Frequency</strong></td>
<td>6 monthly by a credible valuer of repute as selected by the Portfolio Manager.</td>
</tr>
<tr>
<td><strong>Audit Frequency</strong></td>
<td>Annually by a credible auditor of repute as selected by the Portfolio Manager.</td>
</tr>
</tbody>
</table>

**Benchmark Index:** Not Applicable

**Fees and Charges:** Please refer point (10) Nature of Expenses for 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 Commercial Real Estate Portfolio Series 1. 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.

**Disclaimer:**

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.

ASK Property Investment Advisors Pvt. Ltd. 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 Debt for Interim Period:
The portfolio manager will have the liberty to invest client’s funds, pending investment in equities, in short term debt opportunities, such as, income/liquid mutual funds, bank deposits, government securities, etc. There will not be any cap on such investments. However, it will be the endeavor of the portfolio manager to remain invested in equities in accordance with the client profile.

➢ Option to Invest in Mutual Fund Schemes:

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

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

The Portfolio funds shall not be invested in Associates or Group Companies.

The Valuation Policy and Methodology to be adopted by the Series is annexed to the Discretionary Portfolio Management Services Agreement for your reference.

6. RISK FACTORS:

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

1. Securities investments are subject to market and other risks and the Portfolio Manager provides no guarantee or assurance that the objectives set out in the Disclosure Document, Product Schedule and/or the Discretionary Portfolio Management Agreement shall be accomplished.

2. The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as de-listing of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume and Real Estate sector as a whole. The Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.

3. The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and demat.

4. Investment decisions made by the Portfolio Manager may not always be profitable.

5. Past performance of the Portfolio Manager does not indicate or guarantee the future performance of the Portfolio Manager.

6. In addition to the factors that affect the value of individual Securities, the value of the Portfolio can be expected to fluctuate with movements in the broader equity, bond and Real Estate markets and may be influenced by factors affecting capital markets and Real Estate markets in general, such as, but not limited to, price and volume volatility in the capital markets, real estate markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.
7. Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation set out in the relevant Product Schedule.

8. The benchmark index may not be truly representative of the Services offering due to the unique nature of the Services wherein inter alia: (a) the number of Securities may be lower in comparison to the benchmark index; and (b) the weightages of individual stocks may vary from weightages in the benchmark index.

9. The Portfolio will primarily consist of equity, equity linked and convertible Securities issued by companies whose Securities are not publicly traded. Although private equity investments offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk, as well as company specific, industry specific and market risks that can result in substantial losses. Such Portfolio Companies may face intense competition, including competition from companies with greater financial resources, extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The Portfolio Manager can offer no assurance that the marketing efforts of any particular Portfolio Company will be successful or that its business will succeed. Further, equity Securities and equity related Securities are volatile and prone to price fluctuations on a daily basis. Investments in such Securities involve a degree of risk and the possibility of loss of the amount invested.

10. While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner in such instruments, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.

11. **Macro-Economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to various factors including industry, exports and taxation may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.

12. **Liquidity Risk:** Liquidity of investments in Securities is often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular Security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular Security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market Securities, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of such Securities thereby resulting in a loss to the Portfolio until such Securities are finally sold. Even upon termination of the Discretionary Portfolio Management Agreement, the Client may receive illiquid Securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the strategy are un-invested and no return is earned thereon. The inability of the Portfolio Manager to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.

13. **Credit Risk:** Debt Securities are subject to the risk of the issuer’s inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to
such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.

14. **Interest Rate Risk:** This is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a portfolio of fixed income Securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income Securities can be expected to decline.

15. The liquidity and valuation of the unlisted Securities held in the Portfolio may be affected if they have to be sold prior to their target date of diversification.

16. Acts of State, or sovereign action, acts of nature, acts of war, civil disturbance are extraneous factors which can impact the Portfolio. The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to various factors which by way of illustration include default or non performance of a third party, investee company’s refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.

17. **Reinvestment Risk:** This risk arises from the uncertainty in the rate at which Cash flows from an investment may be reinvested. With respect to bonds, this is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

18. **Non-Diversification Risk:** This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. As mentioned above, the Portfolio will invest in Portfolio Companies operating in Real Estate sector.

19. **Mutual Fund Risk:** This risk arises from investing in units of mutual funds. Risk factors inherent to equities and debt Securities are also applicable to investments in mutual fund units. Further, scheme specific risk factors of each such underlying scheme, including performance of their underlying stocks, stock lending, off-shore investments etc., will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over, mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units. In case of investments in mutual fund units, the Client shall bear the recurring expenses of the Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.

20. Prospective clients should review / study the Disclosure Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of Portfolio and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their Portfolio, acquisition, holding, capitalization, disposal (sale, transfer or conversion into money) of Portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or
under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of Securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding portfolio of Securities before making an investment.

21. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Services.

22. The Client may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Client. The Client may incur a higher rate of TDS / dividend distribution tax in case the investments are aggregated.

23. After accepting the Assets for management, the Portfolio Manager may not get an opportunity to deploy such Assets or there may be delay in deployment. In such a situation the Client may suffer opportunity loss.

24. Subsequent to the investment in the Portfolio Companies, these companies may admit other new investors at a price, which may be at a discount to the prevailing asset value of the Portfolio’s investment. This may result in dilution of the value of the holdings of the Client. The valuation of such investments is subjective in nature. The value arrived at by the Portfolio Manager or an independent auditor may not reflect the actual worth of the investments.

25. Client will not be permitted to dispose of, sell, acquire, withdraw the funds / Client’s Securities from the Portfolio (except to the extent permitted under the Agreement). In addition, they are not allowed to transfer any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Discretionary Portfolio Management Services Agreement and in the Regulations.

26. In case of early termination of the Discretionary Portfolio Management Services Agreement, where Client’s Securities are reverted to the Client, additional rights negotiated by the Portfolio Manager with an investee company or its shareholders that were available while the Securities were held as part of the Portfolio may no longer be available to the Client.

27. The Client has perused and understood the disclosures made by the Portfolio Manager in the Disclosure Document and the risks disclosed therein.

28. Changes in Market Requirements may impact the performance of the Portfolio.

29. Approvals of the Government or regulatory bodies or local authorities may be required before certain investments can be made. The Portfolio Manager cannot be certain that these approvals will be obtained or be aware of the timeline for such approvals.

