

Portfolio Management Services

DISCLOSURE DOCUMENT

FORM C

**SECURITIES AND EXCHANGE BOARD OF INDIA
(PORTFOLIO MANAGERS) REGULATIONS, 2020**

(Regulation 22)

Portfolio Manager: Avendus Wealth Management Private Limited

Date: July 30, 2020

We confirm that:

- I. the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time.
- II. the disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Service.
- III. the Disclosure Document has been duly certified by an independent Chartered Accountant, M/s Aneja Associates, Chartered Accountants, 301, Peninsula Towers, Peninsula Corporate Park, G.K. Marg, Lower Parel (West), Mumbai - 400013 (Name: Narendra. K. Aneja having Membership No. 030202) on July 30, 2020. A copy of the certificate issued by the said Chartered Accountant certifying the disclosures made in the Disclosure Document is enclosed with this letter.

For Avendus Wealth Management Private Limited

**NITIN
SINGH**

Digitally signed by NITIN
SINGH
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Mr. Nitin Singh

Principal Officer

Avendus Wealth Management Private Limited

IL&FS Financial Centre, 6th Floor, C & D – Quadrant

Bandra Kurla Complex, Bandra (E)

Mumbai 400 051

Tel no. +91 22 6648 1458

Fax no: +91 22 6648 1440

Email address: nitin.singh@avendus.com

Aventus Wealth Management Private Limited

Portfolio Management Services

DISCLOSURE DOCUMENT

KEY INFORMATION AND DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES BY AVENDUS WEALTH MANAGEMENT PRIVATE LIMITED (Regn No.: PM/INP000005257)

- The Disclosure Document (hereinafter referred to as 'the Document') has been filed with the Securities & Exchange Board of India ('SEBI/Board') along with a certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations 2020.
- The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decisions for engaging Aventus Wealth Management Private Limited, as a Portfolio Manager.
- The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Document.
- Investors should carefully read the entire document before making a decision and should retain it for future reference.
- Investors may also like to seek further clarifications after the date of this document from the Portfolio Manager.
- The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:

PRINCIPAL OFFICER

Mr. Nitin Singh

Managing Director & CEO, Aventus Wealth Management Private Limited

IL&FS Financial Centre, 6th Floor, C & D – Quadrant

Bandra Kurla Complex, Bandra (E)

Mumbai 400 051

Tel no. +91 22 6648 1458

Email address: nitin.singh@avendus.com

- The Auditor and Custodians designated by the Portfolio Manager are:

AUDITOR

Deloitte Haskins & Sells LLP

Chartered Accountants,

Indiabulls Finance Centre Tower 3,

27th- 32nd Floor, Senapati Bapat Marg,

Elphinstone Road (West), Mumbai - 400013

CUSTODIANS

1. IL&FS Securities Services Limited

IL&FS House, Plot No 14, Raheja Vihar,

Chandivali, Andheri-East,

Mumbai-400072

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2. AXIS BANK Ltd

Axis House, C-2, Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai – 400025

3. HDFC Bank Ltd

HDFC Bank House, Senapati Bapat Marg,
Lower Parel,
Mumbai – 400013

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1. DISCLAIMER

This document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (as amended till date) and has been filed with the Securities and Exchange Board of India (SEBI). This Document has neither been approved or disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

2. DEFINITIONS

In this Disclosure Document, unless the context otherwise requires:

- a. "Act" means the Securities and Exchange Board of India, Act, 1992 (15 of 1992).
- b. "Agreement" means agreement between Portfolio Manager and its client and shall include all schedules and annexures attached thereto
- c. "Cash" means the monies placed by the Client with the Portfolio Manager and any accretions thereto.
- d. "Client" or "Investor" means any corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, statutory authority, or any other person who registers with the Portfolio Manager for availing the services of portfolio management.
- e. "Corpus" means the value of the funds and the market value of readily realizable investments brought in by the Client and accepted and accounted by the Portfolio Manager.
- f. "Custodian" means any person with whom the custody of the Securities of the Client (whether in physical or dematerialised form) are to be entrusted with, pursuant to the Communication given by the Client from time to time and who has to perform the functions of a custodian of Securities, pursuant to such agreement, understanding or writing as may be executed between the Client and the Custodian or executed between AVENDUS on behalf of the Client with the Custodian.
- g. "Disclosure Document" shall mean the relevant disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to Regulations.
- h. "Depository Account" means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations.
- i. "Depository Participant" shall mean any person with whom the Securities of the Client in dematerialized form may be held in an account opened for that purpose pursuant to the Communication given by the Client from time to time and pursuant to such agreement, understanding or writing as may be executed between the Client and the Depository Participant or executed between AVENDUS on behalf of the Client with the Depository Participant.
- j. "Discretionary Portfolio Manager" shall mean a portfolio manager who under a contract relating to portfolio management, exercises any degree of discretion as to the investment of funds or management of the portfolio of securities or the funds of the client, as the case may be.
- k. "Disclosure Document" shall mean the relevant Disclosure Document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to Regulations.

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- l. “Financial year” means the year starting from 1st April and ending on 31st March the following year.
- m. “Funds managed” means the market value of the Portfolio of the Client as on a date.
- n. “NAV” or “Net Asset Value” or “Net Asset Value of the Portfolio” shall mean the Market Value of the assets in the Portfolio consisting of the aggregate of (a) the amount of Cash in the Bank Account; and (b) the market value of Client Securities.
- o. “Non Discretionary Services” shall mean an agreement entered into between a Client and the Portfolio Manager pursuant to which the Portfolio Manager has agreed to provide Non Discretionary Portfolio Management Services to the Client.
- p. “Portfolio” means the total holdings of securities and goods belonging to the client.
- q. “Portfolio Manager” shall have the same meaning as in the SEBI (Portfolio Managers) Regulations, 2020 and for the purpose of this document shall mean Avendus Wealth Management Private Limited (AWMPL), a company incorporated under the Companies Act, 1956 and having its registered office at IL&FS Financial Centre, 6 th Floor, C & D Quadrant, Bandra Kurla Complex, Bandra (East), Mumbai, Pin code: 400 051.
- r. “Principal Officer” means an employee of the portfolio manager, who has been designated as such by the portfolio manager and is responsible for: -
 - (i) the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and
 - (ii) all other operations of the portfolio manager.
- s. “Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.
- t. “SEBI”/ “Board” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the SEBI Act, 1992.
- u. “Securities” shall have the same meaning as in Securities Contracts (Regulation) Act, 1956 and/or such other securities as may be permitted under the SEBI (Portfolio Managers) Regulations, 2020.

“

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

3. DESCRIPTION

(i) HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER

In early 2010 Avendus Capital Private Limited commenced its Wealth Management Business as a division of Avendus Capital Private Limited. Since its inception the Wealth Management Business has made progress in terms of delivering customer centric advice and solutions to Resident Indians and Non - Resident Indians on their investment assets.

In view of this progress and to further facilitate the growth of the Wealth Management Business over the next decade the Board of Avendus Capital Private Limited had transferred the Wealth Management Business into a separate subsidiary wholly owned by Avendus Capital Private Limited named Avendus Wealth Management Private Limited with effect from December 1, 2012.

Portfolio Manager leverages insights, relationships and a culture that emphasizes strong orientation to excellence, to offer services to its clients. The Portfolio Manager relies on its extensive experience, in-depth domain understanding and knowledge of the regulatory environment, to offer customized solutions that enable clients to meet their strategic aspirations.

The Portfolio Manager is also a SEBI registered Investment Advisor. The Portfolio Manager also acts as an Investment manager to a Category III Alternative Investment Fund i.e. Avendus Equity Opportunities Fund which is registered with SEBI.

(ii) PROMOTERS, DIRECTORS & KEY MANAGEMENT PERSONNEL OF THE PORTFOLIO MANAGER AND THEIR BACKGROUND IN BRIEF.

A. Promoters

The Portfolio Manager is a subsidiary of Avendus Capital Private Limited ('ACPL'). Mr. Ranu Vohra, Mr. Kaushal Aggarwal and Mr. Gaurav Deepak are the promoters of Avendus Capital Private Limited, who collectively hold 17.14% of the equity (voting) share capital and 16.9% of the equity (voting+ non-voting) share capital of ACPL as on March 31, 2020. ACPL and its subsidiaries leverages insights, relationships and a culture that emphasizes strong orientation to excellence, to offer services to its clients. The Group relies on its extensive experience, in-depth domain understanding and knowledge of the regulatory environment, to offer customized solutions that enable clients to meet their strategic aspirations ACPL has headquartered in Mumbai, India and has office in Bengaluru (erstwhile Bangalore). The organization has a strong network of relationships in India and works extensively with clients across the globe.

B. Particulars of Directors in Avendus Wealth Management Private Limited (Portfolio Manager)

• MR. RANU VOHRA, DIRECTOR

Mr. Ranu Vohra, 48 years, is a Director of the Portfolio Manager. He heads Avendus and is responsible for its overall growth. He has spent the last eighteen years in the Indian financial services industry, concluding several marquee transactions in Investment Banking and Private Equity.

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Prior to co-founding Avendus, he worked with a Tampa (USA) based technology and media investment bank, Communications Equity Associates (CEA), and Hinduja Finance, a diversified financial services firm.

He holds an MBA from the Faculty of Management Studies (FMS), Delhi and a BTech in Mechanical Engineering from the Indian Institute of Technology (IIT), Delhi.

- **MR. NITIN SINGH, MANAGING DIRECTOR (MD) & CEO**

Mr. Nitin Singh, 42 years is appointed as the MD and CEO of the Portfolio Manager, w.e.f February 03, 2020. Nitin is also designated as the Principal Officer of the Portfolio Manager.

Nitin has over 20 years of work experience and prior to joining Avendus has worked with 2 global financial giants, HSBC and Standard Chartered Bank (SCB). In his last role at SCB as Managing Director and Head – Wealth Management, he had overall responsibility for offering wealth management solutions across all customer segments of the Bank in India. He has managed a team of 300+ people offering investments, insurance, FX, broking and lending solutions to SCB customers.

Prior to SCB, he was Global Head of Fund Strategy, Global Private Banking at HSBC, responsible for long-only mutual funds and ETF product offerings globally. He established the global funds desk in London with responsibility for fund selection, the strategic partnership programme with asset managers, and the distribution of Funds and ETFs across the Private Bank globally.

He is a Post Graduate from Indian Institute Management, Bangalore with a graduate degree in Economics.

- **MR. KAUSHAL KUMAR AGGARWAL, DIRECTOR**

Mr. Kaushal Kumar Aggarwal, 46 years, is a Director of the Portfolio Manager. He holds MBA from the Indian Institute of Management ('IIM'), Bangalore and a graduate in electrical engineering from IIT, Delhi.

Kaushal co-heads the Financial Advisory business and leads the firm's Structured Finance operations. He has over eighteen years of global investment banking experience. He is based out of Mumbai. Prior to co-founding Avendus, Kaushal worked with Kotak Mahindra, a leading Indian financial services firm.

- **MR. AKSHAYA BHARGAVA, DIRECTOR**

Mr. Akshaya Bhargava, 63 years, is a Non-Executive Director of the Portfolio Manager, w.e.f March 26, 2020.

Akshaya is the founder of Bridgeweave, a B2B Fintech firm that creates AI powered next generation products for Wealth and Asset Management industries.

Further, from 2014-2017, he was the global CEO of Wealth and Investment Management, Barclays plc. a business with £200Bn in client AUM. Prior to that, he founded InfraHedge, a hedge fund managed account platform, which was acquired by State Street Corporation in 2013. He has been CEO of Butterfield Fulcrum Group which was acquired by MUFJ Group and the founding CEO of Progeon which was acquired by Infosys and renamed Infosys BPO in 2006.

He started his career at Citibank where he spent 22 years in a variety of senior roles including as Country Manager, Citibank Czech Republic, Global Product Head for Citi's ELC Business; Regional

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GTS Head for CEEMEA region and other senior roles in product management and corporate banking.

Akshaya is an alumnus of Indian Institute of Management, Calcutta and lives in London

Particulars of Key Personnel in Avendus Wealth Management Private Limited (Portfolio Manager)

- **MR. NITIN SINGH, PRINCIPAL OFFICER**

Mr. Nitin Singh, MD and CEO, 42 years, is designated as the Principal Officer of the Portfolio Manager.

