

**ALPHA ALTERNATIVES FUND ADVISORS LLP
CO-INVESTMENT PORTFOLIO MANAGEMENT SERVICES
DISCLOSURE DOCUMENT**

As required under Regulation 22 (3) of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

- (i) This Disclosure Document has been filed with the Securities and Exchange Board of India ("SEBI") along with the certificate (Form C) in the specified format in terms of Regulation 22 (3) of the SEBI (Portfolio Managers) Regulations, 2020.
- (ii) The purpose of this Disclosure Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making informed decision for engaging Alpha Alternatives Fund Advisors LLP (hereinafter referred to as "**Co-Investment Portfolio Manager**") as the portfolio manager.
- (iii) This Disclosure Document contains the necessary information about the Co-Investment Portfolio Manager required by an investor before investing, and the investor may also be advised to retain this Disclosure Document for future reference.
- (iv) The name, phone number, e-mail address of the principal officer so designated by the Co-Investment Portfolio Manager are given below:

PRINCIPAL OFFICER	CO-INVESTMENT PORTFOLIO MANAGER
Name : Mr. Navin Ganesh	Name: Alpha Alternatives Fund Advisors LLP
Phone : +91 9840733225	Registered Address: 34th Floor, Sunshine Tower, Senapati Bapat Marg, Near Kamgar Krida Maidan, Dadar (West), Mumbai – 400 013
E-Mail : navin.ganesh@alt-alpha.com	Correspondance Address: 33 rd Floor, Sunshine Tower, Senapati Bapat Marg, Near Kamgar Krida Maidan, Dadar (West), Mumbai – 400 013

Date: April 05, 2024

Place: Mumbai

Table of Contents

Table of Contents..... 2

1. Disclaimer clause 3

2. Definitions 3

3. Description 5

4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority..... 7

5. Services offered..... 7

6. Risk factors..... 8

7. Client Representation 15

8. The Financial Performance of the Co-Investment Portfolio Manager (based on audited financial statements) 16

9. Performance of the Co-Investment Portfolio Manager 16

10. Audit Observations for preceding three years 16

11. Nature of expenses 17

12. Tax Implications for Clients.....17

13. Accounting policies 29

14. Investors services 30

15. Details of investments in the securities of related parties of the Co-Investment Portfolio Manager 31

16. Details of the diversification policy of the Co-Investment Portfolio Manager
32

17. Form C.....33

18. Annexure A 34

1. Disclaimer clause

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

Alpha Alternatives Fund Advisors LLP ("**Co-Investment Portfolio Manager**") has based this Disclosure Document on information obtained from sources it believes to be reliable but which it has not independently verified and hence makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The information contained in this Disclosure Document is based upon publicly available information at the time of publication, which is subject to change from time to time.

This Disclosure Document is for information purposes only and should not be construed as an offer or solicitation of an offer for managing the portfolio of any Client. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Clients should seek financial advice regarding appropriateness of investing in any securities or investment strategies that may have been discussed or recommended in this Disclosure Document and should understand that the views regarding the future prospects may or may not be realized.

Neither this Disclosure Document nor the product offerings have been registered in any jurisdiction other than in India.

2. Definitions

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:

- (i) "**Accredited Investor**" shall have the meaning prescribed under the Regulations;
- (ii) "**Act**" means the Securities and Exchange Board of India Act, 1992;
- (iii) "**Applicable Laws**" means any applicable Indian statute, law, ordinance, regulation including the Regulations, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force from time to time.
- (iv) "**Chartered Accountant**" means a Chartered Accountant as defined in clause (b) of sub-section (1) of Section 2 of the Chartered Accountant Act, 1949 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

- (v) **"Client"** means any individual, body corporate, partnership firm, Hindu Undivided Family (HUF), association of persons, trust, partnerships, limited liability partnership, limited liability companies, sole proprietorship, societies and/or such other Person as may be permitted by the Regulations and under Applicable Laws, who enters into agreement with the Co-Investment Portfolio Manager for the managing of his/its Portfolio;
- (vi) **"Client Agreement"** means the agreement entered into between the Co-Investment Portfolio Manager and its Client as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any;
- (vii) **"Co-investment Portfolio Manager"** means a Co-Investment Portfolio Manager who is a Manager of a Category I or Category II Alternative Investment Fund(s); and: (i) provides services only to the investors of such Category I or Category II Alternative Investment Fund(s); and (ii) makes investment only in unlisted securities of investee companies where such Category I or Category II Alternative Investment Fund(s) make investments.
- (viii) **"Disclosure Document"** means this disclosure document filed by the Co-Investment Portfolio Manager with SEBI and made available on the website of the Co-Investment Portfolio Manager, as may be amended from time to time;
- (ix) **"Direct on-boarding"** means an option provided to clients to be on-boarded directly with the Co-Investment Portfolio Manager without intermediation of persons engaged in distribution services.
- (x) **"Goods"** means the goods notified by the Central Government under clause (bc) of section 2 of the Securities Contracts (Regulation) Act, 1956 and forming the underlying of any commodity derivative;
- (xi) **"Person"** means any individual, partnership, company, body corporate, co-operative society, corporation, trust, society, HUF or any other body of persons, whether incorporated or not;
- (xii) **"PMS"** means the portfolio management services provided by the Co-Investment Portfolio Manager in accordance with the terms and conditions set out in the Client Agreement, Disclosure Document and subject to Applicable Laws.
- (xiii) **"Portfolio"** means the total holding of all investment, Securities, Goods and funds managed / advised by the Co-Investment Portfolio Manager on behalf of the Client pursuant to the Client Agreement and includes any Securities, Goods and funds that may be managed / advised by the Co-Investment Portfolio Manager under the Client Agreement;
- (xiv) **"Principal Officer"** means an employee of the Co-Investment Portfolio Manager who has been designated as such by the Co-Investment Portfolio Manager and is responsible for:
 - (i) the decisions made by the Co-Investment Portfolio Manager for the management or administration of the Portfolio of the Client, as the case may be; and
 - (ii) all other operations of the Co-Investment Portfolio Manager.
- (xv) **"SEBI"** means the Securities and Exchange Board of India;

- (xvi) **"Regulations"** means the SEBI (Portfolio Managers) Regulations, 2020, as may be amended from time to time and including any circulars/notifications issued pursuant thereto;
- (xvii) **"Related party"** shall have the same meaning as defined in the Regulations and
- (xviii) **"Securities"** shall mean and include securities listed or traded on a recognized stock exchange, money market instrument, units of mutual funds or other securities as specified by SEBI from time to time.