30. Persons who are associated with or related to the Portfolio Manager, including its promoters and/or any direct or indirect shareholders of the Portfolio Manager may from time to time become clients of the Portfolio Manager. Consequent to the above, the Portfolio Manager may manage funds of these entities, together with the funds of its other clients. While the Portfolio Manager will endeavor to avoid any situations where a conflict of interest may arise, in the event that the Portfolio Manager faces any such situation of conflict, then the Portfolio Manager shall exercise due care and professional judgment in order to ensure fair treatment to its clients.
31. There is a possibility of the Client, the Portfolio Manager and/or other clients of the Portfolio Manager being treated as persons acting in concert in terms of the Takeover Regulations and consequently, the Securities acquired / held by all such persons may be clubbed to determine the applicability of requirements under the Takeover Regulations, including disclosure requirements and the requirement to make an open offer for acquiring Securities from the public.

32. If the proposed arrangement of raising of funds from various clients and investing them in Portfolio Companies could be construed as an Association of Persons (AOP) in India under the provisions of the Income Tax Act, 1961, then any adverse tax consequence would be borne by the Client. The full tax impact of an investment under the Portfolio would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Company. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.

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

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

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

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

37. Any act, omission or commission of the Portfolio Manager under the Discretionary Portfolio Management Services Agreement is solely at the risk of the Client and the Portfolio Manager
will not be liable for any act, omission or commission or failure to act save and except in cases of negligence, willful default and/or fraud of the Portfolio Manager.

38. The Client undertakes all responsibilities and agrees to bear all risks arising out of refusal by a Portfolio Company for whatever reasons, to register the transfer of any of the Securities in respect of the Client's account. The Securities which are so purchased and refused to be transferred in the name of the Client or the Portfolio Manager, will be sold by the Portfolio Manager, at the best available market rate, at the risk and responsibility of the Client concerned.

39. **Breaches of Investment Documents; Counter-Party Risks; etc.**: Under its investment documents with Portfolio Companies, the Portfolio Manager will seek to obtain typically seen contractual protections and covenants appropriate for the Portfolio investment in question. There can be no assurance that such protections or covenants will achieve their desired effect. Material misrepresentations or omissions or breaches of contracts on the part of a Portfolio Company or other obligors (including any credit support providers) may occur which will affect the Portfolio investments and their value. Further, the Portfolio Manager will rely upon the accuracy and completeness of representations made by Portfolio Companies and other obligors to the extent reasonable, but cannot guarantee such accuracy or completeness.

40. **Risks Associated with Convertible Instruments**: The Portfolio Manager may make investments in fully, partially or optionally convertible Securities that may be converted into or exchanged for a specified amount of equity instruments of the same or a different issuer within a particular period of time at a specified price or formula. Such convertible security entitles its holder to receive interest that is generally paid or accrued on debt until the convertible security matures or is redeemed, converted or exchanged. Convertible Securities have unique investment characteristics in that they generally have higher yields than equity, but lower yields than comparable non-convertible Securities, are less subject to fluctuation in value than the underlying equity due to their fixed-income characteristics, and provide the potential for capital appreciation if the market price of the underlying equity increases.

41. A convertible security may be subject to redemption at the option of the Portfolio Company issuing it at a price established in the investment documents. If a convertible security held in the Portfolio is called for redemption, the Portfolio Manager will be required to permit the Portfolio Company to redeem the security, convert it into the underlying equity or sell it to a third party. Any of these actions could have an adverse effect on the Portfolio Manager’s ability to achieve the investment objective.

42. **Enforcement Risks**: The enforcement of security and/or contractual rights that may be obtained in respect of the Portfolio investments will involve actions in Indian courts or arbitral tribunals, and the Portfolio will be exposed to the delays in the Indian judicial system and arbitrations. In the normal course, such enforcement could take between 7 (seven) to 10 (ten) years.

43. Security provided by the Portfolio Company and/or other obligors will be subject to the risk of insolvency of such persons. In the case of liquidation of Portfolio Companies, to realize amounts, liquidation procedures in India are generally time consuming, complex and require permissions from various authorities, including courts and creditors, which may impair the ability of the Portfolio Manager to realize its returns upon such liquidation. For sale and realization of security through such winding-up proceedings, it is not uncommon for lenders being required to wait for 10 (ten) to 15 (fifteen) years. The Portfolio Manager will have the option of staying outside the scope of the winding up proceedings, and liquidating assets
specifically charged to them separately, but even this process does not usually provide a significant advantage.

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

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

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

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

   a. The Indian Real Estate market is not very transparent. As a result, it may be difficult to determine market values for properties that are considered for purchase by a Portfolio Company. Consequently there can be no assurance that the Portfolio Manager would be able to readily set an appropriate value to investments proposed to be made;

   b. There may be risks generally associated with changes in general or local market conditions, and the cyclical nature of the property markets. Any reduction in demand or increase in the supply of Real Estate or potential reduction in demand or increase in the supply of Real Estate (whether developed or undeveloped) may lead to periods of oversupply and result in lower sale prices. Newly developed Real Estate projects may be disproportionately affected by fluctuations in demand and supply;

   c. The Real Estate (Regulation and Development) Act, 2016 (“RE Act”) aims to institutionalize transparency and accountability in real estate and housing transactions. The RE Act provides for establishment of state level regulatory authorities - the Real Estate Regulatory Authorities (the “RERAs”) and certain provisions of the RE Act are subject to additional rules or notifications issued by the RERAs and the relevant state governments. Therefore, the implementation of the RE Act may vary from one state to another, and this may have an adverse impact on some of the projects undertaken by the Portfolio Company(ies). The RE Act provides, inter alia that (a) projects with certain land area or having certain number of apartments must be registered with the RERAs, (b) such projects cannot be offered for sale by the promoters without such registration, (c) 70% (seventy percent) of the amounts realized for the project from allottees must be deposited in a separate bank account and used only to cover the cost of construction, and (d) developers are barred from effecting any changes to plans and designs of a project without the consent of two-thirds of the allottees. The RE Act therefore seeks to expand regulatory oversight and compliance and will apply to new projects as well as on-going projects. Therefore, the implementation of the RE Act could create significant transition issues such as customer litigations, delays, work stoppage, and increased costs to ensure compliance with the provisions of the RE Act.

