

The Partners
Hanut Alternate Investments LLP
B21, Grand Paradi, August Kranti Marg,
Kemps Corner, Mumbai 400 036

Verification of particulars stated in the portfolio management services disclosure document

We have verified the adequacy of the particulars stated in the portfolio management services disclosure document, as at August 31, 2021 prepared by Hanut Alternate Investments LLP, for the purpose of filing with the Securities and Exchange Board of India (SEBI), in accordance with the Fifth Schedule of the SEBI (Portfolio Managers) Regulations, 2020 to enable the investors to make a well-informed decision.

Based on our examination of the books of account, records and documents maintained and produced to us and on the basis of information and explanations given to us, we certify that the particulars stated in the disclosure document are true and fair.

For Morzaria & Associates
Chartered Accountants
Firm Registration Number: 129763W

VIKAS
DHIRENDRA
MORZARIA

Digitally signed by
VIKAS DHIRENDRA
MORZARIA
Date: 2021.10.08
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Vikas Morzaria
Proprietor
Membership No.: 108691
UDIN: 21108691AAAHMZ6572

Place: Mumbai
Date: October 8, 2021

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DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES

- (i) The Disclosure Document (the Document) has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 and amendments thereto as applicable.
- (ii) The purpose of the Document is to provide essential information about the Portfolio Management Services in a manner to assist and enable the investors in making an informed decision for engaging a Portfolio Manager.
- (iii) The document contains necessary information about the Portfolio Manager required by an investor before investing. Investors are advised to retain this document for future reference.
- (iv) The Investor should carefully read the Document prior to making a decision to avail the portfolio management services and retain the Document for future reference.

Details of the Portfolio Manager

Portfolio Manager	: Hanut Alternate Investments LLP
SEBI Registration Number	: <u>_INP000006439_</u>
Registered Office Address	: B21, Grand Paradi, August Kranti Marg, Kemp's Corner, Mumbai - 400036
Address of Place of Business	: Grosvenor House, 21, Camac Street, Kolkata - 700016
Tel. Nos.	: +91 33 46003528
Website	: www.hanutcapital.com

Details of Principal Officer

Name	: Mr. Arjun Singh
Address	: Grosvenor House, 21, Camac Street, Kolkata - 700016
Telephone	: +91 9930661746
Email id	: arjun@hanutcapital.com

This Disclosure Document is dated August 31, 2021.

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1) DISCLAIMER CLAUSE

The particulars have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

Pursuant to Regulation of SEBI (Portfolio Managers) Regulations, 2020, Hanut Alternate Investments LLP hereby declares that the Portfolio Management Services rendered in accordance with the contents hereof, are rendered without guaranteeing or assuring, either directly or indirectly, any returns.

2) DEFINITIONS

- a. **"Client(s)/ Investor(s)"** means any person / entity that enters into an agreement / arrangement for availing portfolio management service with the portfolio manager by executing the portfolio management agreement.
- b. **"Discretionary Portfolio Manager"** means a portfolio manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.
- c. **"Portfolio"** means the total holding of all investments, assets, funds belonging to the Client.
- d. **"Portfolio Management Agreement"** means the agreement entered or to be entered into between the Client and the portfolio manager for availing the portfolio management services rendered by the portfolio manager.
- e. **"Portfolio Manager"** means Hanut Alternate Investments LLP acting through its person , specifically designated for the portfolio management service.
- f. **"Principal Officer"** means an employee of the Hanut Alternate Investments LLP, who has been designated as such by the portfolio manager.
- g. **"Securities"** means equity shares, mutual funds, exchange traded funds, derivatives (including commodity derivatives and currency derivatives), equity linked instruments and products, preference shares, convertible securities, depository receipts, secured premium notes, treasury bills, debt and hybrid debt products, mortgage-backed securities, commercial papers, notes, scripts, stocks, bonds, debentures, debentures stock whether or not marketable or any other securities as defined under the Securities Contracts (Regulation) Act, 1956.

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- h. **“SEBI Regulations” or “Regulations”** means SEBI (Portfolio Managers) Regulations, 2020 and as amended from time to time.

Terms used in the Document and not defined shall have the meaning assigned to them under the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.

Any references to laws and regulations in this Document shall be deemed to include such laws and regulations as may be amended, revised, updated and/or supplemented from time to time.

Words importing singular shall include the plural and all reference to masculine gender shall include the feminine gender and vice-versa.

3) DESCRIPTION

(i) History, Present Business and Background of the portfolio manager

Hanut Alternate Investments LLP has been promoted by Mr. Arjun Singh and Mrs. Neha Mansukhani. Hanut Alternate Investments LLP was incorporated on June 22, 2018 with the purpose of providing Portfolio Management Services (Discretionary and Non-discretionary) as well as Investment Advisory Services. The LLP is registered with SEBI as a Portfolio Manager with registration number **INP000006439** It received approval from SEBI on March 12, 2019 and the registration is valid till March 11, 2022.

(ii) Promoters of the portfolio manager, directors and their background

Mr. Arjun Singh and Mrs. Neha Mansukhani are the promoters and designated partners of Hanut Alternate Investments LLP.

Mr. Arjun Singh has attained a PGPM (Finance) from the Indian School of Business (ISB), Hyderabad. He also has a B.Sc in Accounting from Bethune-Cookman University, USA. He has more than 10 years of experience working with various companies in the financial services industry.

Prior to promoting the LLP, Arjun was Vice President of Listed Derivatives Sales at Deutsche Bank AG, Mumbai. He has worked for a total of 7 years for Deutsche Bank across major Asian financial centres of HongKong, Singapore and Mumbai. In his role, he was the Primary point of contact for global hedge-funds to trade in listed derivative products in the Asia-Pacific Region.

In his first corporate role, he worked as an advisor with Motilal Oswal Securities Ltd. where he created investment and trading strategies for clients in equity and equity derivatives. Later he worked with UTI Asset Management Company as a Relationship Manager, Private and Foreign Banks. He was responsible for managing equity and debt product sales and was successful in creating traction for products at banks and their branches

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At Hanut Alternate Investments LLP, he will be the Principal Officer and will be in charge of research and will take investment decisions for clients.

Mrs. Neha Mansukhani has attained a ²~~P~~PM (Marketing) from the Indian School of Business (ISB), Hyderabad. She has a Post Graduate Diploma in Advertising and Marketing from Xavier Institute of Communications as well as a BA in Psychology from Jai Hind College, Mumbai.

She is a marketing professional with 14 years of distinguished performance in building iconic global and national brands. She has expertise in marketing luxury and premium brands, including building business plans, simulating consumer growth models and crafting experiential platforms to reach core consumer base. She has successfully worked with global and regional teams to build local innovations taken on at the global level.

