

DISCLOSURE DOCUMENT

(As required under Regulation 14 read with Schedule V of SEBI (Portfolio Managers) Regulations, 1993)

- (i) The Disclosure Document (hereinafter referred to as '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 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- (ii) The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- (iii) The Document gives the necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.
- (iv) All the Indian intermediaries involved in the scheme are registered with SEBI as on the date of the document. Foreign Intermediaries are registered with their respective regulatory authorities.
- (v) Details of the Principal Officer
 - Name: Ms. Rubi Arya
 - Address: Milestone Capital Advisors Private Limited
CoWrks Worli, PS56, 3rd Floor, Birla Centurion,
Century Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 030
 - Phone: 022-62886120
- (vi) E-mail: rubi@milestonecapital.in

This Disclosure Document is dated March 31, 2021

**Portfolio Management Services
Milestone Capital Advisors Private Limited
SEBI Registration No. INP000002643**

TABLE OF CONTENTS

Sr. No.	Contents	Page No.
1	Disclaimer	3-3
2	Definitions	4-7
3	Description	7-8
4	Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority	8
5	Services Offered	8-10
6	Risk Factors	10-18
7	Disclosure as required by the Accounting Standard 18 “Related Party Disclosure”	18
8	Net worth of Portfolio Manager of PMS as on 31-March-2020	18
9	Nature of Expenses	19
10	Fees and Other charges	19-20
11	Taxation	20-32
12	Accounting Policies	32-33
13	Investor Services	34
14	General	34-36

1. Disclaimer

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time 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.

2. Definitions

2.1	Act	The Securities and Exchange Board of India Act, 1992 (15 of 1992).
2.2	Client	anybody corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, statutory authority, or any other person who enters into agreement with the Portfolio Manager for the management of his portfolio.
2.3	Company /(s)	The entities of which the Securities are contemplated to be acquired including equity shares, compulsorily convertible / optionally convertible /non-convertible debentures by the Portfolio Manager and in any other entities in which the Portfolio Manager is permissible to deal with in accordance with the Regulations
2.4	Depository Account	means any account of the client or for the client with an entity registered as a depository participant with the relevant regulations
2.5	Discretionary Portfolio Manager	A Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercises 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.
2.6	Financial year	Means the year starting from April 1 and ending on March 31 of the following year.
2.7	Funds	means the monies managed by the portfolio manager on behalf of the client pursuant to the portfolio management agreement and includes the monies mentioned in the application form, and any further monies placed by the client with the Portfolio Manager for being managed pursuant to the portfolio management agreement, the proceeds of the sale and or other realization of the portfolio and interest, dividend, or other monies arising from the assets so long as the same is being managed by the portfolio manager.
2.8	Non-Discretionary Portfolio Manager	a Portfolio Manager who manages the funds in accordance with the directions of the client.
2.9	Initial Corpus	means the value of funds and market value of readily realizable investment brought in by the client at the time of registering as a client with the portfolio manager and as accepted by the portfolio manager
2.10	Portfolio Management Services Agreement	includes contract entered between the Portfolio Manager and the client for the management of funds or securities of the client.
2.11	Portfolio	means the securities managed by the portfolio manager on behalf of the client pursuant to the portfolio management agreement and includes the monies mentioned in the application, and any further monies placed by the client with the Portfolio Manager for being managed pursuant to the portfolio management agreement, securities acquired by the portfolio manager through investments of funds and bonus and right shares in respect of securities forming a part of the portfolio, so long as the same is being managed by the portfolio manager.

2.12	Portfolio Manager	means Milestone Capital Advisors Private Limited (“MCAP”), a Company incorporated under the Companies Act, 1956 and having its registered office at 602 Hallmark Business Plaza, SantDnyaneshwar Marg, OppGurunanak Hospital, Bandra (East), Mumbai 400 051
2.13	Rules	The Securities and Exchange Board of India (Portfolio Managers) Rules, 1993 and as may be amended by SEBI from time to time.
2.14	Regulations	The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, and as may be amended by SEBI from time to time.
2.15	Series	means any of the current investment Series or such Series as may be introduced at any time in future by the portfolio manager.
2.16	SEBI / Board	the Securities and Exchange Board of India.
2.17	Securities	‘Securities’ as per Securities Contracts (Regulation) Act, 1956 include shares, scrips, stocks, bonds, convertible and non convertible debentures, debenture stock, fixed return investments, equity linked instruments, negotiable instruments, money market instruments, commercial paper, certificate of deposits, units issued by Unit Trust of India (including venture capital fund) and/ or any other Mutual funds, mortgaged backed or any other asset backed securities, derivatives, derivative instruments, options, futures, foreign currency commitments, hedges, swaps or netting off and any other securities issued by any Company or any other body corporate, any trust, any entity, Central Government, any State Government, or any local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interests therein, and any other instruments or investments (including borrowing or lending of securities) as may be permitted by applicable law from time to time.

3. Description

3.1. History, Present Business and Background of the Portfolio Manager:

Milestone Capital Advisors Private Limited (MCAP) is a public limited company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at CoWrks Worli, PS56, 3rd Floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 030.

The paid-up equity share capital of the Portfolio Manager is Rs. 10 crores. Milestone Fincap Services Private Limited holds 62.25% of the equity capital of the Portfolio Manager.

MCAP has been appointed as the Investment Advisor to three schemes of Milestone Real Estate Fund, and two schemes of Milestone Alternate Asset Fund, which is a Venture Capital Fund and Alternate Investments Fund (Category – II) respectively, registered with SEBI.

MCAP has obtained Certificate of Registration as Portfolio Manager from SEBI effective 20 March, 2017 with Registration No. INP000002643. The said registration certificate has been renewed by SEBI and the registration is valid till it is suspended or cancelled by the Board.

Promoters of the Portfolio Manager, directors and their background

3.1.1. Promoter

“Milestone Fincap Services Private Limited (MFSPL)”

MFSPL is the holding company of Milestone Group, which is an independent business formed in 2006 to manage investments for Indian & global investors, across various asset classes in India.

Milestone Group is one of India's premier independent fund houses and has invested in projects worth more than \$1.0 billion from 7 schemes of venture capital funds. Milestone combines extensive national vision with local insight with a team of over 35 professionals operating out of Mumbai based headquarters.

Milestone's investors consist of institutions, family offices, government organizations, and high net worth individuals in India and abroad. The Milestone business attributes its success to constantly listening to investors and responding to their needs with innovative investor friendly products. The Milestone business continues to develop based on a platform of research, investor feedback and need structuring.

3.1.2. Board of Directors

Independent Directors:

(i) Nawshir D. Khurody

- Executive career largely with the Tata Group.
- Managing Director of Voltas Limited -1997-2001.
- Independent Director of several companies, including HSBC Asset Management Limited (2001-Sept 2008), AFCONS Infrastructure Limited.
- MA (Econ. Hons)-Trinity College, Cambridge.

(ii) Raj Narain Bhardwaj

- Ex-Member, Securities Appellate Tribunal, Govt. of India.
- Ex-Managing Director / Chairman of Life Insurance Corporation of India.
- Director, Samvridhi Advisor Pvt. Ltd.
- Member of Board of Directors of various companies including SBI Life Insurance Company Limited, Reliance Communications Limited, Reliance Infratel Ltd., Jai Prakash Associates Ltd, Jaiprakash Power Ventures Ltd., Invent Assets Securitisations and Reconstruction Pvt Ltd., Religare Invesco Trustee Company Ltd. etc
- B.A. (Hons), MA (Economics), Delhi School Economics.

(iii) V. K. Chopra

- Ex Whole Time Member of Securities and Exchange Board of India for two years till March 2008.
- 37+ years of banking experience
- Ex-Chairman and Managing Director of Corporation Bank and SIDBI,
- Ex Executive director of Oriental Bank of Commerce.
- Independent Director on the Board of number of Companies such as India Infoline Finance Limited, PNB Metlife India Insurance Company Limited, Future Value Retail Limited, Reliance Capital Pension Fund Limited, , Rolta India Limited, Dewan Housing & Finance Limited, , Future Capital Financial Services Limited, Havells India Limited, , Invesco Asset Management (India) Private Limited, , Pegasus Assets Reconstruction Private Limited etc

Non- Independent Directors:

(iv) Mrs. Rubi Arya

- Mrs Rubi Arya has over 15 years of rich and diversified experience in services, FMCG, consulting and manufacturing industries. A known veteran in the field of People Change Management, she has worked for leading companies such as Asian Paints, PricewaterhouseCoopers. The last seven years have been as Global Head-HR with Kingfisher Airlines.
- Mrs. Rubi Arya has set high standards in HR systems policies by strategic thinking and excels in HR processes;
- Mrs. Rubi Arya has done PGDPM IR from XLRI, Jamshedpur and BE (Electronics) from BITS MESRA.
- Other directorships are with IL&FS Milestone Realty Advisors Private Limited, Milestone Finvest Limited, and Milestone Trusteeship Services Private Limited etc.