   d. The long lead times between project inception and completion may lead to well conceived projects becoming unviable due to changes in market conditions before project completion;
e. The acquisition of Real Estate is subject to a wide variety of risks, including without limitation, risks related to status of title, environmental approvals, zoning laws, building codes or other laws. Properties may be acquired by Portfolio Companies with no recourse, or with limited recourse, with respect to unknown liabilities or conditions. Consequently if a property is subject to any liability, or if any adverse condition exists with respect to any property, the Portfolio Company may be required to pay substantial sums to settle or cure it, and this could adversely affect the return on investments for the Portfolio;

f. Portfolio Companies may incur significant costs while bidding for projects which may be finally awarded to other bidders. Also projects may not materialize after significant costs have been sunk, thereby incurring costs on which no return is obtained;

g. The Portfolio Company may invest in listed or unlisted Securities of an entity, holding undeveloped land and certain development properties. Such properties are exposed to greater risks and costs in comparison to the properties on which the development has already been completed. The Assets shall be exposed to such risks if the investment is made in Securities of such Portfolio Companies which have invested in such undeveloped land directly or indirectly;

h. Cost and time overruns may occur during project development by Portfolio Companies. This may lead to increased costs, potential loss of purchasers and the possibility of defaults under financing arrangements between Portfolio Companies and their lenders, which may adversely affect the profitability of the Portfolio Company and consequently the ability of the Portfolio Company to distribute expected returns to the Portfolio;

i. Performance of the Portfolio Companies may be dependent on the performance of third party contractors and Service Providers. Accordingly the failure of any third-party contractor or Service Provider may negatively affect the performance of Portfolio Companies;

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

k. Subsequent to the investment in the Portfolio Companies, these companies may admit new investors at a price, which may be at a discount to the prevailing asset value and which may be below the value considered by the Portfolio Manager at the time of making the investment. The valuation of such investments is subjective in nature and the value arrived at by the Portfolio Manager or an independent auditor may not reflect the actual worth of the investments; and

l. Focus will be on partnering with prominent established strong regional developers. The progress of developments underlying the Portfolio Manager’s investments would depend on among other factors, the developer’s / joint development partner’s ability to procure resources and execute the project in a timely and cost efficient manner. As a consequence, Client would be subject to development execution risk. The Client may further face such risk in case of insolvency of any of the joint development partner.
47. **Title:** While the Portfolio Manager believes that reasonable due diligence investigations would be conducted prior to making a Portfolio investment, there can be no assurance that there will not be any defects or deficiencies in relation to such due diligence including any title due diligence. The method of documentation of land records in India has not been fully computerized and is mostly done manually with physical records of all land related documents physically updated. This could result in the updation process getting substantially delayed or being inaccurate in certain aspects. As a result thereof, the title of the real property in which the underlying assets might be invested in, or represent, may not be clear or may remain doubtful in absence of accurate or updated land records.

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

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

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

51. **Litigation:** The properties in India are susceptible to litigation, which takes a long time to settle and is quite complex in nature. If any property / Security in which the Portfolio is invested and the same is / becomes subject to litigation, it could have an adverse impact on the performance of the Portfolio. Such litigation may in most cases, extend beyond the term of the Portfolio and therefore, significantly impair the ability of the Portfolio Manager to exit a Portfolio Company in a timely manner or for a suitable exit value. Litigation may be commenced with respect to projects in relation to activities that took place prior to the Portfolio Manager making a Portfolio investment. There may be limited or no recourse with respect to such unknown liabilities. As a result, if any such liability is asserted against the Portfolio Company, or if any adverse condition existed with respect to the projects, the Portfolio Company might be required to pay substantial sums to settle or cure it, and this could adversely affect the Cash flow and operating results of the Portfolio. Further, it could also adversely affect the security / Encumbrance created in relation to the Portfolio investments.

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

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

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

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

56. **Fluctuations in the Market:** The Real Estate operations of any Portfolio Company are subject to the performance of the Real Estate market in India generally and more particularly the markets in which its projects are located. The development of a Real Estate project takes a substantial amount of time and could be adversely impacted if there is a decline in prices over the timeframe of development and consequential sale. The investment made during the boom period and looking favorable may become a loss making proposition during the market recession. Hence there will always be a risk associated with the market cycle. Changes in government policies, local economic conditions, demographic trends, employment and income levels and interest rates, among other factors, may affect the Real Estate market and affect the demand for and valuation of the projects.

57. **Sector Risk:** The Portfolio investments will be subject to the risks incidental to the ownership, construction and operation of the Real Estate sector, including risks associated with the general economic climate, geographic or market concentration, the ability of the Portfolio Manager to manage the Portfolio investment, technical problems, financial failures of operating or construction sub-contractors, government regulations, and fluctuations in interest rates. Since Portfolio investments in the Real Estate sector, like many other types of long-term investments, have historically experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of an investment (such reductions could be material) and adversely impact the Portfolio.

58. In addition, general economic conditions in relevant jurisdictions, as well as conditions of domestic and international financial markets, may adversely affect operations of the Portfolio Manager. With respect to Portfolio investments which involve real property, the Portfolio will incur the burdens of ownership of real property, which include the paying of expenses and ad valorem and other real property taxes, maintaining such property and any improvements thereon, exposure to liabilities, and ultimately disposing of such property. Further, in India, given the system of recording of title to property assets and the non-availability of title insurance, the risk of title defects may increase, where real property is acquired.

59. **Changes in Regulatory Policy:** Low interest rates on housing loans and favourable tax treatment of these loans have helped boost the recent growth of the Indian Real Estate market. High interest rates could discourage consumers from taking loans for acquiring Real Estate and thereby weaken the Real Estate market. Rising interest rates also increase cost of borrowings for the Portfolio Companies. Various provisions and norms imposed by the RBI in relation to
housing loans by banks and housing finance companies could reduce the attractiveness of the property, and the RBI or the Government of India may take further steps to reduce directly or indirectly the credit to the Real Estate sector, which may adversely affect the availability of housing loans at attractive rates. The use of home loans for residential properties has also become attractive due to income tax benefits. A change in fiscal, monetary or other policy or any withdrawal of such income tax benefits may adversely affect the operating results and financial condition of the Portfolio. These factors can negatively affect the demand for and valuation of projects of Portfolio Companies.

60. **Construction risk**: The development of properties includes a degree of risk associated with the construction of the asset, including the risk that a project may not be completed within budget, within the agreed timeframe and/or to the agreed specifications. The Portfolio Manager will seek to mitigate the exposure of the Portfolio by transferring some or all of such risks from the relevant Portfolio Company to the relevant construction contractors under the terms of the construction contract, including a requirement for payment of liquidated damages by the construction contractor. However, should any of the above risks materialise in relation to any Portfolio Company, they could have a material adverse effect on the value of the relevant Portfolio investment which could, in turn, have a corresponding effect on the financial position and/or its results of the Portfolio.

61. The Portfolio may remain at risk if, following construction completion, there exist site defects that were caused by the construction contractor and not discovered. There may be a limit to the liquidated damages available to the Portfolio Manager from the construction contractor, particularly in the event of the construction contractor’s financial failure. Consequently the Portfolio Manager may not be able to recoup all damages/losses incurred as a result of a time delay or budget overrun.