3. Description

(i) History, Present Business and Background of the Co-Investment Portfolio Manager

(ii)

The Co-Investment Portfolio Manager is an LLP, owned 99.992% by Alpha Alternatives Holdings Pvt. Ltd. ('Alpha Alternatives') and 0.008% by Mr. Naresh Kothari. The registered office address of the Co-Investment Portfolio Manager is situated at 34th Floor, Sunshine Towers, Dadar West, Mumbai - 400013.

The partners of the Co-Investment Portfolio Manager are Alpha Alternatives (represented by Mr. Ashim Sahni in the capacity of nominee) and Mr. Naresh Kothari.

Alpha Alternatives is a multi-asset class asset management firm that creates sophisticated investment solutions for proprietary and client capital.

Experience in Equities: The Co-Investment Portfolio Manager has more than 18 years of experience across MNCs, large Indian banks and investment boutiques in trading and capital markets and has extensive experience in quant investing, derivative strategies, special situations, long-only and long/short portfolios. Over this period the Co-Investment Portfolio Manager has demonstrated ability to recognize and understand the circumstances giving rise to the temporary inefficiencies in capital markets and capitalize on the same in a timely fashion.

Experience in Commodities: The Co-Investment Portfolio Manager has more than 8 years of experience of managing proprietary capital and executing various strategies across physical and exchange traded commodities. During this period the Co-Investment Portfolio Manager has developed a deep understanding of commodity, commodity derivatives and commodity cycles and has established extensive relationships with warehousing agencies and other participants across the value chain.

(iii) Promoters/ Partners/Employees of the Co-Investment Portfolio Manager and their background

1. Alpha Alternatives Holdings Private Limited: A multi-asset class management firm creating sophisticated investment solutions for proprietary and client capital. Established in 2013, Alpha Alternatives is actively building investment solutions in commodities, equities, fixed income & currency markets and structured credit & stressed assets.

2. Naresh Lakshman Singh Kothari: Experience of over 20 years across institutional equities, investment banking, equity investing and equity capital markets. He has committed/ invested significant amounts of proprietary capital in areas of commodities and equity.
3. Ashim Sahni: Experience of over 7 years across private equity and institutional asset management in India and overseas. He has managed a \$1bn Canadian corporate pension fund portfolio and also has previously worked at multiple European private equity firms.

(iv) Top 10 group companies/firms of the co-investment portfolio manager on turnover basis (latest audited financial statements may be used for this purpose):

Ncube Ventures LLP

Alpha Alternative Investments Advisors LLP

Alpha Alternatives Financial Services Private Limited (formerly known as Provincial Finance and Leasing Company Private Limited)

Agri Commodity Alpha LLP

Alpha Alternatives Holdings Private Limited

Purple Orchid Tree LLP

Tritiya Ventures LLP

Purple Clover Tree LLP

Alpha Alternative Finserv Solutions LLP

Ebony Advisors LLP

(v) Details of the services being offered: Co-investment portfolio management services

(a) Co-investment portfolio management services:

- Under these services, the Co-Investment Portfolio Manager in its capacity as investment manager to alternative investment funds may refer co-investment opportunities to the investors of such alternative investment funds. Such investments shall be in the same securities as those invested by the alternative investment fund. The Co-Investment Portfolio Manager shall provide advisory services in accordance with such guidelines and / or directives issued by the regulatory authorities and / or the Client, from time to time, in this regard. The terms of co-investment shall not be on terms more favourable than the terms of investment of alternative investment fund. The terms of exit from the Co-investment including the timing of exit shall be identical to the terms applicable to that of exit of alternative investment fund. The early withdrawal of funds by the Client with respect to the Co-investment shall be allowed to the extent that alternative investment fund has also made an exit from concerned investment.

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

- (i) All cases of penalties imposed by SEBI or the directions issued by SEBI under the Act or the Regulations.: **NIL**
- (ii) The nature of the penalty/direction.: **N.A.**
- (iii) Penalties imposed for any economic offence and/ or for violation of any securities laws.: **NIL**
- (iv) Any pending material litigation/legal proceedings against the Co-Investment Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.: **NIL**
- (v) Any deficiency in the systems and operations of the Co-Investment Portfolio Manager observed by SEBI or any regulatory agency.: **NIL**
- (vi) Any enquiry/adjudication proceedings initiated by SEBI against the Co-Investment Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Co-Investment Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.: **NIL**

5. Services offered

(i) 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.

(a) Co-investment portfolio management services: The Co-Investment Portfolio Manager, in its capacity as investment manager to Alpha Alternatives Structured Credit Opportunities Fund, a category II alternative investment fund, may refer co-investment opportunities to the investors of such alternative investment funds. Such investments shall be in the same securities as those invested by the alternative investment fund.

(ii) Investment Approach of the Co-Investment Portfolio Manager

Please refer to **Annexure A** for details related to the investment approach of the Co-Investment Portfolio Manager.

(iii) The policies for investments in associates/group companies of the Co-Investment Portfolio Manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/ guidelines,

NIL

(iv) Minimum investment amount.

The provisions relating to minimum investment amount by the Client are not applicable to co-investment portfolio management services.

(v) Direct on-boarding of clients

Not applicable

6. Risk factors

The risk factors outlined below do not purport to be a complete enumeration or explanation of the risks involved in an investment. Additional risks and uncertainties not presently known to the Co-Investment Portfolio Manager, or that it currently deems immaterial may also have an adverse impact on the Client's Portfolio.