She has worked with Tata Group as National Brand Manager for Himalayan mineral water. She was the Marketing Head for Champagnes, Single Malt, Vodka at Moët Hennessy India. She was responsible for driving marketing investments to ensure breakthrough and competitive growth, furthering brand equity through innovative marketing plans.

(iii) Top 10 Group companies/firms of the portfolio manager on turnover basis (latest audited financial statements may be used for this purpose)

The LLP does not have any group companies or firms.

(iv) Details of the services being offered: Discretionary/ Non discretionary / Advisory.

The LLP will provide discretionary PMS, non-discretionary PMS as well as Investment Advisory Services.

Discretionary PMS: Hanut Alternate Investments LLP will primarily focus on offering discretionary PMS Service. Currently, we intend to launch one Strategy which is named 'Hanut Fundamental Quant' - The Investment methodology of which is a systematic, model based strategy

Non-Discretionary PMS: Hanut Alternate Investments LLP will also provide Non-Discretionary PMS services for clients that require this sort of service. The strategy will largely be bespoke and will be resultant of in-depth conversations with the client in an effort to understand his risk profile and return outlook.

Investment Advisory: Hanut Alternate Investments LLP will provide stock/portfolio specific advice to clients on an ongoing or one-time basis as the clients requirement may entail. This service will be completely dependent on the need of the client and will cover all investment asset classes such as Bonds, Equities, Money-Market, Gold, Real-Estate, Private-Equity, etc.

Direct Clients – Clients can invest directly with the Portfolio Manager, for any of the services listed above, without intermediation of persons engaged in distribution services.

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4) PENALTIES, PENDING LITIGATIONS OR PROCEEDING, FINDINGS OF INSPECTION OR INVESTIGATION FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY 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 thereunder.	None
(ii) The nature of the penalty/direction.	Not applicable
(iii) Penalties imposed for any economic offence and/ or for violation of any securities laws.	None
(iv) Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any.	None
(v) Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	None
(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.	None

5) SERVICES OFFERED

a) Discretionary PMS - At Hanut Alternate Investments LLP, the discretionary investment philosophy and strategy involves the use of intensive fundamental analysis and backtesting to create strategies for our clients' portfolio.

We will select companies and build a portfolio of 28-32 stocks using a **Fundamental Quant Strategy**. This strategy is created by Mr. Arjun Singh, Principal Officer. Mr Arjun Singh has conducted research looking at the last 15 years of data on NSE500 stocks in an effort to understand which fundamental characteristics of a company indicate good price performance with a 12 month horizon.

PORTFOLIO STRATEGY – HANUT FUNDAMENTAL QUANT

The following methodology is used:

- Investing universe - NSE500.
- Various fundamental characteristics of each stock in the index (eg. P/E ratio, P/B ratio, Margins, Margin delta, Growth ratios, Debt Ratios, Profitability Ratios, Return ratios, etc)
- Research each parameter and combination of parameters to identify which combination of characteristics provide market beating returns with a 12 month horizon.
- Research with multiple starting points to ensure no seasonal bias
- Identify fundamental factors that have historically led to good stock price returns
- Use these factors to build a portfolio of 28-32 companies.

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- Fund manager will take active decisions on what the equity allocation should be given the macro economy and market internals
- Options may also be used to manage market exposure and to hedge if the fund manager sees fit.
- The Fund manager may also choose to gain market exposure via Index Funds or ETF's if he so chooses.

Investments will be generally in listed equity stocks in India. If we do not find any attractive investments, we may park client's funds in Mutual funds/ETF's or Money Market funds or bonds.

b) Non-Discretionary PMS - Clients that express a unique and bespoke requirement for the management of their portfolio that is not met by the strategy used by the Discretionary PMS will require this sort of service. The strategy used will be resultant of in-depth conversations with the client in an effort to understand his risk profile and investment needs.

c) Investment Advisory – Clients who require stock/portfolio specific advice on an ongoing or one-time basis as the requirement may entail shall subscribe to this service. This service will be completely dependent on the need of the client and will cover all investment asset classes such as Bonds, Equities, Money-Market, Gold, Real-Estate, Private-Equity, etc. The client may not hold his securities Investments with Hanut Alternate Investments LLP and may just use our advice. The minimum investment value of 50 Lakhs, even if held outside, will need to be met.

Minimum portfolio size accepted from any client will be Rs. 50 lakhs. The Clients can either give a Cheque of the requisite amount, or securities having a minimum market value of the requisite amount, on the day the Portfolio Management Services Agreement is signed.

Alternatively, the assigned portfolio can be a mix of cash and securities having a minimum total value of the requisite amount.

Since there are no associates/group companies of Hanut Alternate Investments LLP, we will not invest client's funds in any group companies / associates. If in future there is any group company / firm, investments will be subject to the applicable laws / regulations / guidelines.

Edelweiss Capital Services Limited has been appointed as Custodian and Fund Accountant. Their website is <https://edelweissprimeservices.edelweissfin.com/>

6) RISK FACTORS

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

- i. Securities investments are subject to market and other risks.

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- ii. The Portfolio Manager provides no guarantee or assurance that the objectives set out in the Disclosure Document and/or the Portfolio Management Services Agreement shall be accomplished.
- iii. The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as de-listing of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.
- iv. Past performances of the Portfolio Manager do not guarantee its future performance. The Portfolio Manager has limited experience or track record.
- v. The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, in physical and demat, in the Client's name, while price risk may arise on account of availability of share price from stock exchanges during the day and at the close of the day.
- vi. Investment decisions made by the Portfolio Manager may not always be profitable.
- vii. Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- viii. Not meeting the obligation to make Capital Contributions in terms of the Agreement may have implications as set out in the Agreement and may also impact the profitability of the Portfolio.
- ix. The market prices of the Securities in the Portfolio may be volatile and may not truly reflect its fundamental or intrinsic value due to the lack of sufficient liquidity for those Securities.
- x. **Equity and Equity Related Risks:** Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the Cash in a prudent manner in such instruments, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.
- xi. **Macro-Economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.

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

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

xiv. **Interest Rate Risk:** is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. The value of investments will appreciate / depreciate if the interest rates fall or rise.

xv. **Non-Diversification Risk:** This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. The Portfolio Manager will invest only in equities class. Portfolio Manager however will attempt to maintain a diversified equity portfolio in order to minimize the risk.

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

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xvii. The investments under the Portfolio may have exposure towards equity/equity related instruments of companies belonging to the certain sectors and hence shall be affected by risks associated with that sector. The performance of the companies which form the investment universe of the Portfolio would be affected by the growth and performance of that sector of the economy.

xviii. The Clients may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients.

xix. After accepting the contribution, the Portfolio Manager may not get an opportunity to deploy the same at all times or there may be delay in deployment. In such situation the Client may suffer opportunity loss.