62. **Construction Cost Risk**: Real Estate projects involve significant construction and development works with construction cost forming a major portion of the project capital expenditure. Construction cost is affected by the availability, cost and quality of raw materials. The principal raw materials include steel, cement, wood, sand, metal, glass and aluminium. The prices and supply of these and other raw materials depend on factors not under the control of the Portfolio Company, including general economic conditions, competition, production levels, transportation costs and import duties. If, for any reason, the Portfolio Company is unable to obtain such raw materials to in the required quantities and at prices that are competitive, its ability to meet its material requirements for its projects could be impaireed, 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.

7. **CLIENT REPRESENTATION:**

(i) **Category of Clients**

The details as given below are as on June 30, 2020*:

<table>
<thead>
<tr>
<th>Category of clients</th>
<th>No. of clients</th>
<th>Funds Managed</th>
<th>Discretionary/ Non - Discretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associates/Group companies:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2020</td>
<td>NIL</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>March 31, 2020</td>
<td>NIL</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>March 31, 2019</td>
<td>NIL</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>March 31, 2018</td>
<td>NIL</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Others (only active clients):</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
June 30, 2020  |  NIL  |  N.A.  |  N.A.  
March 31, 2020 | NIL  |  N.A.  |  N.A.  
March 31, 2019 | NIL  |  N.A.  |  N.A.  
March 31, 2018 | NIL  |  N.A.  |  N.A.  

**Total:**  
June 30, 2020  |  NIL  |  N.A.  |  N.A.  
March 31, 2020 | NIL  |  N.A.  |  N.A.  
March 31, 2019 | NIL  |  N.A.  |  N.A.  
March 31, 2018 | NIL  |  N.A.  |  N.A.  

*Since the Company is new in the business, the Company has no Clients.

8. RELATED PARTY TRANSACTIONS

(i) Related Parties and their relationship

List of related parties as on March 31, 2020(last audited Balance Sheet)

Names of related parties and nature of relationship

(a) Holding Company:

ASK Investment Managers Limited

(b) Fellow subsidiaries:

ASK Wealth Advisors Private Limited  
ASK Capital Management Pte. Limited  
ASK Financial Holdings Private Limited  
ASK Property Advisory Services Private Limited  
ASK Trusteeship Services Private Limited  
ASK Family Office and Investment Advisers Private Limited

(c) Enterprises owned, controlled or where significant influence can be exercised by key management personnel or their relatives where there are transactions:

ASK Foundation  
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 PIA Employment Benefit Trust II  
ASK PIA Employment Benefit Trust III

(d) Key management personnel and Relative of Key management personnel:

Sameer Koticha Director  
Amit Bhagat CEO & Managing Director  
Sunil Rohokale Director  
Shweta Jalan Nominee Director
Transactions with related parties

Transactions with key management personnel

The table below describes the compensation to key management personnel which comprise directors and executive officers under Ind AS 24:

(a) Key management personnel compensation (Rs. In Lacs)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at March 31, 2020</th>
<th>As at March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term employee benefits</td>
<td>313.47</td>
<td>274.98</td>
</tr>
<tr>
<td><strong>Total compensation</strong></td>
<td><strong>313.47</strong></td>
<td><strong>274.98</strong></td>
</tr>
</tbody>
</table>

(b) Transactions with related parties

The Company's material related party transactions and outstanding balances with its subsidiaries with whom the Company routinely enters into transactions in the ordinary course of business.

Transactions with related parties are as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Transactions</th>
<th>Year ended March 31</th>
<th>Holding Company</th>
<th>Fellow Subsidiaries</th>
<th>KMP/ KMP exercising significant influence/ Close member of KMP</th>
<th>Entities where the reporting entity exercises significant influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Services received</td>
<td>2020</td>
<td>269.60</td>
<td>217.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2019</td>
<td>236.15</td>
<td>426.10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Services rendered</td>
<td>2020</td>
<td>13.96</td>
<td>131.55</td>
<td>-</td>
<td>3,748.24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2019</td>
<td>14.03</td>
<td>219.10</td>
<td>-</td>
<td>4,413.13</td>
</tr>
<tr>
<td>3</td>
<td>ESAR</td>
<td>2020</td>
<td>53.97</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2019</td>
<td>89.91</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Managerial remuneration (refer note 1 and 2)</td>
<td>2020</td>
<td>-</td>
<td>-</td>
<td>313.47</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2019</td>
<td>-</td>
<td>-</td>
<td>274.98</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Loans Received</td>
<td>2020</td>
<td>50.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Loans repaid</td>
<td>2020</td>
<td>50.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Interest on loans</td>
<td>2020</td>
<td>0.01</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>------------------</td>
<td>------</td>
<td>------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Other transactions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reimbursements of other costs</td>
<td>2020</td>
<td>9.55</td>
<td>0.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>6.34</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Donation</td>
<td>2020</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recovery of expenses</td>
<td>2020</td>
<td>102.55</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>23.10</td>
<td>2.58</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bad Debts</td>
<td>2020</td>
<td>1.02</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Payable</td>
<td>2020</td>
<td>-</td>
<td>465.66</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td>390.21</td>
<td>4.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Receivable</td>
<td>2020</td>
<td>129.82</td>
<td>83.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>188.32</td>
<td>191.66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Investments (at cost)</td>
<td>2020</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
|   | 2019             | -    | -    

**Note:**
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's is not ascertainable separately, and not included above.
2. Managerial remuneration includes bonus on accrual basis.
3. During the year, remuneration paid by the Company to its managerial personnel was in excess of the limit prescribed under section 197 read with schedule V of the Companies Act 2013. To comply with requirements of the section 197 of the Act, shareholders of the Company has approved this excess remuneration by a special resolution at its extra ordinary general meeting held on 14 May 2019.

c) **Terms and conditions of transactions with related parties**
The transactions with related parties are made on arm’s length basis. Outstanding balances at the period/year end are unsecured and settlement occurs in cash.
9. THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER (BASED ON LAST AUDITED FINANCIAL STATEMENTS): (Rs. in Lacs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit / (Loss) Before Depreciation &amp; Taxation</td>
<td>1,691.69</td>
<td>2,192.11</td>
<td>1,149.33</td>
</tr>
<tr>
<td>Net Profit / (Loss) after Depreciation &amp; Taxation</td>
<td>1,223.33</td>
<td>1,559.17</td>
<td>785.27</td>
</tr>
<tr>
<td>Shareholder’s Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>2,537.87</td>
<td>2,537.87</td>
<td>2,537.87</td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>7,471.38</td>
<td>6,182.75</td>
<td>4,554.47</td>
</tr>
</tbody>
</table>

10. PORTFOLIO MANAGEMENT PERFORMANCE: Not Applicable

11. 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.