(i) General Risk Factors

- a. Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.
- b. Past performance of the Co-investment Portfolio Manager does not indicate the future performance.
- c. As with any investment in securities, the Net Asset Value (NAV) of the portfolio can go up or down depending on the factors and forces affecting the capital market.
- d. The investment made by the Co-Investment Portfolio Manager is subject to the risk arising from the investment objective, investment strategy, asset allocation and non-diversification if any.
- e. Investment decisions made by the Co-Investment Portfolio Manager may not always be profitable, as actual market movements may be at variance with anticipated trends.
- f. The Co-Investment Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the products being offered by the Co-Investment Portfolio Manager save and except in cases of willful default and/or fraud of the Co-Investment Portfolio Manager.
- g. The names of the products/services do not in any manner indicate their prospects or returns. The performance may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors.
- h. The NAV / Portfolio may be affected by changes in settlement periods and transfer procedures.
- i. Investments in the products/services which the Clients have opted are subject to wide range of risks which inter alia also include but not limited to economic slowdown, volatility and illiquidity of Securities and Goods, poor corporate performance, economic policies, changes

of Government and its policies, natural calamities/ acts of God, acts of war, civil disturbance, sovereign action, technology updation/obsolescence, policy and legislative changes in local and international markets and for such other acts/ circumstance beyond the control of the Co-Investment Portfolio Manager which would affect the principal and returns on the Securities subscribed by the Co-Investment Portfolio Manager.

- j. Engaging in securities lending is subject to the risks related to fluctuations in collateral value/settlement/liquidity/counter party.
- k. The Co-Investment Portfolio Manager may not get an opportunity to deploy the Client's funds/ advise on opportunities for deployment or there may be delay in deployment. In such situation the Clients may suffer a loss of opportunity.
- l. The Co-Investment Portfolio Manager and its affiliates are engaged in a broad spectrum of activities in the portfolio management and financial services sectors. There may be instances where the interests of the Co-Investment Portfolio Manager and its affiliates may conflict with the interests of the Client.
- m. There might be instances wherein a conflict may arise in transactions of purchase and/or sale of Securities by the Co-Investment Portfolio Manager and employees who are directly involved in investment operations in relation to a Client's Portfolio. All such transactions shall be disclosed to the Client.

(ii) Other risks arising from the investment objectives, investment strategy, Investment Approach and asset allocation are stated as under:

Market Risks

- a. Investments are subject to market risk and there is no assurance or guarantee that the objectives of the investments will be achieved. The various factors which may impact the value of the Co-Investment Portfolio Manager's 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 applicable laws and government policies and regulations, factors specific to the issuer of securities, liquidity of the investment, settlement systems, trading volumes, interest rates, etc. The Co-Investment Portfolio Manager does not guarantee or assure any returns.
- b. The investment in Indian capital market involves above average risk for Client's compared with other types of investment opportunities. Investments can be of a longer duration as compared to other short term investment / trading opportunities. There is a possibility of the value of investment and the income therefrom falling as well as rising depending upon the market situation. There is also risk of total loss of value of an asset including the possibility of being required to go through a legal process for recovery of loss in investments.

India Related Risk

- c. Political instability or changes in the government could adversely affect economic conditions in India generally and the Co-Investment Portfolio Manager's business in particular. The

portfolio entity's business may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover,

there can be no assurance that such policies will be continued and a change in the government's economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Co-Investment Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions, prices and yields of the portfolio entity/ies.

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

Many countries have experienced outbreaks of infectious illnesses in recent decades, including severe acute respiratory syndrome and COVID-19. COVID-19 outbreak has resulted in numerous deaths and the imposition of both local and more widespread "work from home" and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale. The ongoing spread of the COVID-19 has, had, and will continue to have a material adverse impact on portfolio entities, local economies and also the global economy, as cross border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. Additionally, the Co-Investment Portfolio Manager's operations could be disrupted if any of its member or any of its key personnel contracts the COVID-19 and/or any other infectious disease. Any of the foregoing events could materially and adversely affect the Co-Investment Portfolio Manager's ability to source, manage and divest its investments and its ability to fulfil its investment objectives. Similar consequences may arise with respect to other comparable infectious diseases.

Tax Risks

- d. The arrangement of managing of funds from various Clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.
- e. Changes in state and central taxes and other levies in India may have an adverse effect on the strategies. The Government may impose various taxes, duties and other levies that could affect the performance of the strategies. An increase in these taxes, duties or levies, or the

imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client's Portfolio's profitability. Furthermore, the tax laws in relation to the Client's Portfolio are subject to change, and tax liabilities could be incurred by Client as a result of such changes.

- f. The legal and tax implications described in this Disclosure Document are based on the provisions of the prevalent laws. The information is not exhaustive and is given for general purpose only and based on advice received by the Co-Investment Portfolio Manager on the prevalent laws and practice in India. Such laws or their interpretation are subject to change. Client is advised to consult his/her/its own professional legal and tax advisors.

Legal Risks

- g. Bankruptcy of portfolio entity: Various laws enacted for the protection of creditors may operate to the detriment of the PMS if it is a creditor of a portfolio entity that experience financial difficulty. For example, if a portfolio entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the investment made under the PMS, to other creditors. If the PMS/Client holds equity securities in any portfolio entity that becomes insolvent or bankrupt, the risk of subordination of the PMS's/Client's claim increases.
- h. Change in Regulation: Any change in the Regulation and/or other Applicable Laws or any new direction of SEBI may adversely impact the operation of the PMS.

Risks related to investment in debt instruments

- i. Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the portfolio may be subject to the fluctuation.
- j. Investments in debt instruments are subject to reinvestment risks as interest rates/ yields prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- k. The product/services may invest/recommend investment in non-publicly offered debt securities and equity securities. This may expose the portfolio to liquidity risks. Additionally, the Clients may not be able to avail of securities transaction tax credit benefit and/ or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients.
- l. The Co-Investment Portfolio Manager may, considering the overall level of risk of the Portfolio, invest in lower rated/unrated securities offering higher yield. This may increase the risk of the Portfolio. Such investments shall be subject to the scope of investments as laid down in the Client Agreement.

Risks related to equity and equity linked instruments

- m. Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- n. In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- o. In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- p. The value of the Client's Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.

Risks Related to investment in derivative instruments

- q. The product/services may use/recommend derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under Applicable Laws. Usage of derivatives will expose the Portfolio to certain risk inherent to such derivatives. Derivative products are specialized instruments and require investment techniques and risk analyses different from those associated with stock and bonds. Derivatives are highly leveraged instruments and therefore, the use of derivatives requires a high degree of skill, diligence and expertise. Small price movement in the underlying security could have a large impact on their value. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. As and when the products trade in the derivatives market there are risk factors and issues concerning the use of derivatives that Clients should understand.