Nitin has over 20 years of work experience and prior to joining Avendus has worked with 2 global financial giants, HSBC and Standard Chartered Bank (SCB). In his last role at SCB as Managing Director and Head – Wealth Management, he had overall responsibility for offering wealth management solutions across all customer segments of the Bank in India. He has managed a team of 300+ people offering investments, insurance, FX, broking and lending solutions to SCB customers.

Prior to SCB, he was Global Head of Fund Strategy, Global Private Banking at HSBC, responsible for long-only mutual funds and ETF product offerings globally. He established the global funds desk in London with responsibility for fund selection, the strategic partnership programme with asset managers, and the distribution of Funds and ETFs across the Private Bank globally.

He is a Post Graduate from Indian Institute Management, Bangalore with a graduate degree in Economics.

- **MR. ARVIND BANSAL, HEAD OF PRODUCTS AND ADVISORY**

Arvind is a part of the senior management team in the firm's Wealth Management division. Mr. Bansal joined Avendus in July 2014. He works closely with the MD & CEO, Mr. George Mitra, in growing the Wealth Management franchise at Avendus.

Prior to joining Avendus, Arvind worked with ING Mutual Fund. He spent over 9 years as a key resource and head of multi manager investments. He previously worked with ICICI Prudential Asset Management Company and KPMG Corporate Finance, amongst others.

Arvind is an Engineer and MBA and has over 17 years' experience.

- **MR. GAURAV ARORA, ASSOCIATE VICE PRESIDENT, EQUITIES**

Mr. Gaurav Arora is the fund manager for discretionary portfolio management services.

Mr. Arora has been associated with Avendus on the Equities desk for close to 3 years. He has an overall experience of around 8 years with more than 7 years in the equities market.

He spent more than 4 years at Kotak Securities Limited (Institutional Equities) on the Sales desk managing institutional accounts – mutual funds, insurance companies, hedge funds and treasuries.

He pitched stock ideas and research, interacted with fund managers on markets, economy, stocks and banking deals.

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Gaurav holds a Post Graduate Diploma in Management, IIM Calcutta with a Bachelor of Engineering (Hons) Mechanical Engineering, BITS Pilani.

• **MR. PANKAJ FITKARIWALA, CHIEF OPERATING OFFICER**

Mr. Pankaj Fitkariwala has been appointed as the Chief Operating Officer of the Portfolio Manager w.e.f June 01, 2020.

Pankaj has over 21 years of work experience and has worked with IIFL Wealth (IIFLW), Barclays Bank, ABN AMRO Private Banking and Kotak Mahindra Group. Last designated as Senior Managing Partner with IIFLW, he was responsible for various functions like Operations, Technology, Admin, Legal, Compliance, Risk, Accounts & Finance over his 12 years stint with the group.

Prior to IIFLW, he was the Head of Operations and Technology for Wealth Management business at Barclays. At ABN AMRO he was responsible for Operations, Compliance, Technology and business MIS for Private Banking Clients. In Kotak he worked in PMS Operations, and with Kotak Mahindra Inc USA for setting up Private Client Business and handling Operations and Compliance for Institutional Clients.

Pankaj is a qualified Chartered Accountant.

(iii) **KEY ENTITIES IN THE GROUP (TOP TEN ON TURN OVER BASIS – based on audited accounts for the year ended March 31, 2019)**

The details of the key entities of Avendus Group are as under:

Sr. no.	Name of Company/ Firm	Address	Type of Activity Handled	Nature of interest of Directors	Nature of interest of Portfolio Manager
1	Avendus Capital Private Limited (ACPL)	The IL & FS Financial Centre, 6th Floor, "C & D" Quadrant, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051 Tel2 :-+91 22 66480050	To provide Investment Banking, Merchant Banking, M&A Advisory, Private Equity syndication and Structured finance advisory	Ranu Vohra and Kaushal Kumar Aggarwal are the common directors with the Company	Holding Company of Portfolio Manager
2	Avendus Finance Private Limited	The IL & FS Financial Centre, 6th Floor, "C & D" Quadrant, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	RBI registered NBFC (non-deposit accepting). Its activities are loans, advances and investment.	George Mitra, Ranu Vohra and Kaushal Kumar Aggarwal are common directors of the Company	Wholly owned subsidiary of ACPL
3	Avendus Capital Public Markets Alternate Strategies LLP	The IL & FS Financial Centre, 6th Floor, "C & D" Quadrant, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	Manager and sponsor of Alternative Investment Fund registered with SEBI.	Ranu Vohra is Designated Partner of LLP	ACPL is a promoting entity
4	Ocean Dial Asset Management Limited	3rd Floor, 13-14 Buckingham Street, London WC2N 6DF, T +44 20 7068 9873	Investment Advisory and Asset Management	No common Director	Wholly owned step down Subsidiary of Avendus Capital Private Limited

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5	Avendus Capital INC.	445 Park Avenue, 19th Floor, New York, NY 10022 call+1 646 707 0789	Avendus Capital, Inc is registered with Financial Industry Regulatory Authority in the US and provides Investment Banking services. In addition Avendus Capital, Inc. is also registered with the State Securities Boards of New York, New Jersey, California and Texas to act as a Registered Investment Advisor.	No common Director	Subsidiary of Avendus Capital Private Limited
6	Avendus Capital (UK) Private Limited	33, St James's Square, London SW1Y 4JS	To carry out Investment Banking activities in UK	None	Wholly owned subsidiary of ACPL
7	Ocean Dial Asset Management India Private Limited	The IL & FS Financial Centre, 6th Floor, "C & D" Quadrant, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051 Tel2 :-+91 22 66480050	The Company is an Investment Manager for Alternative Investment Fund	Ranu Vohra is the common director with the Company	Wholly owned Subsidiary of Avendus Capital Private Limited
8	Avendus PE Investment Advisors Private Limited	The IL & FS Financial Centre, 6th Floor, "C & D" Quadrant, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051 Tel:- +91 22 66480050	Avendus PE is acting as an Investment manager to SEBI registered Alternative Investment Funds as a part of Avendus group.	Ranu Vohra and Kaushal Kumar Aggarwal are common directors of the Company	Wholly owned Subsidiary of Avendus Capital Private Limited

(iv) DETAILS OF THE SERVICES BEING OFFERED: DISCRETIONARY/ NON-DISCRETIONARY/ ADVISORY

The Portfolio Manager offers Portfolio Management services under Non-Discretionary, Discretionary and Advisory categories to its prospective clients.

♦ **Non Discretionary services**

Under these services, the choice as well as the timings of the investment decisions rest solely with the Client. The Portfolio Manager shall manage the funds in accordance with the directions of the client. The role of the Portfolio Manager is merely to provide non binding advice to the client and the final decision shall rest solely with the client on the management of his/hers/its portfolio.

eEQUIP is an offering under the NDPMS platform. It's a specialized offering where third party research is used to shortlist stocks and a proprietary framework is overlaid on top of those stocks for further filtering. Client's guidelines on portfolio construction are then taken which are used to construct and suggest customized portfolios for them. The final discretion regarding portfolio construction rests with the client.

♦ **Discretionary Services**

The Portfolio Manager shall have the sole and absolute discretion to invest on behalf of the client in any type of security as per executed Agreement and make such changes in the investments and invest

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some or all of the Funds in such manner and in such markets as it deems fit. The Portfolio Manager's decision **(taken in good faith)** in deployment of the Clients' account is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines and notifications in force from time to time.

♦ **Advisory Services**

The Portfolio Manager services only existing clients who have been on-boarded for investment advisory which shall include advising on investment / divestment of individual securities on the Client's Portfolio for an agreed fee to all eligible categories of investors who can invest in Indian market including NRIs, FIIs, etc. The role of the Portfolio Manager is merely to provide non binding advice to the client and the final decision shall rest solely with the client on the management of his/hers/its portfolio. Avendus Wealth Management Private Limited also is a SEBI registered Investment Adviser and offers advisory services under a separate division and in case you intend to seek investment advisory services you can approach the said division.

DIRECT CLIENT ONBOARDING *(shall be applicable as per effective dates prescribed under PMS regulations or as per guidelines/ circulars issued thereunder by SEBI from time to time)*

Portfolio Manager provides an option to clients to be on-boarded directly, without intermediation of persons engaged in distribution services.

At the time of on-boarding of clients directly, no charges except statutory charges shall be levied.

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

(i) All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made there under.

Nil

(ii) The nature of penalty or direction

Nil

(iii) Penalties imposed for any economic offence and/ or for violation of any securities laws.

Nil

(iv) Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any.

Nil

(v) Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.

Nil

(vi) Any enquiry/ adjudication proceedings initiated by the Board 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.

Nil

5. SERVICES OFFERED

- A. The present investment objectives and policies including the types of securities in which it generally invests and the investment approaches under Discretionary Portfolio Management services are as follows:

(i) Aventus India Discovery Portfolio

Investment Objective: Identification and selection of stocks for investment having the following characteristics:

- Superior ROCE over a period of time
- Good Management & Corporate Governance Standards
- Increasing addressable business size
- Turnaround stories
- Under valued

Type of securities invested in: Equity shares of companies listed on the recognized stock exchange, liquid/overnight mutual funds, warrants, rights, convertible bonds and other securities as specified by SEBI from time to time.

Basis of selection: Bottom up stock picking looking at various parameters as outlined above

Allocation of portfolio: The fund will invest predominantly in equities. The fund manager may also choose to invest in liquid mutual funds, warrant, convertible bonds and other securities as specified by SEBI from time to time.. Allocation in cash and cash equivalents could be to the extent of 0 to 100% as well as in equities to the extent of 0 to 100% depending on market conditions. Since client portfolios are built over a period, it is possible that to begin with 100% cash for some time and end up with 100% equities over time.

Sector Focus: Sector Agnostic

Benchmark: BSE Midcap (as the median and mean of the portfolio are likely to be in the midcap space).

Investment Horizon: 36 Months (minimum)

Portfolio Positioning: Should form a part of high risk asset allocation

Risks: Apart from the market (systemic) risk, individual securities could have risks of permanent capital loss arising out of, but not limited to, operational aspects, corporate governance, capital allocation, leverage, liquidity, management, industry environment, solvency etc. All risks associated with equities in general are applicable to the strategy as well.

(ii) Aventus India Alpha Fund (Formerly known as Diversified Portfolio)

Investment Objective: Follow a bottom up stock picking investment approach to evaluate and invest in equity securities across market capitalization. However, the scheme will have a bias towards midcap companies.

Type of securities invested in: Equity shares of companies listed on the recognized stock exchange and money market instruments

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Basis of Selection: The fund follows GARP philosophy of investment and will aim at building a portfolio of companies that indicate strong trends of growth and are available at reasonable valuations.

Allocation of Portfolio: The allocation between securities can be in a range of 0 – 100% depending on market conditions

Benchmark: Nifty MidSmallCap 400 (as the median and mean market capitalization of portfolio are likely to be in the midcap space)

Investment Horizon: An investor in this scheme should have a 3 to 5 year investment horizon

Risks: This scheme has a high beat and should form a part of high risk asset allocation

(iii) Aventus Select Sector Portfolio

Investment Objective: The objective of the Portfolio is to invest in high quality businesses which are attractively valued with strong and improving fundamentals in industries with favourable industry dynamics and outperform the benchmark.

Type of securities invested in: Equity shares of companies listed on the recognized stock exchange,, liquid/overnight mutual funds, warrants, rights, convertible bonds and other securities as specified by SEBI from time to time.

Basis of selection: Bottom up evaluation of stock valuations in industries with favourable dynamics (strong and improving fundamentals)

Allocation of portfolio: The fund will invest predominantly in equities. The fund manager may also choose to invest in liquid mutual funds, warrant, convertible bonds and other securities as specified by SEBI from time to time.. Allocation in cash and cash equivalents could be to the extent of 0 to 100% as well as in equities to the extent of 0 to 100% depending on market conditions. Since client portfolios are built over a period, it is possible that to begin with 100% cash for some time and end up with 100% equities over time

Sector Focus: Concentrated exposures in a few select sectors

Benchmark: BSE Midcap (as the median and mean market cap of portfolio are likely to be in the midcap space)

Investment Horizon: 36 Months (minimum)

Portfolio Positioning: Should form a part of high risk asset allocation

Risks: Apart from the market (systemic) risk, individual securities could have risks of permanent capital loss arising out of but not limited to operational aspects, corporate governance, capital allocation, leverage, liquidity, management, industry environment, solvency etc. All risks associated with equities in general are applicable to the strategy as well.