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

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

xxi. **Volatility risk:** Volatility refers to the dynamic changes in price that securities undergo when trading activity continues on the stock exchange. Generally higher the volatility of security, greater is its price swings. There may be normally greater volatility in thinly traded securities than in active securities. As a result of volatility, orders may only be partially executed or not executed at all or the price at which the order gets executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.

xxii. **Risk of Wider Spreads:** Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a security and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid securities. This in turn will hamper better price formation.

xxiii **System Risk:** High Value trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution on confirmation. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.

xxiv. **System/ Network Congestion:** Trading on exchange is in electronic mode, based on satellite/ leased line based communications, combination of technologies and computer systems to place and route orders. Thus there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such

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other problem whereby not being able to establish access to the trading system/ network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders wither in part or in full. The Client is cautioned to note that although these problems may be temporary in nature, but when the Client has outstanding open positions or unexecuted orders, these represent a risk because of Client's obligations to settle all executed transactions.

xxv. Risks associated with derivatives trading:

The different types of risks associated with derivative instruments are as follows:

- **Credit Risk :** These are the usual risks associated with counterparty default and which must be assessed as part of any financial transaction. Despite the two major stock exchanges in India, that offer equity derivative products, having Settlement / Trade Guarantee Funds, these risks still remain.
- **Market Risk :** These are associated with all market variables that may affect the value of the contract, for e.g. A change in price of the underlying instrument.
- **Operational Risk :** These are the risks associated with the general course of business operations and include:
 - Settlement Risk arises as a result of the timing differences between when an institution either pays out funds or deliverables assets before receiving assets or payments from a counterparty and it occurs at a specific point in the life of the contract.
 - Legal Risk arises when a contract is not legally enforceable, reason being the different laws that may be applicable in different jurisdictions - relevant in case of cross border trades.
 - Deficiencies in information, monitoring and control systems, which result in fraud, human error, system failures, management failures etc. Famous examples of these risks are the Nick Lesson case, Barings' losses in derivatives, Society General's debacle etc.
- **Strategic Risk :** These risks arise from activities such as:
 - Entrepreneurial behavior of traders in financial institutions
 - Misreading client requests
 - Costs getting out of control
 - Trading with inappropriate counterparties
- **Systemic Risk :** This risk manifests itself when there is a large and complex organization of financial positions in the economy. "Systemic risk" is said to arise when the failure of one big player or of one clearing corporation somehow puts all other clearing corporations in the economy at risk. At the simplest, suppose that an index arbitrageur is long the index on one exchange and short the futures on another exchange. Such a position generates a mechanism for transmission of failure - the failure of one of the exchanges could possibly influence the other. Systemic risk also appears when very large positions are taken on the OTC derivatives market by any one player.

xxvi. **Risk of total Loss of Capital:** Investments in securities and derivatives entail the risk of total capital loss. SEBI regulations ensure that an investor cannot lose more than the capital invested; but the inherent nature of securities and derivatives investing keep the loss of total capital a possibility.

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7) Client Representation

Category of client	Associates/Group Companies				Others			
	Aug31, 2021	March31, 2021	March31, 2020	March31, 2019	Aug31, 2021	March31, 2021	March31, 2020	March31, 2019
No of Clients	n/a	n/a	n/a	n/a	10	8	8	0
Funds Managed (in Cr)	n/a	n/a	n/a	n/a	18.98	16.38	7.93	0
Discretionary	n/a	n/a	n/a	n/a	18.98	16.38	7.92	0

7.1 Names of related parties

	Designated Partners of LLP
1	Arjun Singh
2	Neha Mansukhani
	Others
1	Ranjit Singh

7.2 Details of Related Party transactions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Payments		
Salary paid to Ranjit Singh	4,22,500	4,22,500
Salary paid to Arjun Singh	5,00,500	2,51,100
Total	9,23,000	6,73,600
Receipts		
Service income from Arjun Singh	7,500	8,574
Total	7,500	8,574

8) The Financial Performance of the portfolio manager (based on audited financial statements)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020	Year ended 31st March 2019
Total Income	35,04,947	27,15,870	12,14,265
Total Expenses	32,27,456	34,41,202	17,51,396
Profit before tax	2,77,491	(7,25,332)	(5,37,131)
Total tax expense	0	0	0
Profit after tax	2,77,491	(7,25,332)	(5,37,131)
Partners' Fixed Capital Account (A)	2,50,00,000	2,50,00,000	2,50,00,000
Partners' Current Account (B)	(9,15,199)	(13,28,889)	(4,82,131)
Net Worth (A - B)	2,40,84,801	2,36,71,111	2,45,17,869

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9) Portfolio Management performance of the portfolio manager for the last three years, and in case of discretionary portfolio manager disclosure of performance indicators calculated using Time Weighted Rate of Return in accordance with SEBI (Portfolio Managers) Regulations, 2020.

Portfolio Management Performance of Hanut Alternate Investments LLP is as follows:

Strategy	Inception Date	1 Month	3 Months	6 Months	1 Year	2 Years*	Since inception*
HANUT ALTERNATE INVESTMENTS LLP	07-05-2019	1.03%	14.1%	25.3%	72.97%	41.96%	32.01%
CNX500 (Total Return)	07-05-2019	6.6%	10.51%	20.26%	56.94%	28.61%	21.46%

*annualised

(as on 31st August 2021)

10) AUDIT OBSERVATIONS

The portfolio accounts of the portfolio manager are audited annually by an independent chartered accountant. There are no adverse observations since inception.

11) NATURE OF EXPENSES (fees or charges payable by clients)

The following are the indicative fees and charges. The exact charges shall be annexed to the Agreement or Agreements for each of the services availed by the client

Management Fees	a) upto 2% p.a. of the Assets under Management to be charged on a monthly basis b) GST, if applicable will be charged over and above the management fee at applicable rate.
Performance fees	Upto 20% performance fees will be charged on profits above a hurdle rate of 8%. This will be on annual basis or on withdrawal of funds
Minimum Investment	Rs. 50 lacs
Exit Charge on withdrawals, in case of full or partial redemption.	a. In the first year of investment – maximum of 2% of value redeemed b. In the second year of investment – maximum of 1% of value redeemed c. After a period of two years, there is no Exit Charge

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Brokerage and transaction cost	15bps + GST + STT + Stamp and other tax
Custodian Fees	3-5bps of AUM + GST at applicable rates
Fund accounting charges	3-5bps of AUM + GST at applicable rates
Client account audit/certification charge	At actuals

12. TAX IMPLICATIONS FOR CLIENTS

The tax benefits described in this Document are as per the provisions of the Income-tax Act, 1961 ('the Act') as amended by the Finance Act, 2020 (FA 2020).