Risks related to investment in commodities

- r. Commodity markets are volatile and may decline significantly in response to adverse geopolitical, regulatory, market or economic developments. Different parts of the market and different types of commodity linked securities may react differently to these developments. For example, oil may react differently than metals. Geopolitical, or economic developments may affect a single commodity, commodities within a sector or the market as a whole. Commodities listed on Indian commodity exchanges may have low liquidity and trading volumes. There can be no assurance that sales on the Indian commodity exchanges will provide a viable exit mechanism.
- s. Risk of Higher or Lower Volatility: Volatility in thinly traded commodities is usually greater

- than in actively traded commodities/contracts. Accordingly, orders on the commodity exchanges may not be executed or partially executed, or losses may be incurred as a result of the substantial difference between the price at which the order is executed and the last traded price.
- t. In case of certain situations, there may be an order passed by a local, state, central government or any judicial or regulatory authority imposing restrictions on holdings of commodities upto a particular threshold. Any holdings in excess of the threshold may be seized by the said authorities or may have to be disposed immediately. The same could lead to losses on the Portfolio advised by the Co-Investment Portfolio Manager.
- u. In an event of war or any other unforeseen event the exchange may cease to exist / be rendered dysfunctional leading to losses on the Portfolio advised by the Co-Investment Portfolio Manager.
- v. There have been instances in the past where a commodity witnessing steep price movements was delisted for a brief period by a regulator / exchange. There can be no assurances that delisting of certain commodities by a regulator / exchange amidst very high volatility may not occur again. Accordingly, the Portfolio may suffer losses or may remain unhedged till the time the relevant commodity is listed or the underlying commodity is disposed by the Client.
- w. Most of the exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. Placing of such orders (e.g. "stop loss" orders or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a times because rapid changes in market conditions may make it impossible to execute such orders.
- x. Risk of News Announcements: News announcements may impact the price of the commodities and/or commodity derivatives contracts. These announcements may occur during trading and when combined with lower liquidity and higher volatility may suddenly cause an unexpected positive or negative movement in the price of the commodity/commodity derivatives contract.
- y. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a commodity due to any action on account of unusual trading activity or price hitting circuit filters or for any other reason.
- z. Exchange may take steps, such as, changes in the margin rate, increase in the cash margin rate etc. from time to time. These new measures may be applied to the existing open interests. In such conditions, the participants will be required to put up additional margins or reduce their positions. These could lead to losses on the investments.

Risk Factors associated with investments in units of Mutual Fund

- aa. Mutual funds invest across equity, money market & debt instruments. The risk factors affecting such instruments are mainly as follows- Market risk, inflation risk, interest rate risk,

currency risk, credit risk, regulatory/legal risk.

- bb. The Co-Investment Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of mutual funds or in money market instruments. Though the portfolio of liquid funds comprises of short-term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates of the government change, sometimes on a daily basis, thereby making the fund susceptible.
- cc. Liquid fund returns are not guaranteed and it entirely depends on market movements.

Risks Related to Exchange/System/Network Congestion

- dd. Trading on exchange is in electronic mode, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such other problem whereby the Co-Investment Portfolio Manager is not able to establish access to the trading system/ network, which may be beyond the control of the Co-Investment Portfolio Manager and may result in delay in processing or not processing buy or sell orders whether in part or in full. Similarly, there could be issues in payment and settlement systems as well which are beyond the control of the Co-Investment Portfolio Manager. This could result in loss to the Client.
- ee. Indian stock exchanges utilize 'circuit breaker' systems under which trading in particular stocks or entire trading could potentially be suspended on account of excessive volatility in a stock or on the market. Such disruptions could significantly impact the ability of the Co-Investment Portfolio Manager/ Client to sell its investments. Factors like these could adversely affect the performance.

Management and operational risks

- ff. The success of the PMS will depend to a large extent upon the ability of the Co-Investment Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Co-Investment Portfolio Manager shall have considerable latitude in its choice of portfolio entities and the structuring of investments. Furthermore, the team members of the Co-Investment Portfolio Manager may change from time to time. The Co-Investment Portfolio Manager relies on one or more key personnel and any change/removal of such key personnel may have material adverse effect on the returns of the Client.
- gg. Exit Load: Client may have to pay a high Exit Load to withdraw the Portfolio (as stipulated in the Client Agreement). In addition, they may be restricted / prohibited from transferring any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Client Agreement and in the Regulations.
- hh. Ongoing risk profiling risk: The Client would be subject to ongoing risk profiling in accordance with the Regulation. If in case during such ongoing risk profiling, it is found that the Client is not suitable for the investments in Securities or doesn't have risk appetite, the Co-Investment

Portfolio Manager may terminate the Agreement with the Client.

- ii. Risk arising out of non-diversification: This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments.
- (iii) **No Guarantee**
Investments in Securities are subject to market risks and Co-Investment Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives will be achieved. Further, the value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as delisting of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume. Consequently, the Co-Investment Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.
- (iv) Any act, omission or commission of the Co-Investment Portfolio Manager under the Client Agreement would be solely at the risk of the Client and the Co-Investment Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Co-Investment Portfolio Manager.

The Client has perused and understood the disclosures made by the Co-Investment Portfolio Manager in the Disclosure Document before entering into their respective Client Agreements.

7. Client Representation

- (i) Alpha Alternatives Fund Advisors LLP was set up on 23rd November 2017 and has been granted registration by SEBI on 29th March 2019 vide registration number INP000006518 to act as a portfolio manager under the Regulations. The Co-Investment Portfolio Manager is also currently acting as an investment manager for the following alternative investment funds:
- Alpha Alternatives Investment Fund, a SEBI registered category III alternative investment fund having registration number IN/AIF3/18-19/0544;
 - Alpha Alternatives MSAR LLP, a SEBI registered category III alternative investment fund having registration number IN/AIF3/21-22/0901; and
 - Alpha Alternatives Special Situations Fund, a SEBI registered category II alternative investment fund having registration number IN/AIF2/22-23/1160.