(iv) Aventus Special Situations Value

Investment Objective: The objective of the Portfolio is long term (more than 3 years) capital appreciation by investing in two kinds of opportunities:

1)Special Situations and

2)Value Opportunities

Type of securities invested in: Equity shares of companies listed on the recognized stock exchange,, liquid/overnight mutual funds, warrants, rights, convertible bonds and other securities as specified by SEBI from time to time.

Basis of selection: Bottom up evaluation of stock valuations in the context of business fundamentals and identification of special opportunities in the market such as, but not limited to, those arising out of corporate restructuring etc.

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Allocation of portfolio: The fund will invest predominantly in equities. The fund manager may also choose to invest in liquid mutual funds, warrant, convertible bonds and other securities as specified by SEBI from time to time. Allocation in cash and cash equivalents could be to the extent of 0 to 100% as well as in equities to the extent of 0 to 100% depending on market conditions. Since client portfolios are built over a period, it is possible that to begin with 100% cash for some time and end up with 100% equities over time.

Sector Focus: Sector Agnostic

Benchmark: BSE Midcap (as the median and mean market cap of portfolio are likely to be in the midcap space)

Investment Horizon: 36 Months (minimum)

Portfolio Positioning: Should form a part of high risk asset allocation

Risks: Apart from the market (systemic) risk, individual securities could have risks of permanent capital loss arising out of but not limited to operational aspects, corporate governance, capital allocation, leverage, liquidity, management, industry environment, solvency etc. All risks associated with equities in general are applicable to the strategy as well.

(v) Avendus Alpha Growth

Investment Objective: Follow a bottom up stock picking investment approach to evaluate and invest in equity securities across market capitalization. However, the scheme will have a bias towards midcap companies.

Type of securities invested in: Equity shares of companies listed on the recognized stock exchange and money market instruments

Basis of Selection: The fund follows GARP philosophy of investment and will aim at building a portfolio of companies that indicate strong trends of growth and are available at reasonable valuations.

Allocation of Portfolio: The allocation between securities can be in a range of 0 – 100% depending on market conditions.

Benchmark: Nifty MidSmallCap 400(as the median and mean market capitalization of portfolio are likely to be in the mid-small cap space)

Investment Horizon: An investor in this scheme should have a 3 to 5year investment horizon

Risks: This scheme has a high beat and should form a part of high risk asset allocation

(vi) Avendus Alpha Large Cap

Investment Objective: Follow a bottom up stock picking investment approach to evaluate and invest in equity securities with focus on large cap companies.

Type of securities invested in: Equity shares of companies listed on the recognized stock exchange and money market instruments

Basis of Selection: The fund follows GARP philosophy of investment and will aim at building a portfolio of companies that indicate strong trends of growth and are available at reasonable valuations.

Allocation of Portfolio: The allocation between securities can be in a range of 0 – 100% depending on market conditions.

Benchmark: Nifty 50 (as the median and mean market cap of portfolio are likely to be in the Large cap space)

Investment Horizon: An investor in this scheme should have a 3 to 5year investment horizon

Risks: This scheme has a high beat and should form a part of high risk asset allocation

(vii) Avendus Emerging Business Opportunities

Investment objective: Follow a bottom up stock picking investment approach to evaluate and invest in equity securities across market capitalization. However, the scheme will have a bias towards small and midcap companies.

Type of securities invested in: Equity shares of companies listed on the recognized stock exchange and money market instruments

Basis of Selection: The fund follows GARP philosophy of investment and will aim at building a portfolio of companies that indicate strong trends of growth and are available at reasonable valuations.

Allocation of Portfolio: The allocation between securities can be in a range of 0 – 100% depending on market conditions.

Benchmark: BSE SmallCap ((as the median and mean market cap of portfolio are likely to be in the Small cap space)

Investment Horizon: An investor in this scheme should have a 3 to 5year investment horizon

Risks: This scheme has a high beat and should form a part of high risk asset allocation

- ◆ The Portfolio Manager under its Discretionary Portfolio Management Services offers Portfolios with different investment approach/ objectives and policies to cater to requirements of individual Client. The Portfolio Manager shall deploy the Securities and/ or funds of the Client in accordance with the investment approach/ objectives stated in the Portfolio selected by the Client.
- ◆ Non – Discretionary and Advisory Services have been specified above in the Section: Details of the services being offered.

TYPES OF SECURITIES TO BE INVESTED IN

Subject to all permissible securities for Discretionary Portfolio Manager and Non-Discretionary Portfolio Manager as provided under the Portfolio Managers Regulations, 2020 and circulars/ guidelines issued thereunder, the types of securities in which the Portfolio Manager will generally invest or advise are listed below:

- Shares, scrips, stocks, bonds, debentures, debenture stock market linked debentures or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- Derivatives;
- Units of Mutual Funds, Alternate Investment Funds (AIF) or any other instrument issued by any scheme to the investors in such schemes;
- Security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- Units or any other such instrument issued to the investors under any mutual fund scheme;
- Government securities;
- Such other instruments as may be declared by the Central Government to be securities; and
- Rights or interest in securities;

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The Portfolio Manager may invest in units of Mutual Funds only through direct plan.

- B. The Portfolio Manager currently has no investments in associate or group companies of the Portfolio Manager. Investment in associate/group companies, in the future, if any, shall be subject to the applicable laws/regulations/guidelines.

6. RISK FACTORS

- (i) **Investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved;**
- (ii) **Past performance of the portfolio manager does not indicate its future performance;**
- (iii) **Specific Risks arising from investment approach (provided earlier in this document), investment objective, investment strategy, asset allocation, non diversification is stated here below:**

The risks described herein is not an exhaustive list of the risks which potential investors should consider before investing in any Portfolio. Potential investors should be aware that an investment in a Portfolio may be exposed to other risks of an exceptional nature from time to time. In addition, different risks may apply to different Portfolios. Prospective investors should review this disclosure document in its entirety and consult with their professional and financial advisers before making an application for Investment.

I. Types of Risks:

A. Investment Risks

The Portfolio's investments may be risky, and investors could lose all or part of their investment. The Portfolio Manager will have broad discretion in making investments for a Portfolio. There can be no assurance that the Portfolio Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on a Portfolio's investments. Prices of a Portfolio's investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Portfolio's activities and the value of a Portfolio's investments. A Portfolio's performance over a period may not necessarily be indicative of the results that may be expected in future periods. Similarly, the past performance of the Portfolio Manager and its affiliates may not necessarily be indicative of the results the Portfolio Manager may be able to achieve with a Portfolio's investments. In addition, because a Portfolio's investments will be actively managed, frequent purchases and sales of investments may result in higher transaction costs to a Portfolio, which costs will decrease the value of the Portfolio.

B. Market Risks

The instruments in which a portfolio invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur. Prospective investors are advised that the value of investment and the income from it may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by persons who can sustain the loss of their investment. In view of the adverse geopolitical situations, it is possible that significant disruptions in, or historically unprecedented effects on, the financial markets may occur, which could diminish the value of investments.

C. Concentration of investments

Portfolio may at certain times hold relatively few investments or have a significant exposure to a single issuer, counterparty, or asset. A portfolio could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer or counterparty. Additionally, historical correlations may undergo dramatic change, thereby reducing expected diversification protection.

D. Liquidity risk

The liquidity of the Portfolio may be restricted by trading volumes and settlement periods. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays and/or other problems in settlement of transactions could result in temporary periods when the investments comprising the Portfolio are un-invested and no return is earned thereon. The inability

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of the Portfolio Manager to make intended purchase due to settlement problems could cause the Portfolio Manager to miss certain investment opportunities.

E. Counterparty risk

Fund will also be exposed to a counterparty risk in relation to the brokers, vendors, and other parties with whom they transact.

F. Pricing and valuation Risk

For quoted investments, a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments and investments in markets that may be closed for holidays or other reasons will increase the risk of mispricing. In these and similar cases, an objective verifiable source of market prices will not be available and the Portfolio Manager or its delegate will invoke a process which will determine fair value for the relevant investments and this process may involve assumptions and subjectivity. "Fair value" is generally defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Portfolio's investments may differ significantly from the values that would have been used had a ready market existed for such investments, and the differences could be material. Additionally, the values assigned to investments that are valued by the Portfolio Manager are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated.

G. Lack of liquidity of instruments

Portfolio Manager, any placement agent or any other person is under any obligation to make a market in the instruments. Consequently, Investors must be prepared to hold the instruments for an indefinite period or until the termination date of a Portfolio. In addition, the instruments are subject to certain transfer restrictions and can only be transferred to certain transferees. Such restrictions on the transfer of the instruments may further limit their liquidity.

H. Risks Associated with Investments in Small to Medium Capitalization Companies

A Portfolio may invest in the securities of companies with small-to medium-sized market capitalizations. While the Portfolio Manager believes these investments often provide significant potential for appreciation, those securities, particularly smaller-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of such securities are often more volatile than prices of large-capitalization securities. In addition, due to thin trading in some such securities, an investment in these securities may be more illiquid than that of larger capitalization securities.

I. Undervalued Assets

A Portfolio may seek to invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. A Portfolio may be forced to sell, at a substantial loss, assets identified as undervalued, if they are not in fact undervalued. In addition, a Portfolio may be required to hold such assets for a substantial period before realizing their anticipated value. During this period, a portion of a Portfolio's capital would be committed to these assets purchased, potentially preventing a Portfolio from investing in other opportunities.

J. Credit risk:

Refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. There can be no assurance that issuers of instruments in which a Portfolio invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations which are rated by rating agencies are often reviewed by such agencies and may be subject to downgrade.

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K. Interest rate risk:

Refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). General interest rate fluctuations may have a substantial negative impact on a Portfolio's investments.

L. Market disruption and geopolitical Risk

Various social and political tensions in India and around the world may contribute to increased market volatility, may have long-term effects on financial markets and may cause further economic uncertainties in India and worldwide. The Portfolio Manager might not know when or for how long the financial markets will be affected by such events and cannot predict the effects of any such events in the future on Indian economy and securities markets.

M. Political and economic risks

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. There can be no assurance that existing government policies will be continued and a significant change in the government's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations. Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of the Indian securities.

N. Regulatory risk

The value and marketability of the Portfolio's investments may be affected by changes or developments in the legal and regulatory climate in India. The SEBI regulates the securities market in India and legislates from time to time on matters affecting the stock market. SEBI has issued regulations that affect investment in India, including regulations on takeovers, raising portfolios and insider dealing. SEBI and/or the Government of India may make changes to regulations which may affect the ability of the Portfolio to make, or exit, investments.

O. Bankruptcy of investee companies

Various laws enacted for the protection of creditors may operate to the detriment of the Portfolio if it is a creditor of an investee company that experiences financial difficulty. For example, if an investee company becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the portfolio investment to other creditors or require the Portfolio to return amounts previously paid to it by such investee company. If the Portfolio has management rights or holds equity securities in any investee company that becomes insolvent or bankrupt, the risk of subordination of the Portfolio's claim increases. In addition, any preferential transfers to the Portfolio during certain periods prior to the bankruptcy proceedings may be recovered from the Portfolio as the Portfolio may be deemed an insider of such investee company. The Portfolio's exercise of management rights may also lead creditors of such investee company or other parties to assert claims against the Portfolio.

P. Litigation risk

The investments may be governed by a complex series of legal documents and contracts. As a result, the risk of a dispute over interpretation or enforceability of the documentation and consequent costs and delays may be higher than for other types of investments. In addition, the Portfolio may be subject to claims by third parties (either public or private). If any of the investment by the Portfolio becomes involved in material or protracted litigation, the litigation expenses and the liability threatened or imposed could have a material adverse effect on the performance of the Portfolio. Further, if any investment of an investee company is subject to any litigation it could have an adverse impact, financial or otherwise on the investee company and therefore on the Portfolio.