9. There could be conflict of interest in transfer of investments/ Real Estate assets inter-se amongst the portfolios under the management of Real Estate investment team of the Portfolio Manager. 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, the Portfolio Manager shall have the right, at its discretion, to transfer any investments from one portfolio to other.

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.

12. NATURE OF EXPENSES

[i] Investment management and advisory fees:
[ii] Custodian Fees:
[iii] Registrar and transfer agent charges:
[iv] Brokerage and transaction cost:
Fees and Charges for “ASK Commercial Real Estate Portfolio Series 1”

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 Commercial Real Estate Portfolio Series 1. 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.

<table>
<thead>
<tr>
<th>Nature of Fees and frequency of levy</th>
<th>Amount (INR) / %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Account Opening Fee</strong></td>
<td>Please refer to Discretionary Portfolio Management Services Agreement</td>
</tr>
<tr>
<td>One-time fee charged upon selection by the Client of this Product by execution of the Discretionary Portfolio Management Services Agreement and the Product Schedule appended to it.</td>
<td></td>
</tr>
<tr>
<td><strong>2. Management Fee</strong></td>
<td>Please refer to Discretionary Portfolio Management Services Agreement</td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>3. Performance Fee</strong></td>
<td>Please refer to Discretionary Portfolio Management Services Agreement</td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>4. Transaction Charges</strong></td>
<td>Charged at actuals.</td>
</tr>
<tr>
<td>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:</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Registrar and transfer agent charges</strong>: 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;</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Brokerage and transaction costs</strong>: 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;</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Intermediary costs</strong>: (i) Depository Participant charges, (ii) charges of the Custodian for all services to the Client, including safekeeping of Funds and Portfolio, (iii) bank charges, and (iv) other payments made to Intermediaries of securities market;</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Certification and professional charges</strong>: (i)</td>
<td></td>
</tr>
</tbody>
</table>
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;

- **Other expenses**: 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.

<table>
<thead>
<tr>
<th>5. <strong>Termination Fee</strong></th>
<th>Please refer to Discretionary Portfolio Management Services Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Termination Fee is charged if the Client chooses to redeem the investments made prior to the end of the Product Term.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. <strong>Default Interest</strong></th>
<th>Please refer to Discretionary Portfolio Management Services Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

**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 lesser fees or such customized fees within the stated range or waive off upfront & termination fees under each concept/portfolio at its sole discretion.

13. TAXATION

1. **General**

In view of the individual nature of tax consequences, each client is advised to consult his or her tax advisor with respect to the specific tax consequences arising to him/her from participation in any of the investments. The tax implications given below are based on the existing provisions of the Income tax Act, 1961 ('the IT Act') and rules made thereunder. The Portfolio Manager accepts no responsibility for any loss suffered by any Investor as a result of current taxation law and practice or any changes thereto.

2. **Tax Rates**
The rates specified in this section pertain to the financial year (‘FY’) 2019-20 as provided by the Finance Act (No. 2), 2019. The Government of India has promulgated the Taxation Law (Amendment) Ordinance 2019 (‘Ordinance 2019’) which has provided for concessional rate of tax for domestic companies (subject to satisfaction of certain conditions). The rates are exclusive of surcharge and health and education cess, if any, as leviable.

2.1 Tax rates for specific type of assesses are as below:

<table>
<thead>
<tr>
<th>Assessee</th>
<th>% of Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals, Hindu Undivided Family (’HUF’), Association of Persons (’AOP’), Body of Individuals (’BOI’)</td>
<td>Applicable slab rates</td>
</tr>
<tr>
<td>Domestic Company having turnover/gross receipt not exceeding Rs. 400 crores in FY 2017-18</td>
<td>25%</td>
</tr>
<tr>
<td>Partnership Firm [including Limited Liability Partnership (’LLP’)] and Domestic Company having turnover/gross receipt exceeding Rs. 400 crores in FY 2017-18</td>
<td>30%</td>
</tr>
<tr>
<td>Foreign Company</td>
<td>40%</td>
</tr>
</tbody>
</table>

¹Note 1: As per the Ordinance 2019, any domestic company has the option to pay tax at the rate of 22%, subject to the following conditions:

i. The total income is computed without claiming prescribed deductions or set-off of loss.

ii. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Act for assessment year (‘AY’) 2020-21 or subsequent AYs.

iii. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

²Note 2: As per the Ordinance 2019, any domestic manufacturing company has an option to pay tax at the rate of 15%, subject to the following conditions:

i. The total income is computed without claiming prescribed deductions or set-off of loss.

ii. Such company is incorporated on or after 1 October 2019 and commences production on or before 31 March 2023.

iii. Such company is not formed by splitting up or reconstruction of business already in existence.

iv. Such company does not use plant and machinery previously used for any purpose in India and no depreciation has been claimed on the same (relaxation upto 20% allowed).

v. Such company does not use any building previously used as a hotel or convention centre.

vi. Such company is not engaged in any business other than the manufacture or production of an article or thing and research in relation to or distribution of such article or thing manufactured or produced by it.

vii. The option needs to be exercised before the due date as per section 139(1) of the Act for furnishing the first of the return of income for any previous year starting from AY 2020-21 or subsequent AYs.

viii. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

¹ Newly inserted section 115BAA
² Newly inserted section 115BAB
**Note 3:** Companies exercising the above options (under section 115BAA or 115BAB) have been excluded from the applicability of MAT.

2.2 The slab rates for individuals / HUF / AOP / BOI are as follows:

<table>
<thead>
<tr>
<th>Total Income (please refer to notes (a) to (d) below)</th>
<th>Tax rates (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to Rs. 2,50,000</td>
<td>Nil</td>
</tr>
<tr>
<td>From Rs. 2,50,001 to Rs. 5,00,000</td>
<td>5%</td>
</tr>
<tr>
<td>From Rs. 5,00,001 to Rs. 10,00,000</td>
<td>20%</td>
</tr>
<tr>
<td>Rs. 10,00,001 and above</td>
<td>30%</td>
</tr>
</tbody>
</table>

a) 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 individual assessee.

b) In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR. 3,00,000.

c) In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR. 5,00,000.

d) surcharge on income-tax is applicable as stated in para 2.3 below. Additionally, health and education Cess, at the rate of 4% is leviable on the aggregate of income-tax and surcharge.