Further, the Co-Investment Portfolio Manager (through its Branch Office in Gujarat International Finance Tec City, Gujarat) is currently acting as an investment manager for the following alternative investment funds:

- Alpha Alternatives Offshore Opportunities Trust, a IFSCA registered category III alternative investment fund having registration number IFSC/AIF3/2022-23/0033;
- Alpha Alternatives Special Situations Offshore Fund, a IFSCA registered category II alternative investment fund having registration number IFSC/AIF2/2023-24/0103;
- Alpha Alternatives Nifty Plus Fund, a IFSCA registered category II alternative investment fund having registration number IFSC/AIF3/2023-24/0092.

(ii) **Client representation for all the products is as follows:**

Not applicable in case of co-investments

(iii) **Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India:**

Disclosure in respect of Related Party of Alpha Alternatives Fund Advisors LLP pursuant to Accounting Standard 18 in the Audited Accounts for the year ended 31st March 2023:

- Business support charges paid to Alpha Alternatives Holdings Pvt Ltd (Partner) –INR 32,33,000/-
- Addition of Partner's Capital :
 - a) Alpha Alternatives Holdings Private Limited : INR 58,00,00,000
- Management Fee income from entities under common control/Enterprises/Individuals owning, directly or indirectly, an interest in the enterprise:
 - a) Ebony Advisors LLP: INR 56,450
 - b) Kothari Family Private Trust: INR 19,170
- Purchase of Non-convertible debentures from entities under common control/Enterprises/Individuals owning, directly or indirectly, an interest in the enterprise – Purchase of Market Linked Debentures : Ncube Ventures LLP – INR 28,77,45,418
- Remuneration paid to partners : INR 5,72,00,000

8. The Financial Performance of the Co-Investment Portfolio Manager (based on audited financial statements)

Audited Financial Statements for FY: 2022-23	
Total Revenue	INR 29,68,15,321/-
Total Expenses	INR 25,29,56,619/-
Net Profit/(Loss) before Tax	INR 4,38,58,702/-
Net Profit/(Loss) after Tax	INR 2,72,01,541/-

9. Performance of the Co-Investment Portfolio Manager

Not applicable

10. Audit Observations for preceding three years

Nil.

11. Nature of expenses

The following are the general heads of the costs and expenses that will be borne by the Client while availing the services of the Co-Investment Portfolio Manager. However, the exact quantum and the nature of expenses relating to each of the following services shall be specified in the respective Client Agreements.

- (i) Portfolio management fees: Fee relates to the portfolio management services offered and provided to the Clients. The fee may be fixed or performance based or a combination of both as detailed in the Client Agreement.
- (ii) Advisory fee: Fee relates to the advisory services offered and provided to the Clients and as detailed in the Client Agreement.
- (iii) Exit Load: The Co-Investment Portfolio Manager may charge early withdrawal fee as a percentage of the value of the Portfolio /withdrawn Portfolio as per the terms and conditions of a particular product as agreed in the Client Agreement
- (iv) Performance fee: Performance linked fee payable to the Co-Investment Portfolio Manager based on the increase in the value of the Portfolio subject to the high watermark principle as provided under the Client Agreement.
- (v) Other fees and expenses: The Co-Investment Portfolio Manager may incur the following expenses which shall be charged/reimbursed by the Client:
 - Transaction expenses including, but not limited to, statutory fees, documentation charges, statutory levies, stamp duty, registration charges, commissions, charges for transactions in Securities, custodial fees, fees for fund accounting, valuation charges, audit and verification fees, depository charges, and other similar or associated fees, charges and levies, legal fees, incidental expenses etc.;
 - Legal and statutory expenses including litigation expenses, if any, in relation to the Portfolio;
 - Statutory taxes and levies, if any, payable in connection with the Portfolio;
 - Valuation expenses, valuer fees, audit fees, levies and charges;
 - Brokerage shall be charged at actuals.
 - All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above arising out of or in the course of managing or operating the Portfolio.
 - At the time of on-boarding of clients directly, no charges except statutory charges shall be levied.
 - All the operational expenses excluding brokerage and related transaction costs, over and above the fees charged for Portfolio Management Service shall not exceed 0.50% per annum of the client's average daily Assets under Management. All or some of the operational expenses mentioned above excluding brokerage and related transaction costs, may be clubbed under a single expense head

- The portfolio manager while investing in units of Mutual Funds through direct plan shall not charge any kind of distribution related fees to the client.

The Co-Investment Portfolio Manager shall not charge any up-front fees to the Client whether directly or indirectly.

12. Tax Implications for Clients

The information set out below outlines the tax implications based on relevant provisions of the Indian Income-tax Act, 1961 (**'the Act'**) as amended by the Finance Act, 2023 and Chapter VII of the Finance (No. 2) Act, 2004 (**'Securities Transactions Tax Act'/'STT'**).

12.1 General

Income derived from investment in securities is subject to tax as per the provisions of the Act. Special reference needs to be made in respect of provisions related to capital gains, business income, interest and dividend. Client owns the liability for his Taxation. The General Information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management Scheme of the Company.

A Portfolio of client may have:

- Dividend income;
- Long-term and short-term capital gains (or losses) on sale of securities (shares, mutual fund units, debentures, rights renunciations etc.);
- Business Income from purchase and sale of securities (shares, mutual fund units, debentures, rights renunciations etc.);
- Any other income from securities (shares, mutual fund units, debentures, rights renunciations etc.).

In case the securities are held as stock-in-trade, the income tax treatment will substantially vary and the issue whether the investments are held as capital asset or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment in the Portfolio Management Scheme shall endure indefinitely or accepted by the tax authorities. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter and therefore, each Client is advised to consult his / her / its tax advisor with respect to the specific tax consequences to him / her / it of participation in the portfolio management services.

All the Tax Rates contained in this clause are applicable for the financial year 2023-24, in accordance with Finance Act, 2023.

12.2 Resident and Non- Resident Taxation

12.2.1 Resident Taxation

A resident investor will be subject to income tax on his / her global income. In the case of a resident but not ordinarily resident, any income which accrues/ arises outside India will not be subject to tax in India, unless it is derived from a business/ profession controlled from India. Every other person is said to be resident in India during the year under consideration except where the control and management of affairs is situated wholly

outside India. In the case of an individual, the residential status would be determined based upon the physical presence of that person in India. The threshold limit in terms of physical presence of such individual in India has been prescribed under the Act.