(v) Mr. Ashwein Arya

- Mr. Ashwein Arya is a career banker having spent more than 11 years in the various roles in banking industry. Currently, he is Director, FICC sales (Fixed Income, Currency and Commodities) with The Royal Bank of Scotland (formerly ABN Amro Bank).
- He has been actively involved in handling corporate relationships, structured trade finance, Bullion trading & providing risk solutions to the corporates for the bank. Apart from this he also handled bullion marketing during a short stint at Bank of Nova Scotia.

- Mr. Ashwein Arya is an MBA from IIFT, Delhi and a B. Tech (civil engineering) from NIT Warangal, Andhra Pradesh.
- Other directorships are with Milestone Fincap Services Private Limited.

3.2. *Top 3 Group companies/firms of the Portfolio Manager in India on turnover basis*

1. Milestone Finvest Limited (Formerly known as JEVIR Leasing and Finance Limited)
2. Milestone Fincap Services Private Limited
3. IL&FS Milestone Realty Advisors Private Limited

(The above are the top 3 Group companies in India based on turnover, however they are not listed as per turnover)

3.3. *Details of the services being offered: Discretionary/ Non-discretionary/ Advisory.*

The Portfolio Manager offers Discretionary, Non – discretionary and Advisory services as per Individual Client Agreement.

4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority.

4.1. *All cases of penalties imposed by the SEBI or directions issued by SEBI under the Act or Rules or Regulations made thereunder. The nature of the penalty/direction. Penalties imposed for any economic offence and/ or for violation of any securities laws.*

No penalties have been imposed on the Portfolio Manager by SEBI and no directions have been issued by SEBI under the Act or Rules or Regulations made thereunder. There are no penalties imposed on the Portfolio Manager for any economic offence and / or for violation of any securities laws.

4.2. *Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any.*

There are no pending material litigation / legal proceedings or criminal cases against the Portfolio Manager / key personnel except that one Nifty Series investor had filed a complaint in District Consumer Redressal Forum, Hyderabad. The matter was decided in favor of the Portfolio Manager however the investor has preferred an appeal with the State Consumer Dispute Redressal Commission, Telangana and the matter is sub-judice.

4.3. *Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency.*

No deficiency has been observed by SEBI or any other regulatory agencies during this period.

4.4. *Any enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.*

There are no enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employees, under the Act or Rules or Regulations made thereunder.

The above information has been disclosed in good faith as per the information available to the Portfolio Manager.

5. Services Offered

The Portfolio Manager offers the following three types of services:

- 5.1. Discretionary – *the portfolio account of the client is managed at the full discretion and liberty of the Portfolio Manager.*
- 5.2. Non - Discretionary – *the portfolio, which the Portfolio Manager manages in accordance with the directions and permission of the client.*
- 5.3. Advisory – *the client is advised on buy/ sell decision within the overall risk profile without any back-office responsibility for trade execution, custody or accounting functions.*
- 5.4. The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in the document for easy understanding of the potential investor.

Investment Objective

The investment objective is to seek capital appreciation over the long term. The endeavour is wealth creation through long term compounding.

PMS Portfolio – Discretionary Portfolio Management Services

A. Milestone Real Estate High Yield Debt Series

Investment Objective:

The primary objective is to invest in Securities including predominantly structured debt instruments including equity share, compulsorily convertible preference shares, compulsorily convertible / optionally convertible / non-convertible debt instruments, listed debt instruments, partially convertible debt instruments, optionally convertible debt instruments, fully convertible debt instruments, compulsory convertible debt instruments or other forms of debt including debt with equity linked returns, equity or equity linked instruments of entities primarily engaged in real estate projects and development activities in India with a well-defined investment objective to:

- Produce returns on Securities of Companies through regular coupon payments;
- Achieve capital appreciation;
- Provide real estate diversification across top urban cities and developers.

Investment Strategy:

The Portfolio Manager will primarily engage in acquiring Securities of Companies in residential projects in key growth geographies located in the target markets, including but not limited to:

- Bengaluru,
- Chennai,
- Mumbai Metropolitan Region (MMR),
- National Capital Region (NCR) and
- Pune
- Kolkata
- Hyderabad
- Ahmedabad

These identified target markets are the key drivers as well as beneficiaries of economic growth and rise in disposable incomes. A favorable demographic scenario including rising income levels, growing middle class and desire to stay in nuclear families creates a strong growth enabler for residential real estate in these markets. The increased demand for residential projects in these target markets will also result in developers seeking funds for their projects.

As a part of investment strategy, the Portfolio Manager with respect to Milestone Real Estate High Yield Debt Series will invest in the Companies alongside some other funds/vehicles/entities of which the Portfolio Manager is also an investment manager/advisor.

Basis the above strategy, a tabular representation is as under –

Investment Type	Core Plus Commercial Assets with High Occupancy	Value Add Commercial Assets with Low/Moderate Occupancy	Opportunistic Structured Debt Finance
Fund Allocation	Upto 60%	Upto 40%	Upto 15%
Target Gross IRR	17-20% p.a.	18-20% p.a.	20-24% p.a.
Strategy	Regular Income with Capital Appreciation on Exit	Discounted Entry with High Margin, for Capital Appreciation on Exit	Regular Coupon with assured minimum returns
Leverage ⁽¹⁾	upto 50%	–	–
Investment Focus	– Grade A office spaces – Focus on prime location in tier- 1 Cities – Preferred investments in standalone buildings with multiple high grade MNCs as tenants	– Partly leased Grade A office spaces by reputed developers – Focus on strategically located buildings with strong office space demand in the micro-market – Preferred investments in IT/ITeS parks in cities like Pune, Bangalore, Hyderabad	– Last mile funding/project finance – Option for acquisition of project upon completion and leasing – Security Options - Priority on Cash Flow, Mortgage on Land, Ownership in Project SPV, Corporate/Promoter Guarantees
Exit Route	Portfolio Exit – REIT Listings ⁽²⁾ / Institutions Sale to Corporate / HNI / PE / NRI Investor		Primary - Self Liquidation / Promoter Buyback Secondary - Property Acquisition by the Fund

Note 1 - Leverage on overall portfolio will not exceed 25% of the total portfolio size

Note 2 - Subject to the REIT listing regulations and market dynamics

- 5.5 The policies for investments in associates/ group companies of the Portfolio Manager and the maximum percentage of such investments therein would be subject to the applicable laws /regulations/ guidelines.

Subject to the applicable laws/regulations/ guidelines, MCAP may invest up to 30% of assets under management in any of its associate or group companies.

6. Risk factors

General Risk Factors applicable to all Portfolios:

- 6.1. Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the Portfolio will be achieved.
- 6.2. Past performance of the Portfolio Manager does not indicate the future performance of the same Portfolio or performance of any other future portfolio(s) of the Portfolio Manager.
- 6.3. The investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- 6.4. The investments made by the Portfolio Manager are subject to risks arising out of non- diversification etc.
- 6.5. Securities investments are subject to market and other risks and there can be no guarantee in any of the Portfolios mentioned in this Disclosure Document against loss resulting from investing in the Portfolio(s) of the Portfolio Manager. The various factors which may impact the value of the Portfolios' investments include, but are not limited to, fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- 6.6. Investment decisions made by the Portfolio Manager may not always be profitable.
- 6.7. The tax benefits described in this Disclosure Document are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the Portfolio Manager regarding the law and practice in force in India and the investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Portfolio will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor.
- 6.8. Prospective investors should review / study this 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.