2.3 Surcharge rates are provided below:

<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Surcharge* rate as a % of income-tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If income is less than INR 50 lakhs</td>
</tr>
<tr>
<td></td>
<td>If income is more than 50 lakhs but</td>
</tr>
<tr>
<td></td>
<td>less than INR 1 Crores</td>
</tr>
<tr>
<td></td>
<td>If income exceeds INR 1 Crores but</td>
</tr>
<tr>
<td></td>
<td>less than INR 2 Crores</td>
</tr>
<tr>
<td></td>
<td>If income exceeds INR 2 Crores but</td>
</tr>
<tr>
<td></td>
<td>less than INR 5 Crores</td>
</tr>
<tr>
<td></td>
<td>If income exceeds INR 5 crores</td>
</tr>
<tr>
<td>Individual, HUF</td>
<td>Nil</td>
</tr>
<tr>
<td>AOP, BOI (Resident &amp; foreign)</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>37%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Surcharge* rate as a % of income-tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If income does not exceed 1 crore</td>
</tr>
<tr>
<td></td>
<td>If income exceeds INR 1 but less than</td>
</tr>
<tr>
<td></td>
<td>INR 10 crore</td>
</tr>
<tr>
<td></td>
<td>If income exceeds INR 10 crore</td>
</tr>
<tr>
<td>Partnership firm</td>
<td>Nil</td>
</tr>
<tr>
<td>(Domestic &amp; foreign)</td>
<td>12%</td>
</tr>
<tr>
<td>Domestic Company</td>
<td>Nil</td>
</tr>
<tr>
<td>Foreign Company</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>
Note 1: The enhanced surcharge rate of 25% / 37% introduced by the Finance (No.2) Act, 2019, shall not apply to capital gains arising on sale of equity share in a company or a unit of an equity-oriented fund or unit of business trust referred to in sections 111A or 112A of the Act.

Note 2: The enhanced surcharge rate of 25% / 37% shall also not apply to the income in the nature of short-term capital gains or long-term capital gains earned by foreign institutional investors from certain specified securities.

Note 3: As per the Ordinance 2019 the applicable surcharge rate on income chargeable to tax under sections 115BAA or 115BAB of the Act shall be 10% irrespective of income threshold

3. Tax deduction at source

If any tax is required to be withheld on account of any present or future legislation, the Portfolio Manager will be obliged to act in this regard.

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number, then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents.

4. Advance tax instalment obligations

It will be the responsibility of the client to meet the advance tax obligation instalments payable on the due dates prescribed under the IT Act.

5. It is envisaged that a portfolio client, 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
- Buy-back of shares.

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

5.1. Dividend income on shares

Dividend on shares (referred to in section 115-O of the IT Act) shall be exempt under the IT Act in the hands of the investors. However, as per section 115BBDA of the IT Act, in case of a specified assessee (defined below) being resident in India, if the dividend income (from a domestic company) exceeds Rs. 10 lakhs, then such dividend income is taxable at 10% (plus applicable surcharge and health and education cess) on gross basis.
As per Explanation (b) to section 115BBDA of the IT Act, ‘specified assessee’ means a person other than -

I. a domestic company; or
II. a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or
III. a trust or institution registered under section 12A or section 12AA.

The Investee Companies would be liable to pay Dividend Distribution Tax (‘DDT’) on the dividend declared, distributed or paid at the rate of 15% (plus applicable surcharge and health and education cess) on a grossed-up basis.

5.2. Interest income on debt securities

Interest income arising on securities could be characterised as ‘Income from Other Sources’ or ‘business income’ depending on facts of the case. In either case, interest income should be subject to tax as per the rates mentioned in para 2.1 & 2.2 above.

Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

5.3. Gains on sale of securities

Income arising from the purchase and sale of securities can give rise to either capital gains or business income in the hands of the investor. The issue of characterisation of income is relevant as the income tax computation and rates differ in the two situations.

The characterisation is essentially a question of fact and depends on whether the shares are held as business/trading assets or as capital assets.

The Central Board of Direct Taxes (‘CBDT’) has issued a circular3 which deals with listed shares/securities which states that:

- Where the assessee opts to treat the listed shares/securities as stock-in-trade, the income arising from the transfer of such listed shares/securities would be treated as business income.
- If the assessee desires to treat the gains arising from transfer of listed shares/securities held for a period of more than 12 months as capital gains, the same shall not be put to dispute by the Assessing Officer.

The aforementioned circular shall not apply in a case where the genuineness of the transaction itself is questionable.

The CBDT has issued a letter4 on characterisation of income from transfer of unlisted shares. As per the letter, income arising from transfer of unlisted shares would be taxable under the head

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3 Circular no. 6/ 2016 dated 29 February 2016
‘Capital Gains’, irrespective of the period of holding. However, it would not be necessarily applied in the situations where:

- the genuineness of the transactions in unlisted shares itself is questionable; or
- the transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
- the transfer of unlisted shares is made along with the control and management of underlying business.

Investors may also refer to CBDT instruction no. 1827 dated 31 August 1989 read with CBDT Circular no. 4 dated 15 June 2007 for further guidance on this matter.

Gains characterised as capital gains

The IT Act 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 would depend 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 would be treated as short term or long-term capital gains. The taxability of capital gains is discussed below:

<table>
<thead>
<tr>
<th>Type of instrument</th>
<th>Period of holding</th>
<th>Characterisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed Securities (other than units) and units of equity-oriented mutual funds</td>
<td>More than twelve (12) months</td>
<td>Long-term Capital Asset</td>
</tr>
<tr>
<td></td>
<td>Twelve (12) months or less</td>
<td>Short-term Capital Asset</td>
</tr>
<tr>
<td>Unlisted shares of a company</td>
<td>More than twenty four (24) months</td>
<td>Long-term Capital Asset</td>
</tr>
<tr>
<td></td>
<td>Twenty four (24) or less</td>
<td>Short-term Capital Asset</td>
</tr>
<tr>
<td>Other securities</td>
<td>More than thirty six (36) months</td>
<td>Long-term Capital Asset</td>
</tr>
<tr>
<td></td>
<td>Thirty six (36) months or less</td>
<td>Short-term Capital Asset</td>
</tr>
</tbody>
</table>

Taxability of capital gains under the IT Act (without considering the benefits under the tax treaties for non-resident investors) should be as follows:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Particulars</th>
<th>Resident investors</th>
<th>Non-resident investors [Note 1]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Short-term capital gains on transfer of listed equity shares, to be listed shares sold through offer for sale and units of an equity oriented mutual fund on which securities</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>