Q. Payment of fees and expenses regardless of profits

Portfolio will incur obligations to pay operating, legal, accounting, auditing, custodial and other related fees and expenses. In addition, a Portfolio will incur obligations to pay brokerage commissions and other transaction costs to securities brokers and dealers. The foregoing fees and expenses are payable regardless of whether a Portfolio realizes any profits from its investment operations. In accordance with the operating agreement of a Portfolio, amounts owing to a Portfolio's creditors will be paid before amounts payable to Shareholders. It is possible that a Portfolio will not realize any profits in excess of such amounts. Distributions in respect of Investors are not guaranteed, and Investors shall not have recourse to any assets or property of the Portfolio Manager, any of its affiliates or any of a Portfolio's other service providers in connection therewith.

R. No guarantee on investment philosophy and potential to lose all the sum invested

Prospective investors should ensure that they understand the nature of such investment and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting, regulatory and financial evaluation of the merits and risks of investment in such Portfolio and that they consider the suitability of such an investment in the light of their own circumstances and financial condition. An investment in a Portfolio should not in itself be considered a balanced investment program, but rather is intended to provide diversification in a more complete investment portfolio. The Portfolio Manager makes discretionary investment decisions. Investment decisions will be reflective of the judgment, experience, and expertise of personnel of the Portfolio Manager. Investment decisions informed using statistical methods, trading models, and quantitative research tools depend upon the accurate forecasting of major price moves or trends. No assurance can be given of the accuracy of models, the forecasts or the existence of price moves.

S. Portfolio may fail to achieve its objective

There can be no assurance that a Portfolio will be able to achieve its investment objective or receive any return on, or recovery of, its investments.

T. Redemption risk

To the extent applicable, investors may redeem units in a Portfolio in accordance with the terms of this Disclosure document the Portfolio. Large redemptions of units in a Portfolio might result in a Portfolio being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets. In addition, a significant redemption of units may require a Portfolio to realize investments at values which are lower than the anticipated market values of such investments. This may cause an imbalance in a Portfolio's portfolio, which may adversely affect the remaining investors.

U. Management risk

For any given Portfolio, there is a risk that investment techniques or strategies are unsuccessful and may incur losses for the Portfolio. Investors will have no right or power to participate in the day-to-day management or control of the operations of the Portfolios, nor an opportunity to evaluate the specific investments made by the Portfolios or the terms of any of such investments. The nature of and risks associated with a Portfolio's future performance may differ materially from those investment techniques and strategies historically undertaken by the Portfolio Manager. There can be no assurance that the Portfolio Manager will realize returns comparable to those achieved in the past or generally available on the market.

V. Diverse shareholders

The Investors may have conflicting investment, tax, and other interests with respect to their investments in a Portfolio. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by a Portfolio, the structuring or the acquisition of investments and the timing of disposition of investments. Consequently, conflicts of interest may arise in connection with decisions made by the Portfolio Manager that may be more beneficial for one investor than for another investor, especially with respect to any Investor's individual tax situation

W. Allocation Risk

The Portfolio Manager, any placement agent and their respective partners, officers, directors, stockholders, members, managers, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, the Portfolio.

The Portfolio Manager and its affiliates, employees and associates currently do and in the future may manage other portfolios and separately-managed accounts other than the assets of a Portfolio ("Other Accounts"), that invest in assets eligible for purchase by a Portfolio. The investment policies, fee arrangements and other circumstances of a Portfolio may vary from those of Other Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among a Portfolio and Other Accounts. To the extent that investment opportunities are suitable for a Portfolio and one or more Other Accounts, the Portfolio Manager will allocate investment opportunities in a manner consistent with its policies and procedures.

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Due to differing capital availability, tax considerations, diversification guidelines or other factors, investment opportunities may be made other than on a pro rata basis. For example, a Portfolio may desire to retain an asset at the same time that one or more Other Accounts desire to sell it or the Portfolio may not have additional capital to invest at a time Other Accounts do. When investment allocations are made on a basis other than pro rata a Portfolio's investment performance may be less favorable when compared to the investment performance of Other Accounts with respect to those investments. The Portfolio Manager intends to allocate investment opportunities to a Portfolio and Other Accounts in a manner that it believes in its judgment and based upon its fiduciary duties to be appropriate given the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification and other limitations of a Portfolio and the Other Accounts. All the foregoing procedures could in certain circumstances affect adversely the price paid or received by a Portfolio or the availability or size of a particular investment purchased or sold by a Portfolio.

X. Cyber security risk

The Portfolio and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Portfolio Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a Portfolio's ability to calculate its Net Asset Value; impediments to trading for a Portfolio's portfolio; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Portfolio invests, counterparties with which a Portfolio engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties.

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), capitalisation, capital gains, any distribution, and other tax consequences relevant to their Portfolio, acquisition, holding, capitalisation, 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.

II. Conflict of Interest disclosure

The Portfolio Manager will be subject to certain conflicts of interest that may arise in relation to the various activities carried out by Portfolio Manager, key personnel of the Portfolio Manager, affiliate/group entities and their respective directors/partners, officers, employees, agents, associates/affiliates/group companies and their respective directors/officers/employees/agents, investments managed or advised now and in the future by the respective parties (collectively, the **"Interested Parties"** or **"Avendus/Avendus Entities"**, **as the context may require and/or as the case may be**).

As a leading financial services organization providing merchant/investment banking, stock broking, distribution, fund management, portfolio management services, non-banking financial services and other services, Avendus

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engages in and will continue to engage in activities, which may conflict with the interests of the Client availing Portfolio Management Services and other services offered by Avendus.

The Portfolio Manager has adopted certain policies and procedures intended to protect the interest of Clients against any adverse consequences arising from potential conflicts of interest. The protection of the Clients' interests is Portfolio Manager's priority. The Portfolio Manager will be transparent and make disclosures with respect to conflicts of interest situation that the Portfolio Manager determines may have arisen.

Some of the potential conflicts of interest situations and the policies of the Portfolio Manager for managing conflicts of interest are provided below. It is not intended to provide a comprehensive list of conflicts of interest or account of the processes and procedures which the Portfolio Manager adopts in connection with the management of conflicts of interest, but is instead intended to be a statement of principles with which the Portfolio Manager seeks to manage foreseeable conflicts of interest. The Portfolio Manager may identify additional conflicts of interest situations from time to time, which will be managed/mitigated with the help of the principles identified herein and by also taking into account further processes which the Portfolio Manager may develop over the period of time.

Except as otherwise expressly indicated, nothing contained herein will restrict the activities and operations of Avendus Entities. From time to time, the Avendus Entities may have multiple advisory, transactional and financial and other interests in, and transactions with, the Client's Portfolio and its Portfolio investments, and therefore may be subject to various conflicts of interest in their relationships with the Portfolio Manager

Client and other relationships

Avendus has and continues to seek to develop, financial and advisory relationships with numerous companies located in various jurisdictions including India and their governments. Avendus also advises and represents potential buyers and sellers of businesses worldwide. Certain clients of Avendus may invest in entities in which Avendus holds an interest, including, without limitation, the Client, and in providing services to its clients, any member of Avendus may recommend activities that would compete with or otherwise adversely affect the Client or the Portfolio investments. It should be recognized that such relationships may directly or indirectly preclude the Client from engaging in certain transactions and may constrain the Client's investment flexibility.

In particular, Avendus Entities may also act as investment banker, investment advisor, Portfolio Manager for the clients / funds and/or in another capacity on behalf of or for third parties that invest, or may invest for their own account and may engage in, advise or possess an interest in other business ventures with Persons. No Avendus Entity will be required to offer the Client co-investment opportunities in these or other circumstances. Such relationships could influence Avendus Entities to take actions, or forbear from taking actions, which an independent Portfolio Manager might not take or forbear from taking. An Avendus Entity may give advice, and take action, with respect to any of Avendus' clients or proprietary accounts that may differ from the advice given or may involve a different timing or nature from action taken by the Portfolio Manager on behalf of the Client.

Investment banking activities / Non – Banking financial activities/ credit solutions

Avendus often represents potential purchasers, sellers, borrowers, lenders, tenants and other participants in investment banking transactions. Avendus Entities will continue to accept such assignments after the establishment of the Client. In these cases, Avendus' clients may seek to prohibit Avendus entities (including the Client) from investing in certain investments. Accordingly, no assurances can be given that all potentially suitable investments will be offered to the Client as investment opportunities. Avendus may be involved in the provision of a subscription line, a credit facility and/or other financing in various capacities including, without limitation, as lender, participant or arranger. This may present conflicts of interest for Avendus and the Portfolio Manager in the event that Avendus or the lender is required to take an action under such a facility that would be adverse to the Client.

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The investment activities of other businesses of Avendus may differ from, or be inconsistent with, the interests of and activities that are undertaken for the Client, and there can be no assurance that the Client will be able to fully leverage the resources and industry expertise of other businesses of Avendus. Additionally, there may be circumstances in which one or more individuals associated with Avendus will be precluded from providing services to the Client because of certain confidential information available to those individuals or to other parts of Avendus.

Market transactions involving Avendus

The proprietary activities/trading or portfolio strategies of Avendus or the Interested Parties, or the activities or strategies used for accounts managed by Avendus or the Interested Parties or other customer accounts, could conflict with the transactions and strategies employed in managing the Client and affect the prices and availability of the securities, currencies and instruments in which the Client will invest. Such transactions, particularly in respect of proprietary accounts/trades or customer accounts, will be executed independently of the Client's transactions, and thus at prices or rates that may be more or less favorable. Issuers in whose assets or instruments the Client has an interest may have publicly or privately traded instruments in which Avendus or an Avendus-sponsored investment company/ Client/ client/ separate managed account is a shareholder or makes a market. Avendus' trading activities will be carried out generally without reference to positions held by the Client and may have an effect on the value of the positions so held, or may result in Avendus or a Avendus-sponsored investment company having an interest in the issuer adverse to that of the Client. The results of the Client's investment activities may differ significantly from the results achieved by Avendus for its proprietary accounts or accounts managed by them.

Investment advisory clients

Avendus or Interested Parties or the key personnel of the Portfolio Manager may act as advisor to clients, separate or managed accounts, including other investment Clients, in asset management for funds, portfolio management and other capacities with respect to investments in securities of a company in which the Client may have an investment. Avendus or Interested Parties or the key investment team of the Portfolio Manager may give advice, and take action, with respect to any of their clients or proprietary accounts that may differ from the advice given, or may involve a different timing or nature of action taken, than with respect to the Client. Because of different objectives or other factors, a particular investment may be sold by the Client or Avendus or Interested Parties including the key investment team of the Portfolio Manager or their clients or other investment Clients, at the same time when one of such persons is purchasing such investment.

The Portfolio Entities may also engage the Interested Parties for the provision of services and this may result in conflicts of interest in relation to the investments of the Client. However, appropriate conflict mitigation measures including "Chinese Walls" in decision making are expected to mitigate such risks.

Investments in Portfolio Entities in which Interested Parties have Interests

The Client may participate in Portfolio Entities in which Interested Parties have an existing investment or other interests, which may be on the same terms as the Client's investment or on different terms. In such cases, there could be a potential conflict between the interests of the Client and those of the Interested Parties. Without prejudice to the dealing restrictions contained in the paragraph below titled "*Proprietary Trades*", any of the Interested Parties may deal in the securities/products (including handling assignment for Portfolio Entities/advising-managing any portfolio/Client consisting of such securities/products etc.) which are/may in future be a part of the Client's Portfolio. The timing/pricing/buy-sell decision under the dealing by such Interested Parties can be different from that of the Client.

Proprietary Trades

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The Portfolio Manager and/or its group companies/affiliates may carry out proprietary trading activities with the strategy which may be similar or at times different from that of the Client.

The Portfolio Manager and/or its affiliates may also carry out broking operations in future and the Client may avail such broking services.

Purchase from and sale of Investments to Interested Parties

The Portfolio Manager may in the Portfolio advise, purchase investments from, or sell investments to, the Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. The Interested Parties may come into possession of material non-public information and the possession of such information may limit the ability of the Client to buy or sell a security or otherwise to participate in a potential Portfolio investment. To mitigate this risk, the Portfolio Manager shall endeavor to conduct such transaction or arrangements with Interested Parties on arm's length terms.