The information provided below is for general information purpose only. The disclosures in respect of the tax implications are in accordance with the prevailing tax laws and there can be no assurance or guarantee that the tax implications prevailing at the time of investment through the portfolio management services will endure indefinitely.

Further statements with regard to tax implications mentioned herein below are mere expressions of opinion and are not representations of the portfolio manager to induce any investor to invest through the services offered by the portfolio manager. The prospective clients should not treat this information as advice relating to taxation or investment or any other matter. In view of the individual nature of the implications, each investor is advised to consult with his or her own tax advisors/authorized dealers with respect to the specific tax and other implications arising out of his or her participation through the portfolio management services.

Tax Implications to different categories of investors for various streams of income

A Portfolio Management Service (PMS) Client may earn:

- Income from dividend on shares and units of mutual fund;
- Income from interest on Fixed Income Securities;
- Short-term and/or long-term capital gains (or losses) on sale of Securities (shares, debentures, rights renunciations, units, etc.);
- Business Income (loss) from purchase and sale of Securities (shares, debentures, rights renunciations, units, etc.).

Each such income has a separate tax treatment in the hands of the PMS Client as discussed hereunder.

1. Income from dividend on shares and units of mutual fund

1.1 Up to Financial year 2019-20:

Dividend referred to in section 115-O of the Act received in respect of shares of an Indian Company, was exempt from tax under Section 10(34) of the Act in the hands of the

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recipient. However, tax on distributed profits was payable by the domestic company at the rate of 20.555% (including surcharge and cess).

Further, as per section 115BBDA of the Act, where the total income of a *specified assessee, resident in India, consists of dividend declared, distributed or paid by a domestic company of more than ten lakh rupees, then dividend income in excess of ten lakh rupees was chargeable to tax at the rate of 10% (applicable cess and surcharge shall be charged separately).

*Specified assessee means a person other than domestic company, a fund/institution/trust/university/educational institution/hospital/ medical institution set-up under clause (iv), (v), (vi), (via) of section 10(23C) of the Act or a trust registered under section 12A and 12AA of the Act.

Income received in respect of units of a mutual fund specified in section 10(23D) of the Act, was exempt from tax under Section 10(35) of the Act (i.e. dividend income). However, distribution tax was payable by the Mutual Fund (at applicable rates based on category of scheme of Mutual Fund) under section 115R of the Act on such income distributed to its unit-holders. Exemption from income-tax under section 10(35) of the Act however was not applicable to any income arising from the transfer of these units.

No additional income-tax was chargeable in respect of any amount of income distributed on or after 1 September 2019 by a specified Mutual Fund*, out of its income derived from transactions made on recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange.

*Specified Mutual Fund means a Mutual Fund specified under clause (23D) of section 10 of the Act –

- (a) located in any International Financial Services Centre;
- (b) of which all the units are held by non-residents.

1.2 From Financial year 2020-21 onwards

W.e.f. 1 April 2020, FA 2020 has abolished the Dividend Distribution Tax (DDT) charged under section 115O and section 115R of the Act on the dividends paid by the domestic company and Mutual Fund, respectively, thereby transferring the tax burden completely in the hands of the shareholders/ unitholders. Due to which the section 10(34) and section 10(35) of the Act has also been abolished. Currently, the dividend is taxable in the hands of the unitholders at the applicable tax slab rates. Also, subject to withholding of taxes at source by Mutual Fund/Company (Refer Note 1 for tax rates

Particulars	Tax Implications in Dividend received by unit holders and investors/shareholder	Withholding of Taxes by Mutual Fund/Company

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Resident (Individuals / Non-corporates / Corporates)	Taxed in the hands of unitholders at applicable rate under the provisions of the Act	7.5% under section 194K of the Act*
Non-residents (Individuals / Non-corporates / Corporates)**	Taxed in the hands of unitholders at the rate of 20% u/s 115A of the Act. (plus applicable surcharge and cess)	20% (plus applicable surcharge and cess) u/s 196A/195** of the Act

*As per provision of section 194K of the Act, where the amount of income credited or paid in a financial year, in aggregate, does not exceed INR 5,000, no withholding is required to be carried out.

**Taxability in the hands of non-resident Individuals / Non-corporates / Corporates shall be subject to treaty benefits. The investors should obtain specific advice from their tax advisors regarding the availability of the tax treaty benefits.

2. Income from interest on Fixed Income Securities.

2.1 Tax Deduction at Source on interest income

Particulars	In case of 'other than a Company' PMS clients			In case of Company PMS clients	
	Resident in India	Non Resident Indian	Foreign Portfolio Investors ('FPI')	Domestic Company	Non-Domestic Company other than FPI
Interest other than 'Interest on securities'	10%	20%	20%	10%	40%
Interest payable on debentures or securities (other than Government security)	10%	20%	20%	10%	40%
Interest payable on listed debentures	10%	20%	20%	10%	40%

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issued by a Company					
Interest from notified infrastructure debt fund	10%	5%	5%	10%	5%
Interest by an Indian company or business trust on foreign currency approved loan/long-term bonds/rupee denominated bonds from outside India	NA	5%	5%	NA	5%
Other than above	10%	30%	30%/40%*	10%	40%
Interest by Government or Indian concern on money's borrowed or debt incurred in foreign currency	NA	20%	20%	NA	20%

*In case of corporate FPI entity.

The rates of tax should be further increased by surcharge and education cess where applicable in the case of non-resident payees (refer note 2).

However, in case of non-resident investor including FPI who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (DTAA) (which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such non-resident investor.

The investors should obtain specific advice from their tax advisors regarding the availability of the tax treaty benefits.

2.2 Taxability of Interest income earned

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Interest on securities stripped by sale and buyback should be taxable as income of the owner of the securities [Section 94(1) of the Act].

Interest income is taxable as normal business income / income from other sources, depending upon whether the securities are held as stock in trade / investments for resident and non-resident PMS clients as per the rates applicable in Schedule I to the FA 2020 as mentioned in Note 1.

In case of certain specific fixed income securities and certain debt instruments, purchased and held as investments and transferred prior to maturity, the gain from the transfer may also possibly be characterized as "capital gains" (treatment separately discussed).

The investors should obtain specific advice from their tax advisors regarding the tax treatment of their investments.

3. Characterization of Income derived from sale of securities

The applicable tax rate depends on the nature of income i.e., capital gains or business income. Gains on disposition of securities that are held as "stock-in-trade" should be considered as "business profits" whereas those held as "investment" should be considered as "capital gains".

Judicial precedents have not evolved any specific test that could be universally applied in determining whether gains on disposition of securities are "capital gains" or "business profits". The answer to this question would necessarily depend upon all relevant factors and circumstances of a case.