- 6.9. Investments are subject to certain risks viz. limited liquidity in the market, settlement risk, impeding readjustment of portfolio composition, highly volatile stock markets in India etc. Such loss could arise due to factors which by way of illustration, include, default or non-performance of a third party, company's refusal to register a security due to legal stay or otherwise, disputes raised by third parties. Mis-judgment by the Portfolio Manager or his incapacitation due to any reason however remote is also a risk. Thus the investment in Indian capital markets involves above average risk for investors compared with other types of investment opportunities. Investments will be of a longer duration compared to trading in securities. There is a possibility of the value of investment and the income there from falling as well as rising depending upon the market situation. There is also risk of total loss of value of an Asset, possibilities of recovery of loss in investments only through legal process.
- 6.10. The investments made are subject to external risks such as war, natural calamities, policy changes of Local / International Markets which affects stock markets.
- 6.11. Any policy change / technology change / obsolescence of technology would affect the investments made in a particular industry.
- 6.12. The Client has perused and understood the disclosures made by the Portfolio Manager in the Disclosure Document before entering into any Agreement.
- 6.13. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.
- 6.14. Clients are not being offered any guarantee / assured returns.
- 6.15.1 Changes in Applicable Law may impact the performance of the Portfolio.

Risk factors :

- I.** Political and Social Risks: The value of the investments may be adversely affected by potential political, legal, economic and social uncertainties in India such as the possibility of nationalization, expropriations, confiscatory taxation, political changes, terrorism, Government regulation, social instability, diplomatic disputes, regional conflicts or other similar developments. The Indian market and the Indian economy are in turn influenced by economic and market conditions in other countries, and financial instability in other countries may cause increased volatility in Indian financial markets. Although economic conditions are different in each country, investors' reactions to developments in one Asian country may have adverse effects on the securities of companies in other countries, including India.
- II.** Government Approvals: Certain Indian governmental approvals are required to be obtained to make investments. It is likely that such approvals may not continue in the future and though the Portfolio Manager expects the existing approvals to continue, the Portfolio Manager cannot be certain that these approvals will so continue. If policy announcements or regulations are made subsequent to this offering, which warrant retrospective changes in the structure or operations, these may adversely impact the performance of the Portfolio.
- III.** Legal Considerations: Many of the fundamental laws in India have only recently come into force, which increases the risk of ambiguity and inconsistency in their application, interpretation and enforcement. This risk is additionally increased as adequate procedural safeguards have often not been developed. Due to the developing nature of the Indian legal and regulatory system, laws often refer to regulations which have not yet

been introduced, leaving substantial gaps and the regulatory framework is often poorly drafted and incomprehensible. These uncertainties can lead to difficulties in obtaining or renewing necessary licenses or permissions and can lead to substantial delays and costs for the companies subject to them, all of which can ultimately adversely affect the performance of the Portfolio_. Changes in laws and regulations (or in the interpretation thereof) occurring from time to time in India are possible and may worsen the legal and tax constraints within which the Portfolio PMS will operate and, as a result, may require structuring and financing alternatives to be identified and implemented and lead to increased legal costs and reduced returns. In particular, tax laws and regulations or their interpretation may change and there can be no assurance that the structure of the Portfolio Investments will be tax efficient. Further, India is subject to rapid changes in legislation, many of which are extremely difficult to predict. Existing laws are often applied inconsistently and new laws and regulations, including those which purport to have retroactive effect, may be introduced with little or no prior consultation.

- IV. **Investment and Repatriation Restrictions:** Foreign investment in, and liquidation of securities of, Indian companies may be restricted or controlled in certain circumstances. Investments in and exits from Indian Portfolio Companies may require the approval of the RBI and/or other governmental entities. Sale of securities by a person resident outside India to another person resident outside India, may also require the prior approval of government entities and the RBI. Further, investments in the Portfolio Companies may also require the approval of the government of India through the Foreign Investment Promotion Board in certain circumstances. Such restrictions may limit or preclude foreign investment or exit or increase the costs and expenses of the Portfolio.
- V. **Litigation Risk:** The Portfolio Investments may be governed by a complex series of legal documents and contracts. As a result, the risks 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, there may be claims by third parties (either public or private). If any of the Portfolio Investment becomes involved in material or protracted litigation, the litigation expenses and the liability threatened or imposed could have a material adverse effect on the Portfolio.
- VI. **Enforcement Risk:** While Indian laws provide for specific performance of contractual obligations as well as claims for damages in the event of breach of contract, laws regarding the rights of creditors are generally significantly less developed in India than in the other developed countries and may be less protective of rights and interests. It may be difficult to obtain swift and equitable enforcement of such laws or to obtain enforcement of a judgment in a local court.
- VII. **Enforcement of Foreign Awards in India:** Indian legal system has certain limitations in respect of enforcement of foreign awards in India. Courts in India may not enforce a provision of securities laws of any jurisdiction that is either penal in nature or contrary to public policy. An action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity, is unlikely to be entertained by Indian courts. Specified remedies available under any jurisdiction, if they are considered to be contrary to Indian public policy, would not be available under Indian law or enforceable by Indian Courts. Further, foreign judgments rendered by a superior court in any country or territory outside of India may only be recognised in India if such territory has been notified and/or declared to be a reciprocating territory by the Government of India. The enforceability of such judgments is subject to certain exceptions under the Civil Procedure Code as regards its conclusiveness on any matter directly adjudicated upon.

If a judgment of a foreign court is not enforceable, a suit would have to be filed based on the judgment. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under the Foreign Exchange Management Act, 1999, as amended, to repatriate any amount recovered pursuant to such enforcement. Any judgment in a foreign currency would be converted into Indian rupees on the date of judgment and not on the date of payment.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy or practice in India. It is difficult to predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to untimely delay.

Since, the level of legal and regulatory protections customary in countries with developed securities markets to protect investors and securities transactions, and to ensure market discipline, may not be available in India, enforcement of civil rights under the laws of a jurisdiction other than India may be adversely affected considering that they may have significant assets in India and the enforcement of the rights against such assets in India will be subject to the delays and other limitations of the Indian judicial system.

- VIII. Regulatory Risk:** The value and marketability of the Portfolio Investments may be affected by changes or developments in the legal and regulatory climate in India. 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, preferential allotments of shares and insider dealing. The regulations affect the pricing, cost of a transaction and the ability to conduct due diligence. SEBI and/or the Indian Ministry of Finance may make changes to regulations which could affect the ability of the Portfolio to make, or exit, Portfolio Investments.
- IX. Government Regulation and Information Flow:** In cases where the investments are made in privately held companies that are in the IPO or pre-IPO stage, such privately held companies generally maintain less comprehensive financial information than listed companies. There is substantially less publicly available information about Indian privately held unlisted companies than there is in other markets which may adversely affect realisations.
- X. Liquidity:** The Indian securities markets are smaller and potentially more volatile than securities markets in more developed economies, and the Indian securities markets could experience problems that could affect the market price and liquidity of the securities of Indian companies.
- XI. Inflationary Pressures in India:** Inflation in India has recently risen to very high levels. High inflation may lead to the adoption of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the investments.
- XII. Deflationary Pressures Globally and in India:** Although neither India nor the global economy as a whole has experienced excessively low relative inflation over the last 10 years, there is no assurance that inflation rates in India or globally will not decrease below zero percent annually. Negative inflation, or deflation, in India or globally, could inhibit economic activity and thereby possibly adversely affect the investments.
- XIII. Quality of Infrastructure:** India faces substantial problems owing to the lack of, or inadequate condition of, physical infrastructure and poor environmental standards, including, but not limited to, in the sectors of electricity (both generation and transmission), transport, communication, water, sewage and healthcare. The lack, or inadequate condition, of physical infrastructure damages the Indian economy, disrupts the transportation of goods and supplies, increases the cost of doing business, can interrupt business operations and, in general, has an on-going adverse impact on the ability to manage and grow businesses in India.
- XIV. Regulatory and Accounting Practices:** Accounting, auditing, disclosure and regulatory standards applicable to India differ from other developed countries and in some respects may be less stringent and there may be less information available about Portfolio Investments.