A Company is said to be a resident in India in the previous year if (i) it is an Indian Company; or (ii) its place of effective management ('POEM') is situated in India.

Every other person is said to be resident in India during the year under consideration except where the control and management of affairs is situated wholly outside India.

12.2.2 Non-resident Taxation

A non-resident investor would be subject to taxation in India if he derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued to him in India in terms of the provisions of the Act.

A foreign company will be treated as a tax resident in India if its POEM is in India in that year. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

In case of foreign investors, the taxation of income will be governed by the provisions of the Act read with the provisions of the applicable tax treaty i.e. Double Tax Avoidance Agreement ('DTAA'), if any. As per Section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the DTAA.

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement DTAA related measures to prevent Base Erosion and Profit Shifting ('MLI'). India has made amendment in Section 90 to that effect that DTAA's should not create opportunities for non-taxation or reduced taxation including through treaty shopping in order to align the purpose of DTAA's with the MLI with effect from 1 April 2020.

12.3 Tax deduction at source

In the case of resident clients, the income arising by way of dividend, interest on securities, income from units of mutual fund, etc. from investments made in India are subject to the provisions of tax deduction at source (TDS). Residents without Permanent Account Number (PAN) are subjected to a higher rate of TDS.

In the case of Non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Co-Investment Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard. Non-residents without PAN or tax residency certificate (TRC) of the country of his residence are currently subjected to a higher rate of TDS.

The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

12.4 Linking of PAN and Aadhar

The due date of linking PAN and Aadhaar was 31 March 2023; however in order to grant some more time for the taxpayers, a window of opportunity has been provided to the taxpayers upto 30 June 2023 to link their Aadhaar to the PAN without facing repercussions, subject to the payment of nominal fees. If the PAN is not linked with Aadhaar, then PAN will become inoperative. After the expiry of the extended due date i.e. 30 June 2023, the clients will not be able to conduct financial transactions where quoting of PAN is mandatory. From 1 July 2023, the PAN of taxpayers who have failed to intimate their Aadhaar, as required, shall become inoperative and the consequences during the period that PAN remains inoperative will be as follows:

- i. no refund shall be made against such PANs;
- ii. interest shall not be payable on such refund for the period during which PAN remains inoperative; and
- iii. TDS and TCS shall be deducted /collected at higher rate, as provided in the Act.

12.5 Advance tax installment obligations

It shall be the Client's responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Act. The provisions related to payment of advance tax shall not apply to an individual resident in India, who does not have any income chargeable under the head "Profit and gains of business or profession"; and is of the age of sixty years or more at any time during the relevant financial year.

In case of any shortfall in the advance tax instalment or the failure to pay the same on time is on account of capital gains and dividend (other than deemed dividend), no interest shall be charged provided the client has paid full tax in subsequent advance tax instalments.

12.6 Securities Transaction Tax

Securities Transaction Tax ("STT") is applicable on transactions of purchase or sale of equity shares in a company or Exchange Traded fund ("ETF") or a derivative or units of

Equity Oriented Fund or units of Business Trust entered into on a recognized stock exchange and sale of units of Equity Oriented Fund to the Mutual Fund.

The STT rates as applicable are given in the following table:

Taxable securities transaction	STT Rate	Person responsible to pay STT	Value on which STT is required to be paid
Delivery based purchase and sell of equity share	0.1%	Purchaser/Seller	Price at which equity share is purchased/sold
Delivery based sale of a unit of oriented mutual fund	0.001%	Seller	Price at which unit is sold
Sale of equity share or unit of equity oriented mutual fund in recognised stock exchange otherwise than by actual delivery or transfer and intra day traded shares	0.025%	Seller	Price at which equity share or unit is sold
Derivative – Sale of an option in securities	0.062%	Seller	Option premium

Derivative – Sale of an option in securities where option is exercised	0.125%	Purchaser	Settlement Price
Derivative – Sale of futures in securities	0.0125%	Seller	Price at which such futures is traded
Sale of unit of an equity oriented fund to the Mutual Fund – ETFs and sale or surrender or redemption of units of equity oriented fund to an insurance company on maturity or partial withdrawal with respect of ULIP issued on or after 1 February 2021	0.001%	Seller	Price at which unit is sold
Sale of unlisted shares under an offer for sale to public included in IPO and where such shares are subsequently listed in stock exchanges or with effect from 1 June 2015, sale of unlisted units of business trust by a unitholder which were acquired in consideration of a transfer referred to in Section 47(xvii)	0.2%	Seller	Price at which such shares are sold

12.7 Characterization of Income on transfer of securities of companies.

Income arising from purchase and sale of securities can give rise to capital gains or business income in the hands of the investor. The issue of characterization of income is relevant as the income tax computation and rates differ in the two situations. The characterization is essentially a question of fact and depends on whether the shares are held as business/trading assets or as capital assets.

Based on the earlier circulars issued by the Central Board of Direct Taxes ('CBDT') and judicial decisions, following are the key factors and principles which need to be considered while determining the nature of assets as above

- Motive for the purchase of shares.
- Frequency of transactions and the length of period of holding of the shares
- Treatment of the shares and profit or loss on their sale in the accounts of the assessee.
- Source of funds out of which the shares were acquired – borrowed or own.
- Existence of an object clause permitting trading in shares – relevant only in the case of corporate bodies.
- Acquisition of the shares – from primary market or secondary market.
- the genuineness of transactions in unlisted shares.
- the transfer of unlisted shares is made along with the control and management of underlying business.
- Infrastructure employed for the share transactions by the client including the appointment of managers, etc.

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. Further, the background of the investor (Professional vs. a trader in shares) would also be a relevant factor in determining the nature of the shares.

CBDT has clarified that, it is possible for a tax payer to have two portfolios, i.e., an investment portfolio comprising of securities which are to be treated as capital assets and

a trading portfolio comprising of stock-in-trade which are to be treated as trading assets. Where an assessee has two portfolios, the assessee may have income under both heads i.e., capital gains as well as business income.

In view of the above, the profits or gains arising from transaction in securities could be taxed either as "Profits or Gains of Business or Profession" under section 28 of the Act or as "Capital Gains" under section 45 of the Act.