However, the Central Board of Direct Taxes ('the CBDT') vide its circular no. 4/2007, dated 15 June 2007, and circular no. 6/2016, dated 29 February 2016 had laid down the tests/ provided the instructions (supplementing the earlier Instruction No. 1827, dated 31 August 1989) to make distinction between shares held as stock-in-trade and shares held as investments. Kindly refer the instructions for details.

Further, it would be relevant to note that the Finance Act (No 2), 2014 has amended the definition of 'capital asset' under section 2(14) of the Act to include any security held by an FPI in accordance with the regulations made under the Securities and Exchange Board of India, Act 1992. By virtue of the said amendment, any income arising to an FPI on transfer of securities would be characterized as capital gains. Thus, income earned by FPI clients on transfer of securities can be characterized under the head 'capital gains'.

3.1 Profits and Gains of Business or Profession

As per the Finance Act 2008, deduction in respect of Security Transaction Tax (STT) paid is allowed in the computation of business income. However, if the income on sale of securities is treated as capital gains (treatment separately discussed), no deduction of STT paid will be allowed from the gains derived.

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Under section 43(5) of the Act, transactions in stocks and shares ultimately settled otherwise than by actual delivery are regarded as speculative transactions.

However, Finance Act 2005 has inserted proviso (d) to Section 43(5), whereby transactions in respect of trading in derivatives shall not be considered as a Speculative Transaction, provided the transaction is carried out electronically on screen based systems through a stock broker or sub-broker or intermediary registered under Securities Exchange Board of India or by banks or mutual funds on a recognized stock exchange and is supported by time stamped contract note.

Thus, profits/ loss arising on sale / purchase / close out of derivatives on the recognized stock exchange should be treated as 'Business Profits' (where it is held as stock-intrade) or 'Capital Gains' (where it is held as investments)

There is no withholding tax on income arising on sale trades through the recognized stock exchange and so tax is payable as advance tax during the year of sale.

Business Profits are taxed as normal income at the rates mentioned in note 1 & 2 below.

Losses under the head business income

Business loss can be set off against the income from any other source under the same head or income under any other head (except income from Salary) in the same assessment year.

Further, if such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be set off against the profits and gains of the business, within the period of eight subsequent assessment years.

3.2 Capital Gains Tax

Where investment under the Portfolio Management Services is treated as investment, then the gain or loss from transfer of securities shall be taxed as Capital Gains under section 45 of the Act.

As per the provisions of section 2(42A) of the Act, short-term capital asset means capital asset held for a period of not more than 36 months immediately preceding the date of transfer.

Provided that in the case of a security (other than a unit) listed in a recognized stock exchange in India or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or unit of an equity oriented fund or a zero coupon bond, the provisions of this clause shall have effect as if for the words "thirty-six months", the words "twelve months" had been substituted.

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Provided further, in case of share of a company other than listed shares, the provisions of this clause shall have effect as if for the words "thirty-six months", the words "twentyfour months" had been substituted.

Long-term capital asset is asset other than short-term capital assets.

3.2.1 Where sale transaction of shares and units are chargeable to STT

STT is payable on a taxable securities transaction as mentioned in note 3 below.

All Investors

Long term Capital Gain

Finance Act 2018 has withdrawn the exemption provided in clause (38) of section 10 of the Act. Further, a new section 112 A of the Act inserted for taxability of longterm capital gain arising from transfer of a long-term capital asset being an equity share in a company or a unit of equity oriented fund or a unit of a business trust shall be taxed @10% if such capital gains exceeds Rs. 100,000 p.a. w.e.f from financial year 2018-19 relevant to Assessment Year 2019-20. This concessional rate of 10%. will be applicable to such long term capital gains, if— i) in a case where long term capital asset is in the nature of an equity share in a company, STT has been paid on both acquisition and transfer of such capital asset; and ii) in a case where long term capital asset is in the nature of a unit of an equity oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.

Further, the provision also provides the following:

The long-term capital gains will be computed without giving effect to the first and second provisos to section 48 of the Act, i.e. inflation indexation in respect of cost of acquisitions and cost of improvement, if any, and the benefit of computation of capital gains in foreign currency in the case of a non-resident, will not be allowed. ii) The cost of acquisitions in respect of the long-term capital asset acquired by the assessee before the 1st day of February, 2018, shall be deemed to be the higher of –

the actual cost of acquisition of such asset; and
the lower of –

the fair market value of such asset; *and
the full value of consideration received or accruing as a result of the transfer of the capital asset. *Fair market value has been defined to mean –

a) in a case where the capital asset is listed on any recognized stock exchange, the highest price of the capital asset quoted on such exchange on the 31st day of January, 2018. However, where there is no trading in such asset on such exchange on the 31st day of January, 2018, the highest price of such asset on such exchange on a date immediately

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preceding the 31st day of January, 2018 when such asset was traded on such exchange shall be the fair market value; and

b) in a case where the capital asset is a unit and is not listed on recognized stock exchange, the net asset value of such asset as on the 31st day of January, 2018. Explanation — For the purposes of this section, - (a) "equity oriented fund" means a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 of the Act and,—

(i) in a case where the fund invests in the units of another fund which is traded on a recognised stock exchange, -

(A) a minimum of ninety per cent of the total proceeds of such fund is invested in the units of such other fund; and

(B) such other fund also invests a minimum of ninety per cent of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and

(ii) in any other case, a minimum of sixty-five per cent. of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognised stock exchange: Provided that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;

Provided that in case of an Individual and HUF, being a resident, where the total income as reduced by long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax.

However, in case of non-resident investor including FPI who is a resident of a country with which India has signed a DTAA (which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such non-resident investor.

The investors should obtain specific advice from their tax advisors regarding the availability of the tax treaty benefits.

Short term Capital Gain

As per Section 111A of the Act, short-term capital gains arising from the sale of equity shares, unit of an equity-oriented fund entered into in a recognized stock exchange or sale of such unit of an equity-oriented fund to the mutual fund shall be taxed at 15 %, provided such transaction of sale is chargeable to STT. The said tax rate shall be increased by applicable surcharge and education cess, if any (refer Note 2).

However, in case of Individuals and HUF, being resident, where taxable income is reduced by short-term capital gains arising on sale of equity shares or units of an equity oriented fund is below the basic exemption limit, the short-term capital gains shall be reduced to the extent of the shortfall and only the balance short-term capital gains shall be subjected to the tax at 15% plus surcharge (if any) and education cess.

STT is not deductible while computing capital gains.

However, in case of non-resident investor including FPI who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (DTAA) which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such non-resident investor.

The investors should obtain specific advice from their tax advisors regarding the availability of the tax treaty benefits.