- XV. Real Estate/Commercial Assets Returns Risk:** Real estate/commercial assets historically have experienced significant fluctuations and cycles in value and market conditions may result in reductions in the value of Portfolio Investments. The returns available from such Portfolio Investments depend to a large extent on the amount of income earned and capital appreciation generated by the relevant properties as well as expenses incurred. If properties do not generate revenues sufficient to meet operating expenses, including debt service (if any) and capital expenditure, the income from the investments will be adversely affected. Income from properties may be adversely affected by factors beyond the control of the Portfolio Manager including changes in the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties, the attractiveness of the properties to tenants, the quality and philosophy of management, competition from other available properties, and increased operating costs (including real estate taxes). Other factors which may adversely affect the income include the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions; environmental protection and occupational safety; unavailability of mortgage funds that may render the sale of a property difficult; the financial condition of buyers and sellers of properties; changes in real estate tax rates and other operating expenses; the imposition of rent controls or tenants' rights to new leases, energy shortages, supply shortages, risk of adverse political or social developments, including nationalization, expropriation of assets, confiscatory taxation, economic or political instability, acts of terrorism and war; various uninsured or uninsurable risks and acts of God, natural disasters and uninsurable losses. In addition, income from properties and real estate values also are affected by such factors as the cost of regulatory compliance, interest rate levels and the availability of financing. The investment income would be adversely affect if a significant number of tenants were unable to pay rent or its properties could not be rented on favourable terms. Certain significant expenditures associated with each equity investment in real estate/commercial assets (such as external financing costs, real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from the property.
- (i) **Land Acquisition Risk:** The right to own property in India is subject to restrictions that may be imposed by the Government of India. Particularly, the government has the right to acquire any land or a part thereof if such acquisition is for a "public purpose" after paying the owner some compensation. However, this compensation may not be the rate that such a property might have obtained had it been sold in the market.
 - (ii) **Land Laws Risk:** In India, certain lands are designated as agricultural lands, on which only agricultural activities may be carried out. To carry out non-agricultural activities, prior permission is required from the local authorities, the grant of which is discretionary in nature. Various Indian states do not permit use of agricultural land for non-agricultural purposes and thus in such cases approval may be denied altogether. Therefore, if the Portfolio Investments that plan to carry out non-agricultural activities on agricultural land, and if such a Portfolio Investment is unable to obtain relevant authorisation then it is likely this will have a substantial negative impact on the value of the Portfolio Investment.
 - (iii) **Taxes and Fees Risk:** Real estate in India is subject to various local and municipal taxes and fees in addition to the central and state level taxes and fees. Those taxes and fees may be substantial and are subject to change. Increase in taxes and fees after a Portfolio Investment is made have a substantial negative impact on the value of the Portfolio Investment.
 - (iv) **Zoning and Land Use Risk:** Land use in India is subject to various municipal legislation and zoning laws which sometimes contradict each other or are subject to revision and change from time to time. Therefore, Portfolio Investments may be adversely impacted by such restrictions, reducing the value of such Portfolio Investments.
 - (v) **Rent Control Risk:** If Portfolio Investments are governed by the Transfer of Property Act, 1882 (a central legislation), there would be no restrictions on the returns that the Portfolio may obtain from leasing out such property. However, in India, various states have enacted rent control laws, which, among other things, place restrictions on the amount of monthly rent that may be collected from tenants and stipulates standard rent and

permitted increases which is substantially lower than market rent for leases. In the event the Portfolio Investments come under the purview of rent control laws, the performance of the Portfolio Investment may be adversely impacted.

- (vi) **Property Litigation Risk:** Property litigation in India is generally very time consuming, complicated and cumbersome. If any of the Portfolio Investments are subject to litigation, there could be an adverse impact on the investment.
- (vii) **Risks in relation to Title Investigation and Lack of Title Insurance:** Registration of title documents have not been computerized in many parts of the country, and hence title investigations are often cumbersome and there are significant risks in relation to ensuring that the issuers of the assets possess good and marketable title to real estate assets. Additionally, certain interests which could have priority over registered interests, but are not required to be registered under law (such as right of unborn children, pre-emption rights, right of divorced spouse over sale proceeds of real property) may not be discovered at the time of Portfolio Investments. Whilst due diligence will be carried out on the real estate assets of the Portfolio Investments, no formal title insurance policies, as are available in the developed economies, are available in India. Hence it is not possible for those Portfolio Investments to obtain any form of title insurance.

XVI. Investment Risks related to Investments in Equity:

- (i) **Investment in Equity Shares:** Equity shares of a company entitle the holder to a pro rata share of the profits of the company, if any, without preference over any other shareholder or class of shareholders, including holders of that company preference shares, or other senior equity. Equity share usually carries with it the right to vote and frequently an exclusive right to do so. Equity shares do not represent an obligation of the issuer, and do not offer the degree of protection of debt securities. The issuance of debt securities or preference shares by an issuer will create prior claims which could adversely affect the rights of holders of equity shares with respect to the assets of the issuer upon liquidation or bankruptcy. The market price for convertible bonds, which are typically bonds offering a stated interest rate that are convertible into equity shares at a specified price or conversion ratio, will tend to fluctuate in relationship to the price of the equity shares into which they are convertible.
- (ii) **Private Equity Risk:** Private equity investments involve a high degree of business and financial risk and can result in substantial or complete losses. Some Portfolio Companies may be operating at a loss or with substantial variations in operating results from period to period and may need substantial additional capital to support expansion or to achieve or maintain competitive positions. Such Portfolio Companies may face intense competition, including competition from companies with greater financial resources, extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The Portfolio Manager can offer no assurance that the marketing efforts of any particular Portfolio Company will be successful or that its business will succeed.

XVII. Other Investment Risks applicable to Portfolio Investments:

- (i) **Limited Liquidity of Investment Instruments:** Some of the Portfolio Investments made by the Fund may be in unlisted companies, whose securities should be considered illiquid, and as a result there will be no readily available secondary market for the interests in such Portfolio Companies, and those interests will be subject to legal restrictions on transfer. Moreover, these unlisted companies are not regulated by the same disclosure and investment protection norms that apply to listed companies.
- (iii) **Long Term Nature of Investments:** The investment opportunity under this is intended only for those investors who understand the long term nature of the Portfolio Investments. Instruments used to execute Portfolio Investments, such as debt, equity and options, warrants and other instruments, will be illiquid and are unlikely

to have realizable value for a lengthy period of time. Further, the costs of disposing of shares in a privately held company may be substantial.

- (iv) **Portfolio Risk:** The investments may spread by geographic region or asset type with varying exit horizons. Poor performance by even a few of these investments could lead to adverse effects on the overall returns. There could be 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.
- (v) **Small Company Risk:** In case of investments in securities of small or medium-size companies, there is a risk that such Portfolio Investment would be more susceptible to market downturns and the prices of which may be more volatile than Portfolio Investment in larger companies. Smaller companies generally have narrower markets and more limited managerial and financial resources than larger, established companies.
- (vi) **Indian Securities Market:** Some of the Portfolio Companies being companies, may eventually have their securities listed on an Indian or overseas stock exchange as a means of creating liquidity for that investment. Stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole. Securities listed on Indian stock exchanges may have low market capitalization and trading volume. Factors like these could adversely affect the investments.
- (vii) **Due Diligence Risk:** The Portfolio Manager intends to conduct due diligence to the extent it deems reasonable and appropriate based on the facts and circumstances applicable to each investment and will discuss any material issues raised by the due diligence process. The objective of the due diligence process will be to identify attractive investment opportunities based upon the facts and circumstances surrounding an investment. When conducting due diligence, the Portfolio Manager will evaluate a number of important issues in determining whether or not to proceed with a Portfolio Investment. These issues will vary depending on the kind of investment opportunity presented, but may include business, financial, tax, accounting and legal issues. The Portfolio Manager will be required to rely on outside resources for the conduct of due diligence, including information provided by the target of the investment and, in some circumstances, third party investigations, and there can be no assurance that the information provided will be accurate or complete. In case of Portfolio Investments which are listed, the Portfolio Manager may not be able to conduct a detailed due diligence exercise as one is not permitted to trade based on price sensitive exercises and due diligence may be restricted only to the extent the information is available in public domain. Furthermore, for certain investments, only limited information may be available. In light of the foregoing, there can be no assurance that the due diligence investigations undertaken by the Portfolio Manager will reveal or highlight all relevant facts that may be necessary or helpful in evaluating a particular investment opportunity. In particular, the Portfolio Manager may not conduct due diligence in certain areas, including, for example, environmental due diligence or pending litigation in all courts across India (which is not commonly conducted in India). If the Portfolio Manager's due diligence investigation does not reveal a material fact that impacts the valuation of a particular investment, the overall rate of return on its Portfolio Investments could be materially adversely affected.
- (viii) **Possibility of Failure of Realization Plans:** The Portfolio Manager shall frame a realisation plan for Portfolio Investments prior to their acquisition. Implementation of the plan might entail cash realisation over a period of time. The quantum and timing of the cash flows to the investors would depend on the success of such plans. Further, to enable recovery, the plans that may have been framed / implemented might be partially or substantially or completely modified subsequently. Such modifications in the plans would impact both the quantum and the timing of the cash flows. There is a possibility that the plans may not ultimately be viable. Such plans may fail partially or fully on account of various factors, including but not limited to defaults by Portfolio Companies, failure to enforce the security etc.