In the case of a Foreign Institutional Investor, any securities held in accordance with the regulations made under the SEBI Act, 1992 will always be regarded as capital asset and therefore, subject to capital gain tax.

It should also be noted that in the context of portfolio management schemes there has been litigation in the past on the characterization of income and judicial precedents have taken positions based on facts of each case.

12.8 TAX ON DIVIDEND AND INCOME FROM UNITS OF MUTUAL FUNDS

Dividend distributed by domestic companies and income from units of mutual funds will be taxable in the hands of recipient of dividend/income at respective slab rates. To avoid double taxation of dividend, dividend received by a domestic company from another domestic company or specified foreign company or business trust will not be taxable in the hands of first domestic company, provided such receipt of dividend does not exceed the amount of dividend distributed by the first mentioned domestic company one month prior to the due date of filing a return under Section 139(1). In the case of a resident recipient, withholding tax of 10% will be levied on dividends declared/paid by domestic company and on income distributed by mutual funds whereas in the case of a non-resident recipient, withholding tax at the rate of 20% on dividend income and income from mutual funds would apply. With effect from 1 April 2023 the withholding tax on income distributed by mutual fund specified under Section 10(23D) to non-residents would apply as per lower tax treaty rate, provided the tax residency certificate is furnished by such non-resident. Further, the minimum threshold for applicability of withholding tax on dividend payments to the resident shareholder during the financial year will be INR 5,000.

With effect from 1 April 2023, tax will be withheld on interest payable to resident on listed securities at the rates in force.

12.9 BUY BACK TAXATION

The unlisted and listed domestic companies are required to pay tax on distributed income included in the buyback of shares at the rate of 20% on such distributed income. Consequently, the amount received by the shareholders on buy back of shares will be exempt under section 10(34A) of the Act in the hands of the shareholder.

12.10 LONG TERM CAPITAL GAINS

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

12.10.1 Period of Holding

The details of period of holding for different capital assets for the purpose of determining long term or short term capital gains are explained hereunder:

Sr. No	Securities	Period of Holding	Characterization
1	Listed Securities (other than Units) and units	More than twelve (12) months	Long-term Capital Asset

	of equity oriented Mutual Funds, units of UTI, Zero Coupon Bonds	Twelve (12) months or less	Short-term Asset	Capital
2	Unlisted shares of a company	More than twenty-four (24) months	Long-term Asset	Capital
		Twenty-four (24) or less	Short-term Asset	Capital
3	Other securities (other than Market linked debentures acquired on or after 1 April 2023)	More than Thirty-six (36) months	Long-term Asset	Capital
		Thirty-six (36) months or less	Short-term Asset	Capital
4	Market linked debentures acquired on or after 1 April 2023	Any period	Short-term Asset	Capital

12.10.2 For listed equity shares in a domestic company or units of Equity Oriented Fund or Business Trust

The Finance Act 2018 changed the method of taxation of long-term capital gains from transfer of listed equity shares and units of Equity Oriented Fund or Business Trust.

As per section 112A of the Act, long term capital gains exceeding INR 1 lakh arising on transfer of listed equity shares in a company or units of equity oriented fund or units of a business trust is taxable at 10 % , provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition of listed equity shares, unless the listed equity shares have been acquired through any of the notified modes not requiring to fulfil the pre-condition of chargeability to STT.

Long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or payable in foreign currency, where STT is not chargeable, will also be taxed at a rate of 10%. This benefit is available to all assessees.

The long term capital gains arising from the transfer of such securities shall be calculated without indexation. In computing long term capital gains, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued upto 31 January 2018, a mechanism has been provided to "step up" the COA of securities. Under this mechanism, COA is substituted with FMV, where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA.

Specifically in case of long term capital gains arising on sale of shares or units acquired originally as unlisted shares/units upto 31 January 2018, COA is substituted with the "indexed COA" (instead of FMV) where sale consideration is higher than the indexed COA. Where sale value is higher than the COA but not higher than the indexed COA, the sale value is deemed as the COA. This benefit is available only in the case of equity shares or units, not listed as on 31 January 2018 but listed on the date of transfer; and equity shares/units listed on the date of transfer but acquired in consideration of shares/units not listed on 31 January 2018 through tax neutral modes of transfer under section 47 (e.g. amalgamation, demerger).

The CBDT has clarified that 10% withholding tax will be applicable only on dividend income distributed by mutual funds and not on gain arising out of redemption of units.

No deduction under Chapter VI-A or rebated under Section 87A will be allowed from the above long term capital gains.

12.10.3 For other capital assets in the hands of Resident of India

Long-term Capital Gains in respect of capital asset (other than listed securities and units of equity oriented mutual funds) will be chargeable to tax at the rate of 20% plus applicable surcharge and education cess, as applicable. Capital gains would be computed after taking into account cost of acquisition as adjusted by Cost Inflation Index notified by the Central Government and expenditure incurred wholly & exclusively in connection with such transfer.

As per Finance Act, 2017, the base year for indexation purpose has been shifted from 1981 to 2001 to calculate the cost of acquisition or to take fair market value of the asset as on that date. Further, it provides that cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as fair market value as on 1 April 2001.

12.10.4 For capital assets in the hands of Foreign Portfolio Investors (FPIs)

Long term capital gains, arising on sale of debt securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by Offshore Funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the Act. Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

Long term capital gains, arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 10% as mentioned in para 12.10.2 above.

12.10.5 For other capital asset in the hands of Non-resident Indians

Under section 115E of the Act, any income from investment or income from long-term capital gains of an asset other than specified asset as defined in Section 115C (Specified Assets include shares of Indian Company, Debentures and deposits in an Indian Company which is not a private company and securities issued by Central Government or such other securities as notified by Central Government) is chargeable at the rate of 20%. Income by way long-term capital gains of the specified asset is, however, chargeable at the rate of 10% plus applicable surcharge and cess (without benefit of indexation and foreign currency fluctuation).

12.11 Short Term Capital Gains

Section 111A of the Act provides that short-term capital gains arising on sale of Equity Shares of a company or units of Equity Oriented Fund or units of a business trust entered on a recognized stock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund are chargeable to income tax at a concessional rate of 15% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to STT. However, the above shall not be applicable to transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. The Market linked debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the Act. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

Short Term Capital Gains in respect of other capital assets are chargeable to tax as per the relevant slab rates or fixed rate, as the case may be.