3.2.2 In case of sale transaction in shares, units and other securities which are not chargeable to STT

Long-term capital Gains

All investors other than FPI

Long-term capital gains arising on sale of securities, shall be chargeable under Section 112 of the Act, at rate of tax at 20 per cent. The said tax rate shall be increased by applicable surcharge and education cess, if any (refer Note 2).

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

- Cost of acquisition of securities as adjusted by Cost Inflation Index notified by the Central Government, and
- Expenditure incurred wholly and exclusively in connection with such transfer.

However, where the tax payable on such long-term capital gains arising on sale of listed security (other than units) and zero-coupon bonds, computed before indexation, exceeds 10 per cent, (as increased by the applicable surcharge and education cess), of the amount of capital gains, such excess tax shall not be payable by the Investor. In the case of a non-resident investor the tax payable on long-term capital gains arising on sale of unlisted security or shares of a company in which the public are not substantially interested, shall be 10 per cent, (as increased by the applicable surcharge and education cess) without giving effect of currency fluctuation and cost inflation index adjustment.

Adjustment for Cost Inflation Index is not available to non-residents on sale of shares or debentures of an Indian company.

Adjustment for Cost Inflation Index is not available to all investors on sale of bonds or debentures other than capital indexed bonds issued by the Government or sovereign gold bonds issued by RBI.

For a non-resident investor, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company subscribed by him, shall be ignored for the purpose of computing the full value of consideration.

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In case of resident Individuals and HUF where taxable income as reduced by long-term capital gains arising on sale of securities is below the basic exemption limit, the long-term capital gains shall be reduced to the extent of the shortfall and only the balance long-term capital gains shall be subjected to the flat rate of income-tax.

For FPI

Long-term capital gains arising on sale of securities (other than on transactions of shares and equity-oriented units chargeable to STT), shall be taxed at the rate of 10% under Section 115AD of the Act. The said tax rate shall be increased by applicable surcharge and education cess, if any (refer Note 2).

Such gains shall be calculated without inflation index and currency fluctuation adjustment.

Short-term capital gains

All investors other than FPI

Gains arising on transfer of equity shares of a company or other securities such as debt securities, unit of mutual fund other than equity oriented mutual funds, etc. shall be taxed at following rates (as increased by applicable surcharge and education cess, if any) (refer Note 2).

Investors	Tax rate
Individual, HUF, AOP, BOI	Slab rates (Refer Note 1)
Resident company	30%/25%1/22%2/15%3 (discussed detail in Note 1 below)
Foreign company	40%

For FPI

Short-term capital gains arising on sale of securities (other than on transactions of shares and equity-oriented units chargeable to STT), shall be taxed at the rate of 30% under Section 115AD of the Act. The said tax rate shall be increased by applicable surcharge and education cess, if any (refer Note 2).

However, in case of such other non-resident investor who is a resident of a country with which India has signed a DTAA (which is in force), income-tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such other non-resident investor.

Certain deductions available under Chapter VI-A of the Act

Equity Linked Savings Schemes (ELSS) are schemes formulated under the Equity Linked Savings Scheme (ELSS), 2005, issued by the Central Government.

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Accordingly, any investment made by an assessee in the ELSS of the Fund up to a sum of Rs 1,50,000 in a financial year would qualify for deduction under Section 80C of the Act.

An "assessee" as per ELSS 2005 means:

- (i) an individual; or
- (ii) a Hindu undivided family; or
- (iii) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and Union Territories of Dadra and Nagar Haveli and Daman and Diu by whom, or on whose behalf, investment is made;

Note

FA 2020 has announced a new tax regime giving taxpayers an option to pay taxes at a concessional rate (new slab rates) from FY 2020-21 onwards. Any individual/ HUF opting to be taxed under the new tax regime from FY 2020-21 onwards will have to give up certain exemptions and deductions. Since, individuals/ HUF opting for the new tax regime are not eligible for Chapter VI-A deductions, the investment in ELSS Funds cannot be claimed as deduction from the total income.

3.3 Set off of Capital losses (All Investors)

The long-term capital loss suffered on sale of securities shall be available for set off against long-term capital gains arising on sale of other assets and balance unabsorbed long-term capital loss shall be carried forward for set off only against long-term capital gains in subsequent years.

Short-term capital loss suffered on sale of securities shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance unabsorbed short-term capital loss shall be carried forward for set off against capital gains in subsequent years.

Such carry forward is admissible maximum upto eight subsequent assessment years.

Each Investor is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale of shares and units of an equityoriented fund referred to above, against long-term capital gains arising on sale of other assets.

3.4 Other Important Provisions

As per section 94(8) of the Act, wherein in case of units purchased within a period of 3 months prior to the record date for entitlement of bonus and sold within 9 months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of

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computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

As per the provisions of the section 206AA of the Income-tax Act, 1961, applicable from 1 April 2010 (i.e. financial year starting from April 1, 2010), it is mandatory for any person whose receipts are subject to deduction of tax at source, to furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher of the following rates:

- i. the rate prescribed in the Act;
- ii. at the rates in force (this takes into account the rates as per the DTAA)
- iii. at the rate of 20 %

However, with effect from 24 June 2016, the provisions of section 206AA shall not apply to a non-resident investor if he provides alternate documents as may be prescribed under 37BC of the Income-tax Rules, 1962 instead of the PAN. In view of the same, a non-resident is technically required to have a PAN, or such other document as may be prescribed under the provisions of the Act and non-availability of the same may result in withholding tax at higher rate. However, if PAN or such other document is prescribed is available, then the beneficial rates as per tax treaty (if applicable) can be availed subject to deductee being eligible for treaty benefits.

3.5 Minimum Alternate Tax (All Corporate Investors)

Finance Act, 2016 amended MAT provisions, whereby it has been clarified that MAT provisions shall not be applicable and shall be deemed to have never been applicable to a foreign company:

- i. if such foreign company is a resident of a country or specified territory with which the Government of India has entered into a Double Tax Avoidance Agreement (DTAA) or such other agreement as specified in Sec 90A(1), and the foreign company does not have a permanent establishment in India in accordance with the provisions of such agreement; or
- ii. if the foreign company is a resident of a country with which India does not have an agreement as stated above and the foreign company is not required to seek registration under any law for the time being in force relating to companies.

Finance Act 2018 has also clarified that provisions of this Section. shall not be applicable and shall be deemed never to have been applicable to an assessee being a foreign company where its total income comprises solely of profits and gains from business referred to in Sec. 44B, 44BB, 44BBA or 44BBB and such income has been offered to tax at the rates specified in those sections.