- (ix) **Illiquidity of Portfolio Investments due to corporate actions:** The profitability of the investment is largely dependent upon the liquidity of our Portfolio Investments. There could be potential risks on account of the illiquidity of any of its Portfolio Investments, which may arise from time to time, on account of various statutory or regulatory restrictions or restrictions pursuant to corporate actions undertaken by the Portfolio Companies which may include restrictions on transferability of the securities of such Portfolio Companies pursuant to applicable law. Any such restrictions on the disposition of the Portfolio Investments may disrupt the profitability and have an adverse effect on the net asset value of the investment.
- (x) **Valuation:** As the Portfolio Investments may not be in listed securities, ascertaining the value of the same may prove difficult. Therefore, valuations of Portfolio Investments are inherently subjective to a certain extent. There may be no public market for the securities of the Portfolio Companies, being companies. Thus, portfolio valuation inherently is highly subjective and imprecise. In establishing the value of the Portfolio Investments, accounting firms, investment banks and other consulting firms, when needed, may be consulted to assist with the valuation of Portfolio Investments. The value set by the Portfolio Manager may not reflect the price at which the investor could dispose of its interests in a particular Portfolio Companies at any given time.
- (xi) **Availability of Insurance against Certain Catastrophic Losses:** Certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related Portfolio Investments. If a major uninsured loss occurs, the investment could lose both the Portfolio Investment and anticipated profits from such affected Portfolio Investment and thereby it could result in adverse impact on the returns of the investors.

XVIII. Distributions in kind: distributions by the Portfolio Manager may be in kind and, upon liquidation of the Portfolio, could consist of securities or other properties for which there is no readily available public market. Some distributions may include securities listed with an Indian stock exchange but may suffer from low trading volumes and low market capitalization at the time of intended disposal. There can be no assurance that the listing of these securities will provide a viable exit mechanism. In addition, there can be no assurance that an investor will be able to dispose of any property or securities distributed in kind and therefore receive a return on capital or recover its capital contributed to the Portfolio Manager.

- 7. Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India during financial year 2018-19 (*Based on the latest Audited Annual Accounts of the Portfolio Manager*).

Disclosure as required by the Accounting Standard 18 “Related Party Disclosure” is given below:

Related Party relationship-where control exists	
Milestone Fincap Services Private Limited	Ownership of more than one half of the voting power
Milestone Finvest Limited	Subsidiary
Omega Global Mauritius Ltd.	Subsidiary
Milestone Capital Management LLC	Step-down Subsidiary
Milestone Investment Advisor LLC	Step-down Subsidiary
Epark Places Pvt Ltd	Subsidiary
Other Related Parties: (with whom there were transactions)	
IL&FS Milestone Realty Advisors Private Limited	Joint Venture
Mrs. Rubi Arya	Key Management Personnel

Epark Places Private Limited	Joint Venture
------------------------------	---------------

8. Net Worth of Portfolio Manager of PMS as on 31-March-2021 is given below

Scheme	Closing Balance as on 31.03.2021
High Yield Debt Series I	1,31,61,950
High Yield Debt Series II	5,10,86,968
Grand Total	6,42,48,918

9. Nature of expenses *(to be based on actuals)*

The following are the general costs and expenses to be borne by the client availing the services of the Portfolio Manager. However, the exact quantum and nature of expenses relating to each of the following services is annexed to the Portfolio Management Agreement in respect of each of the services provided.

10. Fees and other charges

10.1.1 Portfolio Management Fees:

The Portfolio Management Fees relate to the Portfolio Management Services offered to the Clients. The fee may be a fixed fee or performance based fee or a combination of both, as may be agreed by the client in the PMS Agreement.

10.1.2 Services related to regular communication, account statements, etc.:

Charges pertaining to regular reporting and communication with the Clients viz. Dispatch of Account Statements, Portfolio Reports etc.

10.1.3 Depository / Custodian fee:

Charges relating to custody and transfer of shares, bonds and units, opening and operation of demat account, dematerialization and rematerialization, and / or any other charges in respect of the investment etc.

10.1.4 Registration and transfer agents' fees:

Fees payable for the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and courier charges

10.1.5 Brokerage, transaction costs and other services:

The brokerage and other charges like stamp duty, transaction cost and statutory levies such as Goods and Service Tax, securities transaction tax, turnover fees and such other levies as may be imposed upon from time to time.

10.1.6 Fees and charges in respect of investment in mutual funds:

Mutual Funds shall be recovering expenses or management fees and other incidental expenses and such fees and charges shall be paid to the Asset Management Company of the Mutual Funds on behalf of the Client. Such fees and charges are in addition to the portfolio Management fees described above.

10.1.7 Certification charges or professional charges:

The charges payable to outsourced professional services like accounting, taxation and any legal services, notarisation etc.

10.1.8 Securities lending and borrowing charges:

The charges pertaining to the lending of securities, costs of borrowings and costs associated with transfer of securities connected with the lending and borrowing transfer operations.

10.1.9 Any other incidental and ancillary charges:

All incidental and ancillary expenses not recovered above but incurred by the Portfolio Manager on behalf of the client shall be charged to the Client.

The Portfolio Manager shall deduct directly from the cash account of the client all the fees/costs as specified above and shall send a statement to the client for the same.

11. Taxation - Discloses the implications of investments in securities and the tax provisions on Income/ Loss or Tax Deduction at Source on various investors.

The following tax implications are broad implications. They may differ taking into account the specific facts of each individual case. Furthermore, the tax rates and provisions are based on the law prevailing as at the date of this document and also incorporating the amendments made by applicable Finance Act.

The investors are accordingly advised to utilize the services of a professional consultant in determining their exact tax implications.

Tax Implications

Income arising from purchase and sale of equity shares or preference shares or debentures (hereinafter referred to as 'securities') under PMS can give rise to business income or capital gains in the hands of the investor. The issue of characterization of income is relevant as the tax computation and rates differ in either of the two situations.

The said issue is essentially a question of fact and depends on whether the shares are held as business/trading assets or on capital account. Based on judicial decisions, the following factors need to be considered while determining the nature of assets as above:

- Motive for the purchase of securities

- Frequency of transactions
- Length of period of holding of the securities
- Treatment of the securities and profit or loss on their sale in the accounts of the assessee and disclosure in notes thereto.
- Source of funds out of which the securities were acquired – borrowed or own.
- Existence of an objects clause permitting trading in securities – relevant only in the case of corporate.
- Circumstances responsible for the sale of securities.
- Acquisition of the securities – from primary market or secondary market
- Infrastructure and set – up employed for undertaking the securities transactions by the investor.

Any single factor discussed above in isolation cannot be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously.

Investors may refer to CBDT instruction no. 1827 dated August 31, 1969 read with CBDT Circular no. 4 dated June 15, 2007 for further guidance on the matter.

In the following paragraphs, we have considered the broad implications under the Income Tax Act, 1961 (“IT Act”) arising in the hands of the Investors (resident as well as non-resident) under both the scenarios, viz:

- Securities in the Portfolio held as business asset; and
- Securities in the Portfolio held on capital account.

Any security held by a Foreign Portfolio Investor (“FPI”), invested in accordance with the regulations under the SEBI Act, 1992, will be classified as a capital asset under section 2(14) of the Income-tax Act.

Securities Transaction Tax (‘STT’)

The purchase and sale of listed equity shares of a listed company on delivery basis on the stock exchange shall attract STT @ 0.1% of the transaction value.

The above STT is payable, irrespective of whether the securities are characterized as Business Assets or as Capital Assets.

Tax Implications where securities are Business Assets

Profits and Gains of Business or Profession

The following are the various income streams that can arise from securities held under the PMS:

- Gains on sale of securities;
- Dividend income on shares / Income distribution on units; and
- Interest income on debt securities.

If the securities in the Portfolio are regarded as a business/trading asset, then any gain / loss arising from sale of such securities would be taxed under the head “Profits and Gains of Business or Profession” under section 28 of the IT Act. The gain / loss is to be computed under the head “Profits and Gains of Business or Profession” after allowing normal business expenses (inclusive of the expenses incurred on transfer).