Management Resources

The Interested Parties will only devote so much of their time to the Portfolio Management Services as is, in their judgment, reasonably required. The Interested Parties that provide services to Client under Portfolio Management Services will have, in addition to their responsibilities for the Portfolio Management Services, responsibilities for other companies, projects and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources amongst the Client and such other companies, projects and clients. The Interested Parties may provide services to other entities/clients in financial services space and will not work exclusively for the Clients availing Portfolio Management Services. The Interested Parties shall resolve any such conflict by allocating time (reasonably required in their best judgement) towards their obligations in respect of Portfolio Management service, Clients managed by the Portfolio manager, and their other responsibilities towards other companies, projects and clients.

Other funds and portfolio management activities undertaken by the Portfolio Manager

The Portfolio Manager and its affiliates, employees and associates currently do and in the future may manage other portfolios, funds and separately-managed accounts other than the assets of a Portfolio ("Other Accounts"), that invest in assets eligible for purchase by a Portfolio. The investment policies, fee arrangements and other circumstances of a Portfolio may vary from those of Other Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among a Portfolio and Other Accounts. To the extent that investment opportunities are suitable for a Portfolio and one or more Other Accounts, the Portfolio Manager will allocate investment opportunities in a manner consistent with its policies and procedures.

Expertise within the group

The Portfolio Manager may seek assistance or guidance from an Advisory Board which may include personnel within the entity and/or experts from outside and/or Avendus Group Companies. Personnel within Avendus Group companies may or may not be engaged in same or similar services as of the Portfolio Manager and may be managing/advising on portfolio schemes similar to what Avendus Wealth manages. Further, the Portfolio Manager may also be providing distribution services to such Avendus group company(ies).

There may be conflicts of interests in allocating time and other resources. Accordingly, such employees / personnel who are engaged in providing / receiving services shall resolve any such conflict by allocating time (reasonably required in their best judgement) towards their obligations under respective arrangements / agreements.

Transactions with Avendus Group

To the extent permitted by Applicable Law, the Portfolio Manager may for and on behalf of the Client, purchase or sell Portfolio investments from/to Avendus group, Client or otherwise deal with Avendus group, whether such person is acting on its own behalf or on behalf of any other person.

Avendus entities may receive certain fees for services performed for the Clients availing Portfolio Management Services including, without limitation, fees relating to (a) the Portfolio investments, directly or indirectly, for advisory, leasing or financing services performed by any such entity or person and (b) financing services, investment banking services and other products and services provided, directly or indirectly, to the Client or any other entity or any other person in which the Client or any other entity holds Portfolio investments.

Utilization of services within Avendus Group

To the extent permitted by Applicable Law, the Portfolio Manager may avail services of its holding company, associate and group companies including but not limited to distribution, back office support, sales support, transaction execution etc.

The Portfolio Manager will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms length basis and at mutually agreed terms and conditions. Such services shall be availed only to the extent permitted under SEBI Regulations after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

Policy Statements on Conflicts and Corporate Governance

- (a) Avendus and Portfolio Manager has adopted, *inter alia*, certain policies and procedures intended to protect the Client against adverse consequences arising from potential conflicts of interest.
- (b) The Portfolio Manager and its partners, officers and agents shall at all times be obligated to exercise a standard of good faith in its dealings with the Client, other activities undertaken by the Portfolio Manager and any Portfolio Entity.
- (c) The Portfolio Manager will be transparent with respect to conflicts of interest that the Portfolio Manager determines may have arisen in any transaction (or prospective transaction) between the Portfolio Manager, other activities undertaken by the Portfolio Manager and the Client.
- (d) The Portfolio Manager will make efforts to see that any transaction involving a potential conflict of interest will be effected on terms that are not less favourable to the Clients than if the potential conflict had not existed. The Portfolio Manager will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.
- (e) The Portfolio Manager will ensure that the interest of all the Client is paramount and all personal interests, relationships or arrangements of the Portfolio Manager and those of Interested Parties do not work against Clients' interest.

By Client agreeing to avail Portfolio Management services, prospective Client are deemed to have acknowledged the existence of the potential and/or actual conflicts of interest set forth above, and to have waived, to the greatest

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extent permissible under any Applicable Law, any claim with respect to, or arising from, the existence of any such conflicts.

III. Transactions of Portfolio Manager and its employees which may be in conflict with investments undertaken by the Portfolio Manager during the last F.Y.2019-2020 and discretionary portfolio management services undertaken is stated here below:

NIL. Further, Portfolio Manager also has a Group Conflict Management Policy applicable to it.

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

Services offered by associate company – Avendus Finance Private Limited. This is at arm's length and there is no conflict of interest.

7. CLIENT REPRESENTATION

The Portfolio Manager has commenced operations w.e.f May 18, 2010 and offers Portfolio Management Services covering Discretionary, Non Discretionary and Advisory Services.

(i) Details of Clients are as below:

Category of Clients	Discretionary / Non Discretionary / Advisory	30-Jun-20		31-May-20		30-Apr-20		31-Mar-20		31-Mar-19		31-Mar-18	
		No. of clients	Funds Managed (Rs. Cr.)	No. of clients	Funds Managed (Rs. Cr.)	No. of clients	Funds Managed (Rs. Cr.)	No. of clients	Funds Managed (Rs. Cr.)	No. of clients	Funds Managed (Rs. Cr.)	No. of clients	Funds Managed (Rs. Cr.)
Individual-Resident	Non-Discretionary	310	2258.56	306	2258.99	306	2249.53	305	2,236.16	283	2205.97	232	2,240.52
	Discretionary	192	193.50	198	181.76	201	191.77	210	169.44	271	318.70	132	206.66
	Advisory	3	40.62	3	39.07	3	39.21	3	37.44	6	208.10	11	346.94
Non Resident Indian	Non-Discretionary	16	43.86	16	43.92	16	44.00	17	47.59	13	29.99	7	30.52
	Discretionary	30	41.04	22	42.36	22	45.34	25	42.42	53	99.40	41	160.87
Corporate Resident	Non-Discretionary	85	4406.43	86	4612.07	86	4752.80	86	4,973.79	72	8148.37	55	3,087.48
	Discretionary	38	67.13	40	74.42	42	82.70	43	71.20	62	152.65	35	99.51
Corporate	Advisory	0	0	0	0	0	0	0	0	1	8.29	4	79.82
Associate/ Group Companies	-	0	0	0	0	0	0	0	0	0	0.00	0	0
Total		674	7051.14	671	7252.59	676	7405.35	689	7578.04	761	11171.48	517	6,252.32

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(ii) DISCLOSURES IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES AS PER THE STANDARDS SPECIFIED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

Transactions with Related Parties (based on audited accounts for the year ended March 31, 2019)

RELATED PARTY DISCLOSURES

(a) Names of Related Parties where control exists:

Sr. No.	Name of the related party	Nature of Relationship
1	Avendus Capital Private Limited	Holding Company

(b) Names of related parties where there were transactions during the year:

1	Avendus Capital Private Limited	Holding Company
2	Avendus Finance Private Limited	Fellow Subsidiary
3	Avendus PE Investment Advisors Private Limited	Fellow Subsidiary
4	Avendus Capital Alternate Strategies Private Limited	Fellow Subsidiary
5	Ocean Dial Asset Management India Private Limited	Fellow Subsidiary
6	Avendus Capital Public Markets Alternate Strategies LLP	Limited Liability Partnership Firm where Holding Company is Partner
7	Avendus Phoenix Fund	Contributory Trust in which the Company is Investment Manager
8	George Mitra- Managing Director & CEO	Key Managerial Personnel
9	Kaushal Kumar Aggarwal - Director	Key Managerial Personnel
10	Ranu Vohra - Director	Key Managerial Personnel
11	Priya Sonavane - Company Secretary	Key Managerial Personnel

(c) Details of related party transaction during the year and balances as at the period end March' 2019

Rs. in lakhs

Particulars	Avendus Capital Private Limited	Avendus PE Investment Advisors Private Limited	Avendus Capital Alternate Strategies Private Limited	Avendus Finance Private Limited	Ocean Dial Asset Management India Private Limited	Avendus Capital Public Markets Alternate Strategies LLP	Avendus Phoenix Fund	KMP	Total
Transactions during the year									
Remuneration Paid *									
March 31, 2019	-	-	-	-	-	-	-	316.80	316.80
March 31, 2018	-	-	-	-	-	-	-	434.70	434.70
Conversion of OCRPS - Series A and B into Equity Shares including premium									
March 31, 2019	303.46	-	-	-	-	-	-	-	303.46

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March 31 , 2018	-	-	-	-	-	-	-	-	-
Issue of Preference Shares including premium									
March 31 , 2019	-	-	-	-	-	-	-	-	-
March 31 , 2018	-	-	-	-	-	-	-	41.67	41.67
Issue of Compulsory Convertible Debentures including premium									
March 31 , 2019	1,699.99	-	-	-	-	-	-	-	1,699.99
March 31 , 2018	600.00	-	-	-	-	-	-	-	600.00
Contribution from Holding Company									
March 31 , 2019	282.46	-	-	-	-	-	-	-	282.46
March 31 , 2018	42.96	-	-	-	-	-	-	-	42.96
Cost Sharing Expenses									
March 31 , 2019	965.97	-	-	-	-	-	-	-	965.97
March 31 , 2018	598.21	-	-	-	-	-	-	-	598.21
Interest on Debt Securities									
March 31 , 2019	14.55	-	-	-	-	-	-	-	14.55
March 31 , 2018	5.95	-	-	-	-	-	-	-	5.95
Reimbursement of Expenses - Received									
March 31 , 2019	-	-	-	-	-	-	-	-	-
March 31 , 2018	-	-	7.75	-	-	-	35.25	-	43.00
Reimbursement of Expenses - Paid									
March 31 , 2019	34.77	-	-	-	-	-	-	-	34.77
March 31 , 2018	11.70	-	-	-	-	-	-	-	11.70
Advisory Fees									
March 31 , 2019	242.73	223.46	-	248.49	55.27	1,629.87	50.73	-	2,450.56
March 31 , 2018	-	106.00	-	220.97	-	759.81	22.22	-	1,109.00
Balances outstanding at the end of the year									

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Closing Balances - Debit									-
March 31, 2019	-	60.28	-	102.59	-	1,362.12	39.89	1.62	1,566.49
March 31, 2018	-	-	7.75	65.79	-	84.20	52.99	-	210.73
April 1, 2017	-	-	-	177.60	-	151.57	-	-	329.17
Closing Balances- Credit									
March 31, 2019	965.10	-	-	-	8.55	-	-	-	973.65
March 31, 2018	490.41	-	-	-	-	-	-	0.75	491.17
April 1, 2017	391.23	-	-	-	-	-	-	-	391.23

* Excludes contribution to gratuity made for the company as a whole based on actuarial valuation.

Note: There are no amounts written back during the year for debts due from or to related parties.

8. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER (Based on Last Audited Accounts)

Particulars	Amount in Rs. Lacs			
	2018-19 (IND AS)	2017 -2018 (Ind AS)	2017 -2018 (IGAAP)	2016 -2017
Total Income	6,861	4,618	4,602	2,730
Profit / (Loss) after Tax	(1,878)	(1,079)	(1,046)	(1,602)
Paid up Capital	808	782	782	770
Reserves & Surplus (Including ESOP Outstanding)	(233)	(498)	(506)	(151)
Networth	574	284	276	619

The net worth of the portfolio manager is Rs. 5.74 crores as on 31-03-2019 based on audited accounts of Avendus Wealth Management Private Limited, thereby complying with the capital adequacy requirements of SEBI.

9. PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER

The performance of the Portfolio Manager under Discretionary Portfolio Manager Service based on Time Weighted Rate of Return (TWRR) method is as follows:

Investment Approach	Particulars	FY20-21 As on June 2020	FY 19-20	FY 18-19	FY 17-18
<u>Avendus Alpha Growth</u>	Portfolio Performance of Portfolio manager (%)	17.6%	-27.7%	-14.50 %^	-
NIFTY MID SMALLCAP 400	Benchmark Index -	25.8%	-34.3 %	0.03 %^	-

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<u>Avendus Alpha Large Cap</u>	Portfolio Performance of Portfolio manager (%)	18.9%	-22.5 %	-4.0 % [^]	-
Nifty 50	Benchmark Index	19.8%	-26.0 %	5.9 % [^]	-
<u>Avendus Emerging Business Opportunities</u>	Portfolio Performance of Portfolio manager (%)	17.5%	-26.1 %	-17.9 % [^]	-
BSE Small Cap	Benchmark Index	28.9%	-36.1 %	-5.0 % [^]	-
<u>Avendus India Alpha Fund</u>	Portfolio Performance of Portfolio manager (%)	19.0%	-29.5 %	-11.2 %	4.2 %
NIFTY MID SMALLCAP 400	Benchmark Index	25.8%	-34.3 %	-5.4 %	13.3 %
<u>Avendus India Discovery Portfolio</u>	Portfolio Performance of Portfolio manager (%)	35.1%	-32.6 %	-4.9 %	25.9 %
BSE MIDCAP	Benchmark Index	23.5%	-31.7 %	-3.0 %	13.2 %
<u>Avendus Select Sector Portfolio</u>	Portfolio Performance of Portfolio manager (%)	NA*	-30.3 %	-15.3 %	4.9% [^]
BSE MIDCAP	Benchmark Index	NA*	-31.7 %	-3.0 %	8.4% [^]
<u>Avendus Special Situation Value</u>	Portfolio Performance of Portfolio manager (%)	17.0%	-34.6 %	-6.8 %	-7.8 % [^]
BSE MIDCAP	Benchmark Index	23.5%	-31.7 %	-3.0 %	-2.0 % [^]

[^] Investment approach started in the middle of the financial year, so return reported are from Inception till end of that Financial Year.

*There is no active client under this scheme as on 30th June 2020, the amount lying in the scheme AuM, is kept of Custody fee and Audit fee. So, the performance return as on 30th June 2020 is not available.

10. AUDIT OBSERVATIONS FOR THE PRECEEDING THREE YEARS

Nil statutory audit observation for the Portfolio Management Service.

11. NATURE OF COSTS AND EXPENSES FOR CLIENTS

The following are indicative types of costs and expenses for clients availing the Portfolio Management services.

	Indicative Expense Head	Maximum Indicative Rate (%) [*]
A	Management Advisory Fee	6%
	Annual Recurring Fee	3%

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	Performance Linked Fee	25% of annualized performance above a pre-determined hurdle rate can be charged by the Portfolio Manager as performance linked fee
	Exit Charge	Will be as per slab prescribed by SEBI**
B	Fund Accounting & Audit	At actual
C	Custodian Fee	At actual
D	Registrar & Transfer Agent Fee	At actual
E	Brokerage & Transaction Cost	At actual
F	Securities lending charges	At actual
G	Certification and professional charges	At actual
H	Incidental Expenses	At actual

Note: (shall be applicable as per effective dates prescribed under PMS regulations or as per guidelines/circulars issued thereunder by SEBI from time to time.)

a. Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily Assets under Management.

b. Charges for all transactions in a financial year (Broking, Demat, custody etc.) through self or associates shall be capped at 20% by value per associate (including self) per service. Any charges to self/associate shall not be at rates more than that paid to the non- associates providing the same service.

In case client portfolio is redeemed in part or full, the exit load charged shall be charged as under:

- i. In the first year of investment, maximum of 3% of the amount redeemed.
- ii. In the second year of investment, maximum of 2% of the amount redeemed.
- iii. In the third year of investment, maximum of 1% of the amount redeemed.

The detailed description of the fees, expenses and compliance with SEBI Circular IMD/DF/13/2010 dated October 5, 2010 and SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020 relating to Performance fees including high water mark principle is given in Schedule A: Fees and Charges of the Agreement signed with the Portfolio Manager.

Clients are hereby informed that Emkay Global Financial Services Limited (Emkay) is a SEBI registered stock broker, through which clients trade are executed apart from other stock brokers. Portfolio Manager receives commission from Emkay for the trades executed on behalf of client through Emkay, subject to maximum caps specified above in point b. Further, associates and other departments of the Portfolio Manager may receive fees from the third parties in connection with investment of fund of clients in the products of third parties.

12. TAXATION IMPLICATIONS FOR CLIENTS

The general information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management Services of the Company. This information gives the direct tax implications on the footing that the securities are/will be held for the purpose of investments. In

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case the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment shall endure indefinitely.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Company to induce any client, prospective or existing, to invest in the portfolio management schemes of the Company. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Client is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Company.

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the investments.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "IT Act"), the Income-tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year and this summary reflects changes to the date. The tax rates specified below are for the Financial Year ('FY') 2020-21 (Assessment Year 2021-22) as prescribed under the current provisions of the IT Act. The rates are inclusive of surcharge and health and education cess (unless stated otherwise) and are stated at the highest applicable slabs.

The applicable rate of surcharge in case of foreign companies is 2% where the total income exceeds INR 1 crore but is less than or equal to INR 10 crore and is 5% where the total income exceeds INR 10 crore. In case of resident companies having total income exceeding INR 1 crore but not exceeding INR 10 crore, surcharge of 7% on income tax is applicable. In case of resident companies having total income exceeding INR 10 crore, surcharge of 12% is applicable. In case of domestic companies opting for special tax rate under Section 115BAA and Section 115BAB of the IT Act, surcharge of 10% is applicable. In case of firms having total income exceeding INR 1 crore, surcharge of 12% is applicable. Surcharge rate for resident and non –resident assesseees other than one mentioned above (individuals, HUFs, AOP, BOI)

Level of Income	Surcharge on Income tax
Less than INR 50 lakhs	Nil
INR 50 lakhs to INR 1 crore	10%
INR 1 crore to INR 2 crore	15%
INR 2 crore to INR 5 crore	25%

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More than INR 5 crore	37%
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However, the surcharge rate in case of income arising due to dividend, capital gains on transfer of listed equity shares or unit of an equity-oriented fund or unit of a business trust shall not exceed 15%. Surcharge rate on and Buy Back Distribution Tax ('BBT') is 12%.

In addition to the above, Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge. In this Disclosure document, we have assumed that the highest surcharge rate would be applicable to an investor.

I. Taxation in hands of Clients

A. Characterization of income

Traditionally, the issue of characterization of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the Indian Revenue authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as 'business income' or as 'capital gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case.

Regarding characterization of income from transactions in listed shares and securities, the Central Board of Direct Taxes ("CBDT") had issued a clarificatory Circular No. 6 of 2016 dated February 29, 2016, wherein with a view to reduce litigation and maintain consistency in approach in assessments, it has instructed that income arising from transfer of listed shares and securities, which are held for more than twelve months would be taxed under the head 'Capital Gains' unless the tax-payer itself treats these as its stock-in-trade and transfer thereof as its business income.

In the context of transfer of unlisted shares, the CBDT has issued a clarification *vide* Instruction No. F.No. 225/12/2016/ ITA.II dated May 2, 2016 stating that income arising from transfer of unlisted shares would be considered under the head 'Capital Gains' irrespective of the period of holding with a view to avoid dispute/ litigation and to maintain uniform approach. However, the above shall not apply in the following cases:

- The genuineness of 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 and the Indian Revenue authorities would take appropriate view in such situations.

B. Taxation of Resident clients

The tax implications in the hands of resident clients on different income streams are discussed below:

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a) Dividend income

Prior to the amendments by the Finance Act, dividends declared by an Indian company were exempt in the hands of all shareholders, irrespective of their residential status. However, the Indian company declaring, distributing or paying the dividends was required to pay a Dividend Distribution Tax ('DDT') of 15% (exclusive of surcharge and health and education cess). The DDT rate was to be on a grossed-up basis. DDT was the Indian company's liability and not the recipient shareholder's liability.

As per the amendments made by the Finance Act, the Indian Company declaring dividend on or after 1 April 2020, would not be required to pay any DDT on dividend distributed/ paid/ declared to its shareholders. The dividend income shall be taxable in the hands of the shareholders under section 56 of the IT Act under the head 'Income from Other Sources' at the applicable rates (except where DDT and tax under section 115BBDA of the IT Act has been paid). Further, the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act against such dividend income up to 20% of the dividend income.

Section 80M is introduced by the Finance Act. As per Section 80M, in case any Indian company receives dividend from another Indian company or foreign company or business trust and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing tax return under section 139 of the IT Act), then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company or foreign company or business trust.

The Indian Company declaring dividend would be required to deduct tax at 10% (in case of payment to resident investors) and at rates in force i.e. 20% (in case of payment to non-resident investors). In case, the dividend income is paid to FPI, the rate of tax deduction as per section 196D is 20%.

As per the amended provisions, the dividend income (net of deductions, if any) shall be taxable at the following rates:

Resident investors

Dividend income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	34.944%
Firms / LLPs	34.944%
Others (Refer Note 3)	As per applicable slab rates and surcharge being restricted to 15%, maximum being 35.88%

Note 1: The Finance Act, has reduced tax rate to 25% in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2018-19 (Assessment Year 2019-20).

Note 2: As per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the IT Act shall be 22% and 15% respectively (plus applicable surcharge and health and education cess), subject to the fulfilment of conditions prescribed in the said sections.

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Note 3: The Finance Act, has inserted a new section 115BAC in the IT Act. As per the said section, resident Individual and HUF will have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions.

Prior to Finance Act, 2020, distributions from a mutual fund were also exempt in the hands of all unitholders under Section 10(35) of the IT Act, irrespective of their residential status, provided the mutual fund distributing the income has withheld tax at rates prescribed under section 115R of the IT Act on the amount distributed, declared or paid. With effect from 01 April 2020, distributions from mutual fund shall be taxable in the hands of the investor at applicable rates.

b) Interest income

Under the IT Act, interest income should be taxable in the hands of the resident clients as under:

Interest income received by	Tax Rate for the domestic clients
Resident companies (Refer Note 1 and 2)	34.944%
Firms	34.944%
Others (Refer Note 3)	As per applicable slab rates, maximum being 42.744%

Note 1: The Finance Act, has reduced tax rate to 25% in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2018-19 (Assessment Year 2019-20).

Note 2: As per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the IT Act shall be 22% and 15% respectively (plus applicable surcharge and health and education cess), subject to the fulfilment of conditions prescribed in the said sections.

Note 3: The Finance Act, has inserted a new section 115BAC in the IT Act. As per the said section, resident Individual and HUF will have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions.

c) Capital gains

Assuming the gains arising from sale of capital assets such as shares and securities of the Indian portfolio companies is characterized as capital gains in hands of the resident Client, such Client be liable to pay taxes on capital gains income as under:

i. Period of holding

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Capital assets are classified as long-term assets (“LTCA”) or short-term assets (“STCA”), based on the period of holding of these assets. The period of holding of the asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the shares and securities are held, the gains would be taxable as short-term capital gains (“STCG”) or long term capital gains (“LTCG”). This is discussed below:

Nature of asset	STCA	LTCA
For assets being shares in a company or any other security (other than units) listed on a recognised stock exchange in India i.e. equity shares, preference shares or debentures, or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero coupon bonds	Held for not more than 12 months	Held for more than 12 months
For assets being shares of a company (other than shares listed on a recognised stock exchange in India) and immovable property being land or building	Held for not more than 24 months	Held for more than 24 months
For assets other than those specified above	Held for not more than 36 months	Held for more than 36 months

ii. Taxation of capital gains

Depending on the classification of capital gains, the resident clients would be chargeable to tax as per the IT Act as under:

Nature of Income	Tax rate for beneficiaries who are resident companies	Tax rates for resident Individuals / HUF / AOP / BOI	Tax rates for other residents (Firms, LLPs)
STCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which Securities Transaction Tax (“STT”) has been paid	17.472	17.940	17.472
Other STCG	34.944 (Note 1)	42.744	34.944
LTCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for	11.648 (without indexation)	11.960 (without indexation)	11.648 (without indexation)

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sale or (iii) units of equity oriented mutual fund and on which STT has been paid (Note 2)			
LTCG on transfer of listed securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid	11.648 (without indexation) or 23.296 (with indexation), whichever is lower	14.248% (without indexation) or 28.496% (with indexation), whichever is lower	11.648 (without indexation) or 23.296 (with indexation), whichever is lower
LTCG on transfer of listed bonds and listed debentures (Note 3)	11.648 (without indexation)	14.248% (without indexation)	11.648 (without indexation)
LTCG on transfer of units of mutual fund (listed or unlisted) other than equity oriented fund	23.296 (with indexation)	28.496% (with indexation)	23.296 (with indexation)
LTCG on transfer of unlisted securities (other than unlisted bonds and unlisted debentures)	23.296 (with indexation)	28.496% (with indexation)	23.296 (with indexation)
LTCG on transfer of unlisted bonds and unlisted debentures	23.296 (without indexation)	28.496% (without indexation)	23.296 (without indexation)

Note 1: As per the Finance Act, 2020, corporate tax at the rate of 29.120% should be applicable for the financial year 2020-21 in the case of domestic companies having total turnover or gross receipts in the financial year 2018-19 not exceeding INR 400 crores. As per the Taxation Laws (Amendment) Ordinance, 2019 No. 15 of 2019, companies may opt for beneficial tax rate of 25.168% in case of existing domestic companies (as per section 115BAA of the ITA) and 17.16% for new domestic manufacturing companies (as per section 115BAB of the ITA) subject to prescribed conditions.