Finance Act, 2019 (No.2) has reduced the MAT rate from existing 18% to 15% (as increased by applicable surcharge and education cess). Further, MAT shall not be applicable to resident companies opting taxation under section 115BAA and section 115BAB of the Act (refer Note 1 below).

3.6 Tax deduction at source (TDS) (for Non-Residents)

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Tax is required to be deducted at source for non-residents by the authorised dealer under section 195 of the Income Tax Act, 1961 (the Act). If required, tax will be withheld for non-residents. If any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard.

Any person entitled to receive any sum or income or amount on which tax deductible under Chapter XVIIIB shall furnish his PAN to the person responsible for deducting such tax, failing which tax shall be deducted at the higher of the following rates:

- 1) at the rate specified in the relevant provisions of the Act; or
- 2) at the rate(s) in force; or
- 3) at the rate of twenty percent

Applicable rate surcharge along with Health and Education cess @ 4% (if applicable).

3.7 Advance tax instalment obligations

It will be responsibility of the Client to meet the obligations of advance tax instalments payable on the due dates under the Income Tax Act, 1961.

Note 1:

Rates of income-tax

From FY 2020-21 onwards the tax rate of 25% is applicable to two types of domestic companies viz.

(a) those having turnover of gross receipts not exceeding Rs. 400 crores in tax year 2018-19; and

(b) new domestic manufacturing companies set up and registered on or after 1 March 2016 fulfilling specified conditions.

With effect from FY 2019-20, as per newly inserted section 115BAA of the act, domestic companies shall have an option to pay income tax at the rate of 22% plus 10% surcharge and 4% cess, subject to the condition that they will not avail specified tax exemptions or incentives under the Act. Such option once exercised cannot be subsequently withdrawn. Companies exercising such option will not be required to pay Minimum Alternate Tax (MAT).

Domestic companies claiming any tax exemptions or incentives shall also be eligible to exercise such option after the expiry of the tax incentive period.

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Further, as per newly inserted section 115BAB of the Act, new domestic manufacturing companies or electricity generation company setup and registered on or after 1 October 2019 and commences manufacturing or electricity generation upto 31 March 2023, making fresh investments in manufacturing will have an option to avail an even lower tax rate of 15% plus 10% surcharge and 4% cess. Companies exercising such option will not be required to pay MAT. However, such new domestic manufacturing company should fulfil, inter alia, following conditions:

- (i) It is not formed by splitting-up/ reconstruction of a business already in existence;
- (ii) It should not use the following assets:
 - Any plant or machinery previously used in India in value exceeding 20% of total value of plant or machinery;
 - Any building previously used as a hotel/ convention centre;
- (iii) It should not claim any specified tax incentive;
- (iv) It should exercise option to claim the benefit of lower tax rate in the first of the returns to be filed by it and such option once exercised cannot be withdrawn

	Total income for a tax year:	Tax
Individuals, Hindu Undivided Families, Association of Persons, Body of Individuals, Non-resident Indians and PIOs	<=Rs. 2.5 lacs	: Nil (basic exemption limit#)
	> Rs. 2.5 lacs and <=Rs 5 lacs	: 5% of total income exceeding Rs 2.5 lacs
	> Rs 5 lacs and <=Rs 10 lacs	: Rs. 12,500 /- plus 20% of amount exceeding Rs 5 lacs
	> Rs 10 lacs	: Rs. 1,12,500 /- plus 30% of amount exceeding Rs 10 lacs
	# Basic exemption limit for resident individuals of the age of 60 years or more but less than 80 years is Rs. 3 lacs, for individuals of the age of 80 years or more (very senior citizens) is Rs. 5 lacs. An additional rebate upto Rs 12,500 /- is being provided for residential individuals whose income doesn't exceed Rs 5,00,000 /-	
Partnerships (including LLPs)	30%	
Resident companies	30%/25%/ 22%/15%	
Foreign companies other than FPIs	40%	

FA 2020 has introduced a new tax regime giving individuals/ HUFs an option to pay taxes as per concessional tax slabs from FY 2020-21 onwards which are as follows:

Total income for a tax year:	Tax Rate
<=Rs. 2.5 lacs	Nil (basic exemption limit#)

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> Rs. 2.5 lacs and <=Rs 5 lacs	5%
> Rs 5 lacs and <=Rs 7.5 lacs	10%
> Rs 7.5 lacs and <=Rs 10 lacs	15%
> Rs 10 lacs and <=Rs 12.5 lacs	20%
> Rs 12.5 lacs and <=Rs 15 lacs	25%
> Rs 15 lacs	30%
# Basic exemption limit for resident individuals of the age of 60 years or more but less than 80 years is Rs. 3 lacs, for individuals of the age of 80 years or more (very senior citizens) is Rs. 5 lacs. An additional rebate upto Rs 12,500 /- is being provided for residential individuals whose income doesn't exceed Rs 5,00,000 /- Note - Any individual/ HUFs opting to be taxed under the new tax regime from FY 2020-21 onwards will have to give up certain exemptions and deductions.	

Note 2:

Rates of surcharge and cess

Individual/ HUF/ AOP/ BOI

Income	Individual*, HUF, AOP, BOI	Cess
Rs 50 lakh to 1 crore (including income under section 111A and 112A of the Act)	10%	4% on tax plus Surcharge, applicable in all cases
Above Rs 1 crore upto Rs 2 crores (including income under section 111A and 112A of the Act)	15%	
Above Rs 2 crores upto Rs 5 crores (excluding income under section 111A and 112A of the Act)	25%*	
Above Rs 5 crores (excluding income under section 111A and 112A of the Act)	37%*	

*For income earned under provisions of section 111A and section 112A of the Act surcharge rate shall be 15% where income exceeds Rs. 2 crores.

Non-corporate/ Non-firm FPIs

Income	Surcharge rate for capital gains	Surcharge rate for other than capital gains	Cess
Rs.50 lakh to 1 crore	10%	10%	

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Above Rs 1crs upto Rs 2 crs	15%	15%	4% on tax plus Surcharge, applicable in all cases
Above Rs 2 crs upto Rs 5 crs	15%	25%	
Above Rs 5 crs	15%	37%	

Companies

Income	Resident companies*	Foreign Company/ Corporate FPIs	Cess
Above Rs 1crs upto Rs 10 crs	7%	2%	4% on tax plus Surcharge, applicable in all case
Above Rs 10 crs	12%	5%	

*Surcharge rate shall be 10% in case resident companies opting taxation under section 115BAA and section 115BAB on any income earned.

In case of firm with total income exceeding Rs.1 crore, surcharge rate shall be 12%.