4 Letter F.No.225/12/2016/ITA.II dated 2 May 2016
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Rate 1</th>
<th>Rate 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Any other short-term capital gains</td>
<td>30% [Note 2]</td>
<td>30% (in case firms/LLP/foreign non-corporates) / 40% (in case of foreign company)</td>
</tr>
<tr>
<td>3</td>
<td>Long-term capital gains on transfer of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) listed equity shares on which STT has been paid both at the time of</td>
<td>10% [Note 5]</td>
<td>10% [Note 5] [on income in excess of INR 1 lakh]</td>
</tr>
<tr>
<td></td>
<td>acquisition and sale of such shares; or</td>
<td></td>
<td>[on income in excess of INR 1 lakh]</td>
</tr>
<tr>
<td></td>
<td>(ii) units of equity oriented mutual fund on which STT has been paid on</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>transfer [Note 4]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Long term capital gains on sale of listed bonds or listed debentures</td>
<td>10% (without indexation)</td>
<td>10% (without indexation) [Note 6]</td>
</tr>
<tr>
<td>5</td>
<td>Long-term capital gains on transfer of unlisted bonds or unlisted debentures</td>
<td>20% (without indexation)</td>
<td>10% [Note 5 and 6]</td>
</tr>
<tr>
<td>6</td>
<td>Long-term capital gains on transfer of unlisted securities (other than unlisted</td>
<td>20% (with indexation)</td>
<td>10% [Note 5 and 6]</td>
</tr>
<tr>
<td></td>
<td>bonds and unlisted debentures) [refer note 7]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note 1:**

In case, the investments are made by Non-resident Indians (‘NRI’), then such investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if such investors opt to be governed by these provisions, any long-term capital gains should be taxable at the rate of 10% (plus applicable surcharge and health and education Cess) without considering the indexation benefit.

**Note 2:**

Assuming highest slab rates for resident individual investors. In case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the FY 2017-18 (AY 2018-19), the tax rate would be 25% (plus surcharge and health and Education cess). Also, as per the Ordinance 2019, domestic companies have the option to pay tax on total income at the rate of 15% or 22% (plus applicable surcharge and health and Education cess).
Note 3:
Without considering foreign exchange fluctuation benefit.

Note 4:
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 have been specified in respect of which the provision of sub-clause (a) of clause (iii) of sub-section (1) of section 112A of the IT Act shall not apply.

Note 5:
Without considering indexation and foreign exchange fluctuation benefit

Note 6:
The revenue may seek to apply a higher tax rate of 20% considering the judicial precedent.

Note 7:
As per section 50CA of the IT Act, 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.

5.4. Gains are characterised as ‘business income’

If the gains are characterised as business income then the same should be taxable on net income basis at the rate of 30% (plus applicable surcharge and health and education cess) for resident investors. The Finance (No. 2) Act, 2019, has however proposed to reduce the tax rate to 25% in case of domestic companies having a total turnover or gross receipts not exceeding 400 crores in the FY 2017-18 (AY 2018-19). Kindly note, we have assumed highest rate for resident individual investors. Also, as per the Ordinance 2019, domestic companies have the option to pay tax on total income at the rate of 15% or 22% (plus applicable surcharge and health and education cess).

If the gains are characterised as business income, then the same should be taxable on net income basis at 40% (plus applicable surcharge and health and education cess) 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) a tax rate of 30% should be levied.

5.5. Premium on redemption:

Redemption premium earned on account of redemption of NCDs/ OCDs, such redemption premium 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 (eg. Changes in prevailing market interest rates)
  - Capital risk (eg. Risk of loss of capital)
  - Industry risk (real estate being quite volatile sector)
  - Limited Exit Opportunities (eg. 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.

Accordingly, if the investor and the Fund are able to demonstrate the capital risk against fixed premium; the same ought to be treated as capital gain. Where redemption premium is classified as capital gains same shall be taxable at the rate specified against capital gains. If capital gains is classified as interest it shall be taxable at the rate specified against interest.

5.6. Proceeds on buy-back of shares by company

As per the Section 10(34A) of the IT Act, gains arising on buy-back of shares (not being shares listed on a recognised stock exchange) are exempt in the hands of investors. However, as per section 115QA of the IT Act, a distribution tax at the rate of 20% (plus applicable surcharge and health and education cess) is payable by an Indian company on distribution of income by way of buy-back of its shares if the buy-back is in accordance with the provisions of the Companies Act. 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 company at the time of issue of such shares, determined in the manner prescribed. In this regard, Rule 40BB of IT Rules provide for mechanism for determining the amount received by the Indian company in respect of issue of shares.
As per the Finance (No. 2) Act, 2019, any buy back of listed shares, on or after 5th July 2019, shall also attract buy-back tax under section 115QA of the IT Act. Accordingly, exemption under section 10(34A) of the IT Act is also extended on such buy-back transactions. However, as per the Ordinance 2019, there shall be no buy-back tax w.r.t those shares for which public announcement of buy-back was made before 5 July 2019.

6. Other tax considerations

6.1 Non-resident investors:

A non-resident investor would be 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 IT Act.

Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management (‘POEM’) is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from 1 April 2017. 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 as a whole are, in substance made.

The CBDT had vide its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company. The CBDT had vide circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than or equal to INR 50 crores during the Financial Year.

As per section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement (‘Treaty’) between India and the country of residence of the non-resident investor (subject to GAAR provisions discussed below). However, no assurance can be provided that the Treaty benefits will be available to the non-resident investor or the terms of the 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 Treaty benefits or where the non-resident investor is from a country with which India has no Treaty, would be as per the provisions of the IT Act.

In order to claim Treaty benefits, the non-resident investor has to furnish the Tax Residency Certificate (‘TRC’) issued by the foreign tax authorities. Further, the non-resident investor shall be required to furnish such other information or document as may be prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 has 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 Treaty benefit (after verifying the TRC) based on the facts of each case.

6.2 STT:
STT is applicable on various transactions as follows:

(a) 0.10% on the purchase of equity shares in a company on a recognised stock exchange in India where the contract for purchase is settled by the actual delivery or transfer of shares;
(b) 0.10% on the sale of equity shares in a company on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of shares;
(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 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% on the purchase of options in securities, where 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 under an offer for sale

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

Section 56(2)(x), provides that if any assesse receives any property (including shares and 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 shall be taxable in the hands of the recipient as Income from Other Sources. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

The CBDT has issued rules for computation of FMV for the purpose of section 56(2)(x) of the IT Act.

As per the Finance (No. 2) Act, 2019, the provision of section 56(2)(x) of the Act shall 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.

Accordingly, such other income would be chargeable to tax (i) at the rate of 30% (plus applicable rates of surcharge and health and education cess) in case of resident investors (assuming highest slab rate for resident individual) (ii) at the rate of 40% plus applicable rates of surcharge and health and education cess) in case of foreign companies (iii) at the rate of 30% (plus applicable rates of surcharge and health and education cess) in case of non-resident firms/LLPs.