However, dividend on shares (referred to in section 115-O of the IT Act) and income distributed by mutual funds are exempt under the Act. In terms of section 14A of the IT Act, the Assessing Officer has been given the power to make disallowances of expenses relating to earning exempt income. However, expenses for earning exempt income will not be allowed to the investors. In March 2008, Central Board of Direct Taxes (CBDT) inserted Rule 8D in the income tax rules laying down the formula for computing the disallowance of expenses incurred in relation to earning of exempt income.

Interest income arising on securities may be categorized as ‘Business Income’ or ‘Income from Other Sources’. Any expenses incurred to earn such interest (such as interest expense) would be available as deduction.

STT paid on securities held on Business Account is allowable deduction in computing business income.

The rates at which business income is chargeable to tax are given in para (a) below.

a) Rates applicable to different categories of assesses

Assesse	% of Income Tax
Individuals, HUF	Applicable Slab Rates (See below)
Partnership Firms	30%
Indian Corporates	If turnover or gross receipt of the company does not exceed Rs. 400 crore - 25%
	If company opted section 115BA – 25%
	If company opted for section 115BAA – 22%
	If company opted for section 115BAB – 15%
	Any other domestic company – 30%
Foreign Company	40%

The slab rates applicable to individuals are as under:

Slabs	% of Income Tax (Existing Scheme)	% of Income Tax (New Scheme)
Upto Rs. 2.5 lacs	Nil	Nil
From Rs. 2.5 lacs to Rs. 5 lacs	5%	5%
From Rs. 5 lacs to Rs. 7.5 lacs	20%	10%
From Rs. 7.5 lacs to Rs. 10 lacs	20%	15%
From Rs. 10 lacs to Rs. 12.5 lacs	30%	20%
From Rs. 12.5 lacs to Rs. 15 lacs	30%	25%
Above Rs. 15 lacs	30%	30%

Basic exemption limit for resident senior citizens of 60 years but below 80 years of age is Rs. 3 lacs as per existing scheme and 2.5 lakhs as per new scheme and for resident senior citizens of 80 years of age or more is Rs. 5 lacs as per existing scheme and 2.5 lakhs as per new scheme

- b) The income tax rates specified above and elsewhere in this Disclosure Document are exclusive of the applicable surcharge & cess.

The applicable rates for surcharge as amended by the applicable Finance Act are given below :

Assessee	% of Income Tax
All persons, other than company, individual (including proprietorships), and HUF (Except AOP/BOI)	
If income is up to Rs. 10 million	NIL
If income exceeds Rs. 10 million	12%
Individual (including proprietorships), and HUF	
If income is up to Rs. 5 million	NIL
If income exceeds Rs. 5 million but up to 10 million	10%
If income exceeds Rs. 10 million upto 20 million	15%
If income exceeds Rs. 20 million upto 50 million	25%
If income exceeds Rs. 50 million	37%

Indian Corporates	
If income is up to Rs. 10 million	NIL
If income exceeds Rs. 10 million but up to 100 million	7%
If income exceeds Rs. 100 million	12%
If domestic company opted for section 115BAA and 115BAB	10%
Foreign Company	
If income is up to Rs. 10 million	NIL
If income exceeds Rs. 10 million but up to 100 million	2%
If income exceeds Rs. 100 million	5%

Additionally, education cess is leviable @ 4% on the income tax and surcharge (if applicable) as computed above.

Losses under the head Profits and Gains of Business or Profession

In the case of loss under the head 'Profits and Gains of Business or Profession' (other than speculative loss), it can be set off against the income from any other source under the same head or income under any other head (except certain exceptions) in the same assessment year. 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 (other than speculative loss), within the period of 8 subsequent assessment years.

In case the loss is in the nature of speculation loss, set-off would be available in the same assessment year only against speculation gain. In terms of Explanation to section 73, Where any part of the business of a company (other than a company whose gross total income consists mainly of income which is chargeable under the heads "Interest on securities", "Income from house property", "Capital gains" and "Income from other sources", or a company the principal business of which is the business of trading in shares or banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, such company shall, for the purposes of this section, be deemed to be carrying on a speculation business to the extent to which the business consists of the . Such loss can be carried forward for set-off against speculative gains within a period of 4 subsequent assessment years. Where the principal business of any company is trading in shares, such business of purchase and sale of shares would not be regarded as a speculation business and accordingly, loss arising from such business will not be treated as speculation loss.

The IT Act has been amended to exclude derivatives transactions traded on a stock exchange from being treated as a speculative transaction. The gain/loss from derivatives transaction would be treated as Income from Business.

Tax Implications where securities are Capital Assets

The following are the various income streams that can arise from Securities forming part of the Portfolio:

- Gains on sale of Securities;
- Dividend income on shares / Income-distribution on units; and
- Interest income on debt Securities.

Dividend on shares (referred to in section 115-O of the Act) and income distributed by Mutual Funds continue to be exempt under the IT Act. In terms of section 14A of the IT Act, the Assessing Officer has the power to disallow any expenses relating to income not includible in total income. However, expenses for earning exempt income will not be allowed to the investors. Rule 8D of the Income Tax Rules prescribe the formula for computing such disallowed amount of expenditure.

Interest income arising on securities would be categorized as 'Income from Other Sources'. Any expenses incurred wholly and exclusively for the earning of such income (such as interest expense) would be available as deduction.

As per the provisions of section 2(42A) of the Act, securities (other than units) listed on a recognized stock exchange or a unit of an equity oriented fund or Zero Coupon Bonds held by the investor as a capital asset, is considered to be a short-term capital asset, if these are held for 12 months or less from the date of acquisition by the unit holder. Accordingly, if such assets are held for a period of more than 12 months, they are treated as long-term capital assets.

Further, securities other than those listed on recognized stock exchange and mutual fund units (other than equity oriented funds) are classified as short term capital asset where they are held for a period of up to 36 months. Accordingly, if such securities/ units are held for a period of more than 36 months, they are treated as a long-term capital asset.

The mode of computation of capital gains would be as follows:

Sale Consideration	xxx
<u>Less: Cost of Acquisition (Note 1)</u>	<u>(xxx)</u>
Expenses on such transfer	<u>(xxx)</u>
Capital Gains	<u>xxx</u>

Note 1: In case of the computation of long-term capital gains, option of indexation of cost is available on all Securities (other than bonds and debentures). Indexation benefits are generally not available to nonresidents from transfer of shares or debentures of an Indian company.

Note 2: This would include only expenses relating to transfer of securities such as brokerage, stamp duty, etc. Normal business expenses would not be allowable. Further, STT is not allowable as a deduction in computing taxable capital gains.

Note 3: In case of non-residents (other than FIPs), capital gains from sale of shares or debentures acquired in foreign currency, will be computed in foreign exchange by converting the sale consideration, cost of acquisition & expenses on transfer into foreign currency at the rates (Average of Telegraphic transfer buying and selling rates prevailing on the date of purchase / sale, as the case may be) and reconverting such gains into Indian currency (at Telegraphic transfer buying rate on date of transfer).

The provisions of the Act, in relation to taxation of long term and short-term capital gains are provided in the following paragraphs.

Long Term Capital Gains

Long-term capital gains are taxable in the hands of different categories of assesses as under:

(i) Resident Individuals (including proprietorships) / HUF / Partnership firms & Indian companies

Long-term capital gains arising on transfer of equity shares or units of an equity-oriented fund on which STT is paid, are exempt from tax under Section 10 (38) of the Act.

Long term capital gains arising from transfer of equity shares / unit of an equity oriented mutual fund on a stock exchange would be taken into account in computing the book profit and tax payable by a company as per the Minimum Alternate Tax provisions (section 115 JB of the Act).

Under the provisions of Section 112 of the Act, long-term capital gains (other than those exempt as above) are subject to tax @ 20% (plus applicable surcharge and cess as mentioned above), with indexation benefit. The tax payable could alternatively be determined @ 10% (plus applicable surcharge and cess as mentioned above) without indexation. Such an option is available only in case of Long-term capital gains arising on sale of listed securities (other than units) or zero coupon bonds.

(ii) Non-resident Indians

Long-term capital gains arising on transfer of equity shares or units of an equity-oriented fund on which STT is paid, are exempt from tax under Section 10 (38) of the Act.

Non-resident Indians are permitted to be governed by the general provisions of the Act (same as above except for indexation) or the special provisions contained in section 115E of the Act.