Note 3:

Securities Transaction Tax

Investor shall be liable to pay STT in respect of certain transactions listed hereunder:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates (%)
Delivery based purchase transaction in units of equity oriented fund entered in a recognized stock exchange	Purchaser	Value at which units are bought	Nil
Delivery based purchase transaction in equity shares entered in a recognized stock exchange	Purchaser	Value at which shares are bought	0.1
Delivery based sale transaction in units of equity oriented fund entered in a	Seller	Value at which units are sold	0.001

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recognized stock exchange			
Delivery based sale transaction in equity shares entered in a recognized stock exchange	Seller	Value at which shares are sold	0.1
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognized stock exchange	Seller	Value at which shares / units are sold	0.025
Transaction for sale of futures in securities	Seller	Value at which futures are traded	0.010
Transaction for sale of an option in securities	Seller	The option premium	0.05
Transaction for sale of an option in securities, where the option is exercised	Purchaser	The settlement price	0.125
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.001
Transaction for sale of unlisted equity shares under an offer for sale to public	Seller	Value at which shares / units are sold	0.2

“Taxable securities transaction” has been defined as:

- a purchase or sale of an equity share in a company or a derivative or a unit of an equity oriented fund or a unit of a business trust, entered into in a recognized stock exchange; or
- sale of unlisted equity shares by any holder of such shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a recognised stock exchange; or
- sale of unlisted units of a business trust to any holder of such units which were acquired in consideration of a transfer referred to in clause (xvii) of section 47 of the Income-tax Act, 1961 under an offer for sale to the public included in an initial offer and where such units are subsequently listed on a recognised stock exchange; or

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- sale of a unit of an equity oriented fund to the Mutual Fund.

13) ACCOUNTING POLICIES

We at Hanut Alternate Investments LLP proposes to follow the following accounting policies for the purpose of maintaining clients books of accounts

- a) The books of account for the client are maintained on historical cost basis.
- b) Investment transactions are accounted for on trade date basis.
- c) In determining cost of investment and gain/loss on sale thereof, the first-in-first-out (FIFO) method is followed
- d) In case, securities are transferred towards capital contribution, the market value of the securities on the date of such transfer is considered for the purpose of computing the cost of investments and the corresponding capital contribution.
- e) Dividend income on equity shares is accrued on ex-date when the right to receive dividend is established. Dividend income on units on mutual fund is recorded on the date immediately succeeding the date on which dividend is declared/reinvested.
- f) Interest income is recorded on receipt basis.
- g) Brokerage (including GST thereon) and other charges incidental to the transaction, except securities transaction tax, is added to cost of investment bought and deducted from the sale proceeds of investment sold.
- h) Securities Transaction Tax paid on purchase/sale of investments is treated as expenditure and debited to the profit and loss account.
- i) Management fees, performance fees (including upfront fees and exit fees charged to the investor, if any) and other contractual expenses are debited to the profit and loss account in accordance with the terms of the respective agreements on an accrual basis except for custody fees which are recorded on actual basis on receipt of invoice from the custodian.

14) INVESTORS SERVICES

(i) Details of investor relation officer

Name : Mr. Arjun Singh
Address : Grosvenor House, 21, Camac Street, Kolkata - 700016
Telephone : +91 9930661746

Hanut Alternate Investments LLP

Email id : arjun@hanutcapital.com

(ii) Grievance redressal and dispute settlement mechanism:

All clients are requested to send their grievance and complaints to compliance@hanutcapital.com. This email id is designed for receiving client complaints and the Principal Officer as well as the Compliance Officer has access to this email id.

At Hanut Alternate Investments LLP, as a part of client's grievance redressal and dispute settlement mechanism, all disputes arising in connection with the Portfolio Management Services Agreement shall, to the extent possible, be settled amicably by prompt negotiations between the representatives of the parties at the earliest.

In the event of failure to settle the dispute by mutual negotiations, it may be resolved by arbitration in accordance with provisions of The Arbitration and Conciliation Act, 1996, or any statutory modification or re-enactment thereof for the time being in force. Such Arbitration proceedings shall be held at Kolkata and the language of Arbitration will be English. The cost of arbitration will be borne as decided by the arbitrator(s). The award of the arbitrator will be final and binding on the parties.

(iii) SEBI Complaints Redressal System (SCORES)

SEBI has set up an online complaints redressal system (SCORES – <https://scores.gov.in/>) for easy retrieval and tracking of complaints by investors.

Clients may also opt to lodge their complaints and track the status of that complaint through SCORES. Hanut Alternate Investments LLP will receive and redress the complaints lodged against it in accordance with the procedures prescribed by SEBI.

However, it would be advisable that the Clients may initially take up their grievance for redressal with the investor relation officer which has been mentioned above for handling complaints and grievances.

Hanut Alternate Investments LLP

15) DISCLAIMER

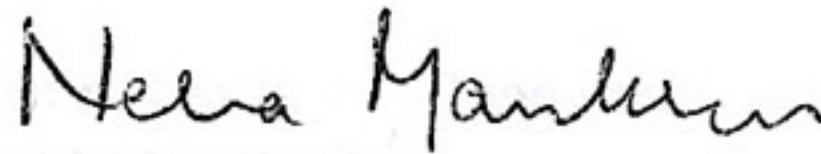
This document is purely for the purposes of providing information and every effort has been made to truly represent the facts and circumstances herein

Notwithstanding anything contained in the Disclosure Document, the provisions of SEBI (Portfolio Managers) Regulations 2020 and the rules shall be applicable.

For and on behalf of Hanut Alternate Investments LLP



.....
Arjun Singh
Designated Partner
DPIN: 08119160



.....
Neha Mansukhani
Designated Partner
DPIN: 08119184

Place: Kolkata

Date: 8/10/2021

Hanut Alternate Investments LLP

Form C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (Regulation 22)

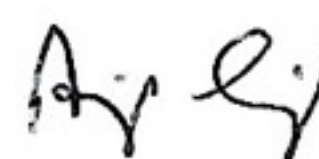
Name of Portfolio Manager	Hanut Alternate Investments LLP
Registered Office Address	B21, Grand Paradi, August Kranti Marg, Kemps Corner, Mumbai - 400036
Address of Place of Business	Grosvenor House, 21, Camac Street, Kolkata - 700016
Tel no.	+91 33 46003528
Fax no.	-
Email	arjun@hanutcapital.com
Website	www.hanutcapital.com

We confirm that:

- 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;
- 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;
- the Disclosure Document as on 31st August 2021, has been duly certified by an independent chartered accountant, Mr. Vikas Morzaria (Membership No. 108691), Morzaria & Associates, 101, Ratnakunj, Eksar Road, Borivali (West), Mumbai 400092, bearing registration number 129763W. A copy of Chartered Accountants Certificate is enclosed

Date: 8/10/2021

Place: Kolkata



Arjun Singh
Principal Officer
Grosvenor House, 21,
Camac Street, Kolkata - 700016