6.4 Transfer of unquoted shares at less than fair market value

As per Section 50CA of IT Act, 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 should be 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 IT Act.
As per the Finance (No. 2) Act, 2019, the provision of section 50CA shall not apply to any consideration received/accruing on transfer by certain class of persons and subject to fulfillment of conditions, as may be prescribed.

6.5 General Anti Avoidance Rules (‘GAAR’):

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 IT Act;
- It lacks commercial substance or is deemed to lack commercial substance 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
- Recharacterising equity into debt, capital into revenue, etc.

The GAAR provisions would override the provisions of a Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the IT Rules. The IT 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 has 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.

6.6 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).

6.7 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'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. 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.

Recently, 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 25 June 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The effect of such ratification by India can be known
only after MLI positions of respective Tax Treaty partners are known.

6.8 Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax (‘MAT’) on corporates if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and health and education cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act. However, the tax rate under section 115JB of the Act has been reduced from 18.5% to 15% by the Ordinance 2019.

Further, as per the Ordinance 2019, companies exercising the option under sections 115BAA or 115BAB of the Act have been excluded from the applicability of MAT.

If MAT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund shall also be included to determine the MAT.

The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

6.9 Alternate Minimum Tax

The IT Act provides for levy of Alternate Minimum Tax (‘AMT’) on non-corporate tax payers if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and health and education cess) of the adjusted total income, as the case may be, is higher than the regular income-tax payable under the normal provisions of the IT Act.

If AMT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund shall also be included to determine the AMT.

6.10 Dividend stripping

Where any person buys or acquires any securities or 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 company for the purposes of entitlement of the holder of the securities to receive dividend or 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 income, or additional unit without any consideration, as the case may be) and such person (i) sells or transfers such securities within a period of three months after record date, or (ii) such unit within a period of nine months after such record date, and (iii) the dividend or income on such securities or unit received or receivable by such person is exempt, then, any loss arising to such person on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of such dividend or income received or receivable, would be ignored for the purposes of computing his income chargeable to tax.

6.11 Expenditure incurred in relation to income not includible in the total income
As per the provisions of section 14A of the IT Act read with rule 8D of the IT Rules, if any income of the investors does not form part of the total income or is exempt under the provisions of the IT Act then any expenditure incurred by the Investor, directly or indirectly, in relation to such income will not be allowed as deduction for the purpose of calculating the total taxable income of the Investor.

6.12 **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 would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be 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.

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

In terms of section 70 read with section 74 of the IT Act, 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, shall 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, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

6.14 **Issue of shares at premium by a private company**

As per the provisions of section 56(2)(viib) of the Act, where a privately held company issues its shares to a resident assessee at a premium (i.e. over and above the face value of such shares), then the consideration received by the company for such issue of shares in excess of the fair market value (‘FMV’) of the shares is required to be taxed in the hands of the company. In this regard, rule 11U and 11UA provide mechanism for computation of FMV for the purpose of section 56(2)(viib) of the IT Act. An exemption is provided for receipt of consideration by a venture capital undertaking from a venture capital company or a venture capital fund and receipt of consideration by a company from specified class of persons. As per the Finance (No. 2) Act, 2019, exemption is also available for shares issued by a venture capital undertaking either to a Category I or Category II AIF.

6.15 **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 Company and its investors.

6.16  Goods and Services Tax

GST will be applicable on services provided by the Portfolio Manager to its clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards portfolio management fee.

14.  ACCOUNTING POLICIES

ASK Property Investment Advisors Pvt. Ltd. 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 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.

15. INVESTORS SERVICES & GRIEVANCE REDRESSAL AND DISPUTE SETTLEMENT MECHANISM:

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

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

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

Ms. Manju Sharma
Birla Aurora, Level 16, Office Floor 9,
Dr. Annie Besant Road, Worli, Mumbai - 400030
Email: customerservice@askpropertyinvestmentadvisors.com
Tel: 022 - 66460000

ASK Commercial Real Estate Portfolio Series I is a Portfolio Management Product set up by ASK Property Investment Advisors Pvt. Ltd.

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

ASK Group strives in providing to satisfactory customer service by constantly improving the processes through prompt corrective and preventive actions. However, the investors may have complaint(s) and those should be quickly and effectively handled.

The process for redressal of Investor Grievances is as follows:

1. In case an investor has a complaint or a grievance about Product and its services including services provided by its distributors or outsourced agencies, investor should contact Ms. Manju Sharma, Manager – Fund operations, of the ASK Property Investment Advisors Pvt. Ltd.
2. It may be noted that a complaint or a grievance shall be an instance where the investor alleges deficiency in the services provided by the Product, its distributors or outsourced agencies.
3. Such a complaint or a grievance should be noted in the Investor Grievance Register. Ms. Manju Sharma shall ensure that all the complaints received are recorded and resolved.
4. Best efforts should be made to redress the complaint or grievance within the Turn Around Time (TAT) of 5 working days.
5. In case the redressal needs time more than the TAT, an interim response, acknowledging the complaint shall be issued.
6. Investors, who are not satisfied with the resolution provided by Ms. Manju Sharma, can call or write to Mr. Amit Bhagat, CEO and MD of the ASK Property Investment Advisors Pvt. Ltd.

7. Mr. Amit Bhagat shall also ensure effective monitoring of grievance redressal to make sure that none of the complaints remain unresolved for an unreasonable period of time.

SEBI Scores Link wherein Investor can lodge your complaint against Intermediary: [http://scores.gov.in/](http://scores.gov.in/)
CERTIFICATE

The Board of Directors,
ASK Property Investment Advisors Private Limited,
Birla Aurora, Level 16, Office Floor 9,
Dr. Annie Besant Road,
Worli, Mumbai – 400030

1. You have requested to us to provide a certificate on the Disclosure document for Portfolio Management Services ("the Disclosure Document") of ASK Property Investment Advisors Private Limited ("the Company"). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India ("the SEBI")

2. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ("the SEBI Regulations") is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purpose issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.

3. In respect of the information given in the Disclosure document, we state that

i. The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.

ii. The Promoters and directors qualification, experience, ownership details are as confirmed by the directors and have been accepted without further verification.

   iii. We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the disclosure document.

   iv. We have relied on the representation made by the management regarding the amount of portfolios/funds managed/ advised as on June 30, 2020.

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(3) 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 & Co
Chartered Accountants

Place: Mumbai
Date: 10th August, 2020
Cert. No. : JCM / 2020-21/ 014
UDIN : 201245996AAAAC8258