Under the special provisions of section 115E of the IT Act for non-resident Indians, income by way of long-term capital gains in respect of specified assets purchased in foreign currency as defined under section 115C (which includes shares, debentures, deposits in an Indian Company and security

issued by central govt.) is chargeable at the rate of 10% (plus applicable surcharge and cess as mentioned above)

The benefit of indexation is not available to non-resident Indians, claiming taxability under section 115E of the Act.

Under the general provisions Section 112 of the IT Act, long term capital gains in case of listed securities (other than equity oriented fund) will be chargeable under at a rate of 20% (plus applicable surcharge and cess as mentioned above) with applicable foreign exchange fluctuation benefit or indexation, as the case may be. The tax payable could alternatively be determined at 10% (plus applicable surcharge and education cess as mentioned above) without indexation.

Further, long-term capital gains arising out of the transfer of unlisted securities shall be subject to tax at the rate of 10% (plus applicable surcharge and cess as mentioned above) without giving effect to indexation and foreign exchange fluctuation benefit.

The above mentioned rates would be subject to applicable treaty relief as mentioned below

(iii) Deduction s from long term capital gains

	Section 54 EC	Section 54 F	Section 115 F
Assessee	Any person	Individuals / HUF	Non-Resident Indian
Sale of which security	Any Long Term Assets	Any (not being residential house) Long Term Assets	Foreign exchange asset
Asset to be purchased to claim exemption	Specified Bonds of NHAI and RECL notified by the Central Government in official gazette (investment cap of Rs. Fifty Lakh during a financial year in which asset is transferred and in the subsequent financial year)	A residential house property	Specific Assets or savings certificates referred to in clause (4B) of section 10
Time-limit for purchase from the date of sale of MF	6 months	Purchase : 1 year back / 2 years forward &	6 months

units		Construction : 3 years forward	
Amount Exempt	Investment in the new asset or capital gain whichever is lower	Capital Gains proportionate to the investment made from sale proceeds	Capital Gains proportionate to the investment made from sale proceeds
Lock-in Period	3 years	3 years	3 years

Short term Capital Gains

- (i) Under Section 111A of the IT Act, income from Short term Capital Gains arising from transfer of equity shares in a company or a unit of equity oriented fund (on which STT is paid) are taxable @ 15 % (plus applicable surcharge and cess as mentioned above).
- (ii) The tax rates applicable to different categories of assesses on Short term Capital Gains (other than those referred above) would be the normal rates as mentioned above) except for FPIs who would be taxable on short term capital gains @ 30% plus applicable surcharge and cess as mentioned above) under Section 115AD of the IT Act.
- (iii) Foreign Portfolio Investors

Hitherto, foreign portfolio investors were making investments in India under the provisions of the SEBI Foreign Institutional Investors “FII” Regulations. Vide circular dated 7 June 2012, SEBI – the capital market regulator, sought to widen the stream of foreign portfolio investors by introducing the concept of Qualified Foreign Investors “QFI” to make investments in India. On 7 January 2014, the SEBI issued the SEBI (Foreign Portfolio Investors) Regulations 2014 “FPI Regulations”, effective from 1 June 2014. Through these regulations, the SEBI seeks to harmonise FIIs, sub accounts and QFIs into a single investor class with a view to ensure uniform guidelines and provide a single window registration for different categories of foreign investors. The Central Government has since also notified that the tax regime prevailing for erstwhile FII will apply to FPI as well.

FPI has been defined as a person not resident in India and not a Non Resident Indian. FPI should be a resident of a country whose securities market regulator is a signatory to the International Organisation of Securities Commission (IOSCO) Multilateral Memorandum of Understanding or Bilateral Memorandum of Understanding.

Tax on FPIs

Capital gains arising to an FPI will be taxable as under:

- Long-term capital gains arising on transfer of equity shares or units of an equity-oriented fund on which STT is paid, are exempt from tax under Section 10 (38) of the IT Act;
- Long-term capital gains (other than those exempt as above) arising to an FPI from transfer of securities, shall be taxable at the rate of 10% (plus applicable surcharge and cess as mentioned above). Such capital gains would be computed without giving effect of indexation and foreign currency conversion;
- Short-term capital gains arising to an FPI on transfer of equity shares or units of an equity oriented fund on which STT is paid, shall be taxable at the rate of 15% (plus applicable surcharge and cess as mentioned above);
- Short term capital gains on which STT is not paid, arising to a FPI from transfer of securities, shall be taxable at the rate of 30% (plus applicable surcharge and cess as mentioned above);
- Any income arising to an FPI by way of holding of securities would be taxable at the rate of 20% (plus applicable surcharge and cess as mentioned above).

Capital Loss

Losses under the head 'Capital Gains' cannot be set off against income under any other head. Further, within the head 'Capital Gains', long-term capital losses cannot be adjusted against short-term capital gains. However, short-term capital losses can be adjusted against any capital gains.

Unabsorbed long-term capital loss can be carried forward and set off against the long-term capital gains arising in subsequent eight assessment years.

Unabsorbed short-term capital loss can be carried forward and set off against the income under the head Capital Gains in subsequent eight assessment years.

Other relevant provisions

Tax neutrality on merger of similar schemes of Mutual Fund

The Finance Act, 2015 has amended to provide that the consolidation/ merger of two or more schemes of an equity oriented fund or two or more schemes of a fund other than an equity oriented fund, in accordance with the process of consolidation of mutual fund schemes under the SEBI (Mutual Fund) Regulations, 1996, shall be tax neutral to the investors. Thus, such consolidation/ merger will not result in transfer and will not be liable to capital gains.

It has been amended to provide that the cost of acquisition of the units of the consolidated scheme shall be the cost of units in the consolidating scheme and the period of holding of the units of the consolidated scheme shall include the period for which the units were held in the consolidating schemes.

Alternate Minimum Tax (“AMT”) Section 115JC to 115JF

All unit holders (other than companies) are subject to tax under AMT at the rate of 18.5 percent on the adjusted total income. In a situation where the income-tax computed as per normal provisions of the Act is less than the AMT on “adjusted total income”, the unit holder shall be liable to pay tax as per AMT. “Adjusted total income” for this purpose is the total income before giving effect to the following deductions:

- claim, if any, under section C, - ‘Deduction in respect of certain incomes’ of chapter VI-A (other than section 80P);
- claim, if any, under section 10AA; and
- claim, if any, under section 35AD (in respect of capital expenditure) as reduced by the amount of depreciation allowable in accordance with the provision of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed.

AMT will not apply to an Individual, HUF, AOP, BOI or an Artificial Juridical Person if the adjusted total income of such person does not exceed INR 20 lakhs. Further, credit of AMT is allowed to be carried forward to ten subsequent years and set off in the years(s) where regular income tax exceeds the AMT. Further, credit of AMT paid in a given year can be claimed in any subsequent year even if the adjusted total income does not exceed INR 20 lakhs or where no deduction has been claimed under chapter VI-A or section 10AA or section 35AD of the Act.

Taxability of non-residents investors

In case of non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (“DTAA” or “tax treaty”) (which is in force) income tax is payable at the rates provided in the Act, as discussed above, or the rates provided in the such tax treaty, if any, whichever is more beneficial to such non-resident unit holder.

For non-residents claiming such tax treaty benefits, the Act mandates the obtaining, from the home country tax authority, a tax residency certificate (‘TRC’) and form 10F in the prescribed format

Minimum Alternate Tax (“MAT”) applicability to FPI’s

The Finance Act, 2015 has amended the MAT provisions to exclude from its chargeability, the income arising to foreign companies by way of capital gains from transactions in securities and interest chargeable to tax at the rates specified in chapter XII. Thus, the profit corresponding to such income shall be reduced from the book profit and the expenditures, if any, debited to the profit & loss account corresponding to such income, shall be added back to the book profit while computing MAT.

General Anti Avoidance Rules (GAAR)

As per the Finance Act, 2015, the implementation of GAAR has been deferred to apply from the financial year 2017-18. Further, the provisions have also been amended to protect the investments made up to 31 March 2017 from the applicability of GAAR.

GAAR empowers the tax authorities to treat any transaction or arrangement entered into for the primary purpose of tax avoidance as an impermissible avoidance arrangement. The GAAR provisions seek to confer on the tax officer extensive powers, to disregard/ combine/ recharacterise transactions/ persons in situations where there is a tax avoidance motive or where such motive is presumed to exist in law.