The Finance Act, 2020 has inserted a new section 115BAC in the IT Act. As per the said section, Individuals and HUFs will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions.

Note 2: The Finance Act, 2018 has withdrawn exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust, with effect from April 1, 2018. As per section 112A of the IT Act, the LTCG above INR 0.01 crore on following transfers shall be taxable at 10%:

- listed equity shares (STT paid on acquisition and transfer); and

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- units of equity oriented mutual fund and business trust (STT paid on transfer)

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

The CBDT has issued a notification on October 1, 2018, specifying the transactions where the condition of STT on acquisition would not apply for applying tax rate of 10% on transfer of listed equity shares.

Further, the CBDT has clarified by way of FAQs that long-term capital gains in case of FPIs will be determined in the same manner as in the case of resident taxpayers.

Note 3: The Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures.

Note 4: In case of an individual or HUF, being a resident of India, where the total income as reduced by such long term capital gains or short term capital gains is below the maximum amount which is not chargeable to income-tax then such long term capital gains or short term capital gains shall be reduced by such shortfall amount and only the remaining balance of such long term capital gains or short term capital gains shall be subject to tax at the applicable rate.

Note 5: For the purpose of calculation of long-term capital gains (with indexation), the base year for indexation has been shifted from 1981 to 2001. In other words, if an asset is acquired prior to 01 April 2001, the fair market value as on 01 April 2001 will have to be considered as the cost of acquisition and the indexed cost of acquisition will have to be worked out accordingly with the cost of inflation for the year 2001. The CBDT has vide Notification No. SO 1790(E) [No. 44/2017 (F.No. 370142/11/2017 – TPL)] dated 05 June 2017 notified the revised cost inflation index u/s. 48 of the IT Act.

C. Taxation of Non-resident clients

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 April 1, 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.

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The CBDT had *vide* its Circular dated January 24, 2017 issued guiding principles for determination of POEM of a company (“**POEM Guidelines**”). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than Rs 50 crore during the Financial Year.

Tax Treaty Benefits

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 (“**Tax Treaty**”) between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore clients. However, no assurance can be provided that the Tax Treaty benefits would be available to the offshore investor or the terms of the Tax Treaty would not be subject to amendment or reinterpretation in the future.

Tax Residency Certificate (“TRC”)

Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain a TRC as issued by the foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.

The details required to be furnished are as follows:

- Status (individual, company, firm, etc.) of the assessee;
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
- Period for which the residential status, as mentioned in the TRC, is applicable; and
- Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The additional information prescribed above may not be required to be provided if it already forms a part of the TRC.

The taxability of income of the offshore investor, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, would be as per the provisions of IT Act as discussed below:

a) Dividend Income

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As per the amendments in The Finance Act 2020, the dividend income would be taxable directly in the hands of investors. Deduction of interest expense should be allowed under section 57 of IT Act against such dividend income, with overall capping of 20% of dividend income. Such net dividend income should be chargeable to tax at the rate of 20% as per the provisions of the IT Act.

However, if treaty benefits are available, gross amount of dividend should be chargeable to tax at the rates stated in treaty.

Prior to Finance Act, 2020, distributions from a mutual fund were also exempt in the hands of all unitholders under Section 10(35) of the IT Act, irrespective of their residential status, provided the mutual fund distributing the income has withheld tax at rates prescribed under section 115R of the IT Act on the amount distributed, declared or paid. With effect from 01 April 2020, distributions from mutual fund shall be taxable in the hands of the investor at applicable rates.

b) Interest

- Under the IT Act, interest income should be taxable in the hands of the non-resident clients as under:

Interest income received by	Tax Rate for the clients
Foreign companies	43.68%
Firms	34.944%
Others	As per applicable slab rates, maximum being 42.744%

The above rates would be subject to availability of Tax Treaty benefits, if any.

- In case the investments made by the non-resident Indian ('NRI') Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI clients opt to be governed by these provisions under the IT Act, the interest income from specified assets should be taxable at the rate of 28.496% on gross basis. 'Specified asset' means shares in an Indian Company, debentures issued by an Indian public Company, deposits with an Indian public Company and any security of the Central Government as defined in Public Debt Act.
- As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to FPI would be subject to tax at the rate of 5.46% if following conditions are satisfied:
 - Such interest is payable on or after 1 June 2013 and 1 July 2020
 - Rate of interest does not exceed the rate notified by Central Government

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If the above concessional tax rate is not available, then then the interest income would be subject to tax rate at the rate of 21.84% for FPI clients.

c) Capital Gains

Assuming the gains arising from sale of capital assets such as shares and securities of the Indian portfolio companies is characterised as capital gains in hands of the non-resident Client, such Client be liable to pay taxes on capital gains income as under:

i. Period of holding

Period of holding of investment in the hands of non-resident investor will be same as resident clients stated above.

ii. Taxation of capital gains

- Depending on the classification of capital gains, the non-resident clients would be chargeable to tax as per the IT Act as under:

Nature of Income	Tax rate for beneficiaries who are non resident companies	Tax rates for non resident Individuals / HUF / AOP / BOI	Tax rates for other non residents (Firms, LLPs)
STCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid	16.38%	17.940%	17.472
Other STCG	43.68%	42.744%	34.944%
LTCTG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid (Note 1)	10.92% (without indexation)	11.960% (without indexation)	11.648% (without indexation)
Long-term capital gains on transfer of listed bonds / listed debentures or other listed securities (other than units of mutual fund) on which STT has not been paid (Note 2 & 3)	10.92% (without indexation)	14.248% (without indexation)	11.648% (without indexation)

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LTCG on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund	21.84% (with indexation)	28.496% (with indexation)	23.296% (with indexation)
LTCG on transfer of unlisted securities	10.92% on gains computed in INR (without indexation)	14.248% on gains computed in INR (without indexation)	11.648% on gains computed in INR (without indexation)

Note 1: The Finance Act, 2018 has withdrawn exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust, with effect from April 1, 2018. As per section 112A of the IT Act, the LTCG above INR 0.01 crore on following transfers shall be taxable at 10%:

- listed equity shares (STT paid on acquisition and transfer); and
- units of equity oriented mutual fund and business trust (STT paid on transfer)

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

The CBDT has issued a notification on October 1, 2018, specifying the transactions where the condition of STT on acquisition would not apply for applying tax rate of 10% on transfer of listed equity shares.

Further, the CBDT has clarified by way of FAQs that long-term capital gains in case of FPIs will be determined in the same manner as in the case of resident taxpayers.

Note 2: Based on judicial precedents, non-residents may avail the concessional tax rate (as mentioned above). However, the possibility of Indian Revenue Authorities disregarding the said position and applying a tax rate of 20% (plus applicable surcharge and cess) cannot be ruled out.

Note 3: The Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures.

Note 4: In case of a non-resident individual or HUF where the total income as reduced by such long term capital gains or short term capital gains is below the maximum amount which is not chargeable to income-tax then such long term capital gains or short term capital gains shall be reduced by such shortfall amount and only the remaining balance of such long term capital gains or short term capital gains shall be subject to tax at the applicable rate.

Note 5: For the purpose of calculation of long-term capital gains (with indexation), the base year for indexation has been shifted from 1981 to 2001. In other words, if an asset is acquired prior to 01 April

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2001, the fair market value as on 01 April 2001 will have to be considered as the cost of acquisition and the indexed cost of acquisition will have to be worked out accordingly with the cost of inflation for the year 2001. The CBDT has vide Notification No. SO 1790(E) [No. 44/2017 (F.No. 370142/11/2017 – TPL)] dated 05 June 2017 notified the revised cost inflation index u/s. 48 of the IT Act.

- In case the investments made by the NRI Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI clients opt to be governed by these provisions under the IT Act, (i) any income from LTCA other than a specified assets should be taxable at 20% (plus applicable surcharge and cess) and (ii) any long-term capital gains on specified asset should be taxable at the rate of 10% (plus applicable surcharge and cess).
- As per Section 115F of the IT Act, long term capital gains arising to a non-resident Indian on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in any specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section. "Foreign exchange asset" means any specified asset which the assessee has acquired or purchased with, or subscribed to in, convertible foreign exchange.

D. Other relevant provisions for resident as well as non-resident clients under the IT Act

a) If gains are categorised as business income

If the gains are categorised as business income, it shall be taxable at the slab rate highest being 42.744% in case of clients beings individual/HUF/AOP/BOI (resident as well as non-resident), and at the rate of 34.944% in case of resident and non-resident clients other than stated above. For a foreign company it shall be taxable at the rate of 43.68%.

b) 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 (both listed and unlisted) are exempt in the hands of clients. However, as per section 115QA of the IT Act, a distribution tax at the rate of 23.296% 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, 2013. Such distribution tax should be payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed. In this regard, CBDT notified final buyback rules by inserting new Rule 40BB to IT Rules for determining the amount received by the Indian company in respect of issue of shares.

c) Deemed Sale Consideration on sale of unquoted shares

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 ('FMV'), then the FMV would be deemed to be the full value of sale consideration for

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computing the capital gains for such unquoted shares. The CBDT has issued rules for computation of FMV for the purpose of section 50CA of the IT Act. The taxability of such gains would be as discussed above.

As per the Finance (No. 2), Act, 2019 the above provision shall not apply to any consideration received / accruing on transfer from such class of persons and subject to fulfilment of conditions as may be prescribed. Notification in this regard is awaited.

d) Deemed income on investment in shares / securities of unlisted companies in India

Section 56(2)(x), provides that any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.005 crore as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.

Rule 11UA provides mechanism 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 above provision shall not apply to any sum of money or any property received from such class of persons and subject to fulfilment of conditions as may be prescribed. Notification in this regard is awaited.

Such income is categorised as other income, it shall be taxable at the slab rate highest being 42.744% in case of clients beings individual/HUF/AOP/BOI (resident as well as non-resident), and at the rate of 34.944% in case of resident and non-resident clients other than stated above. For a foreign company it shall be taxable at the rate of 43.68%.

e) Issue of shares at a premium by a private company

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

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

f) Redemption premium

There are no specific provisions under the IT Act, with regard to the characterisation of the premium received on redemption of debentures. Considering the fact that the securities are held as a capital asset, premium on redemption of securities can either be treated as 'interest' or as 'capital gains'. The characterisation of premium on redemption of securities as interest or a capital gains has to be decided based on factors surrounding the

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relevant case. Taxability of 'interest' and 'capital gains' in the hands of the investors is provided in earlier paragraphs.

g) Dividend stripping

In terms of Section 94(7) of the IT Act, losses arising on sale of securities or units of a mutual fund purchased within a period of 3 months prior to the record date for entitlement of exempt dividends and sold within a period of 3 months (or 9 months in case of units of mutual funds) after such record date, is to be ignored to the extent of the dividend received or receivable on such securities or units for the purpose of computing the taxable income.

h) Bonus stripping

In terms of Section 94(8) of the IT Act, where additional units of mutual fund have been issued to any person without any payment, on the basis of existing units held by such person, the loss on sale of the original units shall be ignored for the purpose of computing income chargeable to tax, if the original units were acquired within a period of 3 months prior to the record date fixed for the receipt of additional units and sold within 9 months from such record date. However, the loss so ignored shall be considered as the cost of acquisition of all or any of the additional units held on the date of sale of such units.

i) 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 15% (plus applicable surcharge and 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. Where MAT has been paid, credit is available in subsequent financial years for the MAT paid in excess of income-tax payable in a financial year. This credit should be eligible to be carried forward for 15 years and set-off against future income-tax payable to the extent normal income-tax payable exceeds MAT in that financial year.

As per the Taxation Laws (Amendment) Ordinance, 2019 No. 15 of 2019, MAT should not apply in case of domestic companies exercising option under section 115BAA and section 115BAB of the ITA.

If MAT is held to be applicable to the clients, then income receivable by such clients 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.

j) Capital Gains Tax implications on conversion of convertible debentures

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Conversion of debentures of a company into shares of that company is not regarded as a transfer under the IT Act. Hence, no capital gains would arise in the hands of the Fund on conversion of convertible debentures of a Company into equity shares. At the time of transfer of the converted equity shares, the cost of acquisition of a convertible debenture would be deemed to be the cost of acquisition of such equity shares. Further, the holding period of the equity shares would commence from the date of subscription of debentures irrespective of date of conversion .

k) Capital Gains Tax implications on conversion of preference shares

Conversion of preference shares of a company into equity shares of that company is not regarded as a transfer under the IT Act. Hence, no capital gains would arise in the hands of the Fund on conversion of convertible preference shares of a Company into equity shares. At the time of transfer of the converted equity shares, the cost of acquisition of a convertible preference shares would be deemed to be the cost of acquisition of such equity shares. Further, the period of holding of the convertible preference shares will be considered for determining the period of holding of the resultant equity shares.

II. Securities Transaction Tax

Transactions/Particulars	Payable by Purchaser	Payable by Seller
Delivery based purchase/sale transaction in equity shares or a unit of business trust entered into in a recognised stock exchange	0.1%	0.1%
Non-delivery based sale transaction in equity shares or units of equity oriented fund or unit of a business trust entered in a recognised stock exchange	N.A.	0.025%
Delivery based sale transaction of unit of equity oriented fund	N.A.	0.001%
Sale of options in securities	0.125% of the difference between the strike price and settlement price of the option (In case option is exercised)	0.017%
Sale of futures in securities	N.A.	0.01%
Sale of unlisted shares under an offer for sale to the public	N.A.	0.2%
Sale of a unit of an equity oriented fund to the Mutual Fund	N.A.	0.001%
Sale of unlisted units of a business trust under an offer for sale	N.A.	0.2%

III. Withholding at a higher rate

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number ("PAN"), 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. As per Rule 37BC of the ITR, the following details and documents are prescribed:

1. Name, e-mail id, contact number;
2. Address in the country or specified territory outside India of which the deductee is a resident;
3. A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate; and
4. Tax identification number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

IV. Carry-forward of losses and other provisions:

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.

V. General Anti Avoidance Rule ("GAAR")

GAAR provisions have been introduced in chapter X-A of the IT Act (effective from Financial Year beginning on April 1, 2017), which provides that an arrangement whose main purpose is to obtain tax benefit and which also satisfies at least one of the four specified test as mentioned below, can be declared as an 'impermissible avoidance arrangement'.

- Arrangement creates rights or obligations, which are not ordinarily created between persons dealing at arm's length price;
- Arrangement directly or indirectly results in the misuse or abuse of the provisions of the IT Act;
- Arrangement lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- Arrangement is entered into, or carried out, by means, or in a manner, which are not ordinarily employed by bonafide purposes.

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it 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 30 million.

On January 27, 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 crore cannot be read in respect of a single taxpayer only.

VI. **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:

- 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)];
- where an entity has one or more controlling persons that are reportable persons:
 - the name and address of the entity, TIN assigned to the entity by the country of its residence; and
 - the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- account number (or functional equivalent in the absence of an account number);
- 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
- 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).

VII. **Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting**

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

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

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

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

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

VIII. 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.

IX. GST

Goods and Services Tax (GST) will be applicable on services provided by the Portfolio Manager to Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee to the Company.

THERE CAN BE NO GUARANTEE THAT THE ABOVE POSITION REGARDING TAXATION WOULD BE NECESSARILY ACCEPTED BY THE INDIAN TAX AUTHORITIES UNDER THE IT ACT. NO REPRESENTATION IS MADE EITHER BY THE PORTFOLIO MANAGER OR ANY EMPLOYEE, PARTNER OR AGENT OF THE MANAGER IN REGARD TO THE ACCEPTABILITY OR OTHERWISE OF THE ABOVE POSITION REGARDING TAXATION BY THE INDIAN TAX AUTHORITIES UNDER THE IT ACT. CLIENTS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS IN THIS REGARD.

13. ACCOUNTING POLICY / VALUATIONS

The Portfolio Manager shall keep and maintain proper books of accounts, records and documents, for each Client so as to explain transactions for each Client and to disclose at any point of time the financial positions of each of the Client and in particular to give a true and fair view of the state of affairs of the Portfolio of each Client.

The valuation methodology for different asset classes would be as stated under:

SR.NO	ASSET CLASS/ TYPE	METHOD
1.	EQUITY (LISTED/UNLISTED)	<ul style="list-style-type: none"> Where the Security (equity and equity related instrument) is traded on NSE the day's closing price on NSE will be considered for valuing Securities. If it is not traded on NSE, then the day's closing price on BSE will be considered. If the Security is not traded on either exchange on that day, then the last traded price will be considered. However, if the Security is not traded for 30 days preceding the valuation date, then the Security shall be treated as non-traded security and valued at last traded price available. Purchase and sale transactions shall be recognized on the trade date and not as of the settlement date, so that all the investments made during a period are recorded and reflected in the same period. <p>Unlisted Securities/investments will be valued at cost or last round valuation (which is provided by the Company), whichever is latest.</p> <ul style="list-style-type: none"> Dividend income shall be tracked from the date of declaration and recognized on the date of the security being quoted on an ex-dividend basis. For unlisted investments, dividend income would be recognized on the date of receipt. Bonus units shall be tracked from the date of declaration and recognized on the date of the Security being quoted on an ex-bonus basis. For unlisted investments, bonus units would be recognized on the date of receipt. Rights units shall be recognized in the client's portfolio post receipt of securities allotment from the company.

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SR.NO	ASSET CLASS/ TYPE	METHOD
2.	MUTUAL FUNDS	<p>a) The previous day's scheme NAVs or latest NAVs declared by Mutual Funds [as per The Association of Mutual Funds in India (AMFI) website] /subscription feeds for NAV from vendors will be used to value Mutual Fund investments.</p> <p>b) ETFs shall be valued at closing prices available on the stock exchange. If the said prices are not available, the latest NAV of the Fund will be considered.</p>
3.	FIXED INCOME /DEBT/BONDS/ STRUCTURED PRODUCTS/MLD	<p>Investment Grade Bonds: All types of G-Sec, SDL, T-Bill, CP, CD, Corporate Bonds, Tax Free, Taxable Bonds, Preference Shares and Perpetual Bonds will be valued by CRISIL on all working days based on the methodology as detailed in their service contract / presentation.</p> <p>Sub-Investment grade Bonds : Sub-investment grade securities would be valued by CRISIL on "benchmark based approach" that is currently used by Asset Management Companies (AMCs). Over due course, this would shift to Loss Given Default (LGD) framework for which a separate commercial contract will be mutually agreed and signed.</p> <p>Structured Products / Market Linked Debentures (MLD): MLD prices will be sourced from the publicly available value of the securities as published by third party valuer or issuer on their respective websites. The prices would be updated at a frequency of once a calendar week.</p>
4.	THIRD PARTY PRODUCTS	As per valuation provided by the manufacturer. If none available, to be stated at cost.

NOTES:

- First in First Out (FIFO) method shall be followed to determine the holding cost of investments and profit/ loss on sale of investments.
- Where any income receivable on investments has accrued and is due but not received for a period of greater than 6 months adequate provisions shall be made.
- The cost of investments acquired and/or purchased shall include all such costs incurred for effecting such acquisition/purchase. In respect of privately placed Securities, any front-end discount offered shall be reduced from the cost of investment.
- A detailed valuation policy is also available on our website www.avendus.com.
- The above policy would at all times be subject to methodologies prescribed under the SEBI (PMS Regulations), 2020.

14. INVESTOR SERVICES

A. Contact information

Name, address and telephone number of the investor relations officers who shall attend to the investor queries and complaints.

Name : Ms. Priya Sonavane, Compliance Officer
Address : Avendus Wealth Management Private Limited
IL&FS Financial Centre, 6th Floor, C & D – Quadrant
Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel: +91 22 6648 0050/ 66481437
Email: awmplig@avendus.com

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that these officials are vested with the necessary authority, independence and the wherewithal to handle investor complaints.

For operational queries or other issues, you may also write to AWMcare@avendus.com

B. Grievance Redressal and Dispute Settlement Mechanism

The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms:-

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with and subject to the provisions of The Arbitration and Conciliation Act 1996, or any statutory requirement, modification or re-enactment thereof. Such Arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit. The Arbitration proceedings shall be conducted in English.

Client can also login on SCORES (SEBI Grievances handling website) and register his/her complaints, if any, against the Portfolio Manager on www.sebi.gov.in.

Portfolio Management Services – Disclosure Document

15. GENERAL

The Portfolio Manager and the client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement, subject to SEBI (Portfolio Management Services) Regulations, 2020.

Approved by the Directors of Avendus Wealth Management Private Limited

SR. No.	Name of the Director	Signature
1	Mr. Nitin Singh	NITIN SINGH <small>Digitally signed by NITIN SINGH DN: c=IN, o=Personal, postalCode=400050, st=MAHARASHTRA, serialNumber=4e954e72dbb51e0d1a13f83287b4a3caaa 00c896e808fb9b70a0557549274b6, cn=NITIN SINGH Date: 2020.07.30 23:26:32 +05'30'</small>
2	Mr. Kaushal Kumar Aggarwal	KAUSHAL KUMAR AGGARWAL <small>Digitally signed by KAUSHAL KUMAR AGGARWAL DN: c=IN, o=Personal, cn=KAUSHAL KUMAR AGGARWAL, serialNumber=75b336dc5e94808152880ade811199a26c1e 9b785b743dc19423742dcfeb21ae, postalCode=400054, 2.5.4.20=a16bb0cb81964405a4b418cf670d36d7ac634e45cc b19a5697e7492fcd6a412e, st=MAHARASHTRA Date: 2020.07.30 23:16:06 +05'30'</small>

Date: July 30, 2020

Place: Mumbai

ANEJA ASSOCIATES

C H A R T E R E D A C C O U N T A N T S

CERTIFICATE

To,
Avendus Wealth Management Private Limited,
IL&FS Financial Centre,
C & D – Quadrant - 6th Floor,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400051

We have examined the information provided in the Disclosure Document from the audited books of accounts as at March 31, 2019 and other records/ documents made available by Avendus Wealth Management Private Limited. Based on the verification of the records and information, necessary explanations and representations provided by the company, we certify that in our opinion, the information provided in the Disclosure Document as required by Securities Exchange Board of India (Portfolio Managers) Regulations, 2020 (as amended up to April 17, 2020) is true, fair and adequate to enable investors to make well informed decisions.

For ANEJA ASSOCIATES
Chartered Accountants

NARENDRA KUMAR ANEJA
Digitally signed by NARENDRA KUMAR ANEJA
DN: cn=NARENDRA KUMAR ANEJA, c=IN, st=Maharashtra, o=Personal, serialNumber=6f71e6e5ba4e2025b60cfe60821a9c002b41ba3f52a0bcdd61e6d04c1cb3dea4
Date: 2020.07.30 21:19:58 +05'30'

NARENDRA K. ANEJA
Membership No. 030202
UDIN No. 20030202AAAFIM5245
Firm Membership No. 100404W

Place: Mumbai
Date: July 30, 2020

A decorative graphic in the top-left corner consisting of several overlapping squares in various shades of blue, ranging from light sky blue to a deeper cerulean.

www.avendus.com