Taxability of Capital Gains

In the context of taxation of capital gains, the definitions of “capital asset” and “transfer” are widened with retro-effect from 1 April 1962 specifically with a view to tax, in the hands of nonresidents, gains from direct or indirect transfer of assets in India;

Special Provisions relating to Avoidance of Tax

Dividend Stripping

Under section 94(7) of the Act, loss arising on sale of securities or units, which are bought within three months of the record date and sold within nine months the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Securities / Units.

Record date record date" means such date as may be fixed by—

- (i) Company for the purposes of entitlement of the holder of the securities to receive dividend; or
- (ii) Mutual Fund or the Administrator of the specified undertaking or the specified company as referred to in the Explanation to clause (35) of section 10, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case may be.

Bonus Stripping

Under section 94(8) of the Act, for units purchased within a period of three months prior to the record date of entitlement of bonus and sold within a period of nine months after this date the loss arising on the transfer of the original units (while continuing to hold the additional bonus units) shall be ignored for the purpose of computing the income chargeable to tax.

The amount of loss so ignored shall be deemed to be the cost of purchase / acquisition of the additional units as are held by the Assessee on the date of such sale or transfer.

Default in providing the Permanent Account Number ('PAN')

Section 206AA of the Act inserted by the Finance (No.2) Act, 2009, effective from 1 April, 2010, states that the deductee is required to provide his PAN to the deductor failing which the deductor shall deduct tax at source at the higher of the following rates:

1. The rate prescribed in the Act;
2. The rate in force; or
3. The rate of 20%.

Gift Tax

The Gift -tax Act, 1958 has been repealed since 1 October, 1998. A gift would be subject to income tax in the hands of the donee. Under section 56(2)(vii), receipts of shares and securities, the fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration are taxable as income in the hands of individuals / HUFs.

Furthermore the above provision of section 56(2)(vii) shall not apply to any shares and securities received by the donee:

- (a) From any relative; or
- (b) On the occasion of the marriage of the individual; or
- (c) Under a will or by way of inheritance; or
- (d) In contemplation of the death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- (g) From any trust or institution registered under section 12AA of the Act.

The definition of 'relative' has been amended vide the Finance Act, 2012, with retrospective effect from October 1, 2009.

The term 'relative' shall mean:

A] In the case of an Individual -

- (i) The spouse of the individual
- (ii) The brother or sister of the individual
- (iii) The brother or sister of the spouse of the individual
- (iv) The brother or sister of either of the parents of the individual
- (v) Any lineal ascendant or descendant of the individual
- (vi) Any lineal ascendant or descendant of the spouse of the individual
- (vii) The spouse of the person referred to in clauses (ii) to (vi), and

B] In the case of a HUF, any member thereof.

Advance tax obligations

It will be the responsibility of the Investor to meet the advance tax obligation installments payable on the due dates specified under the Income-tax laws.

Notes:

- (i) The tax incidence to investors could vary materially based on the characterization of income (i.e. capital gains versus business profits) accruing to them.
- (ii) Tax rates in India may change from time to time. Any changes may adversely affect the taxation of the Investors.
- (iii) In view of the particularized nature of tax consequences, each investor is advised to consult its own tax advisor with respect to the specific tax consequences of investing in securities.
- (iv) The provisions of the proposed Direct Tax Code Bill, 2013, have not been considered in the above tax overview.
- (v) General Anti Avoidance Rules ('GAAR') may be invoked by the Indian income-tax authorities if arrangement(s) are found to be impermissible avoidance arrangements. As per the Finance Act, 2015, the implementation of GAAR has been deferred to apply from the financial year 2017-18. Further, the provisions have also been amended to protect the investments made up to 31 March 2017 from the applicability of GAAR.

However, the client would be best advised to consult his or her tax advisor/consultant for appropriate counsel on tax treatment of the nature of income indicated herein.

12 Accounting policies- Disclose the accounting policy followed by the Portfolio Manager while accounting for the portfolio investments of the clients.

12.1 Basis of Accounting

Books and Records would be separately maintained in the name of the client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Management) Regulations, 1993, as amended from time to time. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles. However, for administrative convenience, in case of Non-segregated accounts, Bank, Depository, Broking, Mutual Fund Investments etc., are maintained at Pool Level in the name of Milestone Capital Advisors – PMS Account. As SEBI (Portfolio Management) Regulations, 1993, do not explicitly lay down detailed accounting policies, such policies which are laid down under SEBI (Mutual Fund) Regulations would be followed, in so far as accounting and valuation for equities or equity related instruments are concerned.

12.2 Portfolio Valuation

- 12.2.1 Investments in Equity or Equity Related instruments and Debt Securities listed on a recognized stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If on a particular valuation date, a security is not traded on NSE, the value at which it is traded on The Stock Exchange, Mumbai (BSE) is used or any recognized stock exchange. If a particular security is not listed on the NSE, then it is valued at the last quoted closing price on the BSE on the valuation date or on a recognized stock exchange as the case may be.

- 12.2.2 Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by Milestone Capital Advisors Private Limited. Non-traded and thinly traded Fixed Income Instruments, including those not traded within seven days prior to the valuation date will be valued at cost plus interest accrual till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument.
- 12.2.3 Equity securities awaiting listing are valued at fair value as determined in good faith by Milestone Capital Advisors Private Limited. Fixed Income Instruments that are awaiting listing will be valued at cost plus interest accrual till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument.
- 12.2.4 Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- 12.2.5 Investments in Mutual funds will be valued at the repurchase NAV declared for the relevant schemes on the date of the report or the most recent NAV will be reckoned.
- 12.2.6 In the Derivatives segment, the unrealized gains/losses for Futures and Options will be calculated by marking all the open positions to market.

12.3 *Securities Transaction*

Investment securities transactions are accounted for on a trade date basis. The cost of the investments acquired or purchased would include brokerage, stamp charges and any charges customarily included in the broker's contract note or levied by any statute except STT (Securities Transaction Tax). Similarly, in case of Sale Transaction, the above-mentioned charges will be deducted from the sale price. STT will be treated as an expense in case of clients treating it as capital Gains. However, in case the gains arising are treated as Business Income it will be shown as Current Asset to claim deduction under section 88E. Realised Gains/Losses will be calculated by applying the First in/ First Out method.

12.4 *Income/expenses*

All investment income and Expenses will be accounted on accrual basis. Dividend will be accrued on the Ex-date of the securities and the same will be reflected in the clients books on the ex-date. Similarly, bonus shares will be accrued on the ex-date of the securities and the same will be reflected in the clients books on ex-date. In case of Fixed income instruments, purchased/sold at Cum-interest rates, the interest component upto the date of purchase /sale will be taken to interest receivable/payable account and net of interest will be the cost/sale for the purpose of calculating realized gains/losses;

13. **Investors services**

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

Name: Jagdish Kondur
Address: CoWrks Worli, PS56, 3rd Floor, Birla Centurion,
Century Mills Compound,

Pandurang Budhkar Marg,
Worli, Mumbai – 400 030
Tel 022-62886120
E-mail: compliance@milestonecapital.in,

13.1 Grievance redressal and dispute settlement mechanism.

The Portfolio Manager shall attend to and address any client query or concern as soon as possible to mutual satisfaction.

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

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

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES ([SEBI Complaints Redress System](#)), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

14 General

Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 (**‘PML Act’**) came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a “Know Your Customer” (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). SEBI has further strengthened the KYC and client risk assessment requirements under its circular no. CIR/MIRSD/1/2014 dated March 12, 2014. The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature

and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as '**PML Laws**'.

The Client(s), including guardian(s) where Client is a minor, should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under applicable laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including *inter alia* identity, residential address(es), occupation and financial information by the Portfolio Manager. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND (and any other competent authorities and self-regulating bodies), that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KRA compliant and the ones who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the client account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.

Client Information

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds. The Portfolio Manager shall also ensure that it has subscribed to SEBI and other web based alerts to keep a track on any adverse order/findings being made against any of its Clients and keep a regular check on the same. The Portfolio Manager may stop all the trading activities for such Client/s and take such actions as may be required under the Regulations and the Agreement, including closure of account.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorized/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines thereunder shall be applicable. Clients are advised to read the Disclosure Document carefully before entering into an agreement with the Portfolio Manager.

By and on behalf of Board of Directors of

Milestone Capital Advisors Private Limited
CIN: U67190MH2005PLC153819

Director