12.12 PROFITS AND GAINS OF BUSINESS OR PROFESSION

- 12.12.1 If the investment under the Portfolio Management Services is regarded as "Business / Trading Asset" then the gain / loss arising there from is likely to be taxed as income from business as per slab rates i.e. in the case of resident individual and HUF and at the rate of 30% or 25% or 22% plus applicable surcharge and cess,(as the case may be, in case of resident other than individual and HUF(as the case may be) and also for non-residents other than a foreign company (assuming the highest slab rate for individual). It shall be taxable at the rate of 40% (plus applicable surcharge and cess) in case of a foreign company. The above rates would be subject to availability of benefits under the DTAA, if any in case of non-resident assessee.
- 12.12.2 Interest income arising on securities could be characterized as 'Income from Other Sources' or 'business income' depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the Act.
- 12.12.3 Where income referred to above is treated as Business Income, the person will be entitled for deduction under section 36(1)(xv), for the amount of STT paid.

12.13 TAX RATES**12.13.1 Individuals, HUF, AOP & BOI:**

The Finance Minister introduced new tax regime in Finance Act , 2020 wherein an option for individuals and HUF (Hindu Undivided Family) to pay taxes at lower rates without claiming deductions under various sections. This new tax regime has now been extended to Association of Person (AOP)(other than Co-Op Society) and Body of Individual (BOI) by the Finance Act, 2023. The option for new tax regime can be exercised only

once by specified persons having business/professional income and once exercised it will remain same for the subsequent years as well. Income Tax slab rates notified in new tax regime and old tax regime for the Financial Year 2023-24 are as under:

Income Tax Slab (INR)	Tax rates as per new regime	Tax rates as per old regime
0 - 2,50,000	Nil	Nil
2,50,001 – 3,00,000	Nil	5%
3,00,001 - 5,00,000	5%	INR 2,500+5% of total income exceeding INR 3,00,000
5,00,001 – 6,00,000	INR 10,000 + 5% of total income exceeding INR 5,00,000	INR 12,500 + 20% of total income exceeding INR 5,00,000
6,00,001 - 7,50,000	INR 15,000 + 10% of total income exceeding INR 6,00,000	INR 32,500 + 20% of total income exceeding INR 6,00,000
7,50,001 - 9,00,000	INR 30,000 + 10% of total income exceeding INR 7,50,000	INR 62,500 + 20% of total income exceeding INR 7,50,000
9,00,001 – 10,00,000	INR 45,000 + 15% of total income exceeding INR 9,00,000	INR 92,500 + 20% of total income exceeding INR 7,50,000
10,00,001 - 12,00,000	INR 60,000 + 15% of total income exceeding INR 10,00,000	INR 1,12,500 + 30% of total income exceeding INR 10,00,000

12,00,001 - 15,00,000	INR 90,000 + 20% of total income exceeding INR 12,00,000	INR 1,72,500 + 30% of total income exceeding INR 12,50,000
Above 15,00,000	INR 1,50,000 + 30% of total income exceeding INR 15,00,000	INR 2,62,500 + 30% of total income exceeding INR 15,00,000

Tax rates as per old tax regime for Resident Individual whose age is 60 years or more but less than 80 years and Resident Individual whose age is 80 years or more for Financial Year 2023-24 are as under:

Income Tax Slab (INR)	Tax rates Resident Individual whose age is 60 years or more	Tax rates Resident Individual whose age is 80 years or more
Up to 3,00,000	Nil	Nil
3,00,001 - 5,00,000	5%	Nil
5,00,001 - 10,00,000	INR 10,000 + 20% of total income exceeding INR 5,00,000	20%
Above 10,00,000	INR 1,10,000 + 30% of total income exceeding INR 10,00,000	INR 1,00,000 + 30% of total income exceeding INR 10,00,000

Surcharge for the Financial Year 2023-24 are as under:

Nature of Income	Up to INR 50 lakh	More than INR 50 lakh but upto INR 1 crore	More than INR 1 crore but less than INR 2 crore	More than INR 2 crore but up to INR 5 crore	More than INR 5 crore
<ul style="list-style-type: none"> Short-term capital gains and long term capital gains which are subject to STT Short term or Long term capital gains under section 115AD(1)(b) Dividend 	NIL	10%	15%	15%	15%
Any other Income (*)	NIL	10%	15%	25%	37%

(*) under new tax regime, the maximum surcharge is restricted to 25%.

12.13.2 Partnership Firm (Including LLP's):

A partnership firm (including LLP) is taxable at 30% and surcharge at the rate 12% of such tax where total income exceeds INR 1 crore.

12.13.3 Domestic Company/Foreign Company:

Tax Rates for domestic companies for Financial Year 2023-24 are as under:

Particulars	Tax rates as per Old regime	Tax rates as per New regime
Gross turnover up to INR 400 crore in the FY 2020-21	25%	NA
Domestic Co other than above	30%	22%
Domestic Co engaged in manufacturing and set up and registered on or after 01.10.2019 till 31.03.2024	25% or 30%	15%
MAT tax rate	15%	NA

Tax Rates for Foreign companies for Financial Year 2023-24 :

Foreign companies are liable to tax at 40% on total income.

Surcharge for domestic companies and foreign companies for FY 2023-24 is as under:

Total Income (INR)	Domestic Companies		Foreign Companies
	Old Tax Regime	New Tax Regime	
Upto 1 crore	Nil	10%	Nil
1 crore – 10 crore	7%	10%	2%
Above 10 crore	12%	10%	5%

12.13.4 Health and Education Cess

For all types of assessees, the amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of 4% of such income-tax and surcharge.

12.13 LOSSES UNDER THE HEAD CAPITAL GAINS/BUSINESS INCOME

In terms of section 70 read with section 74 of the Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

Business loss is allowed to be carried forward for 8 assessment years and the same can be set off against any business income.

12.14 DIVIDEND STRIPPING

According to section 94(7) of the Act, if any person buys or acquires units within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of nine months from such record date, then capital losses arising from such sale to the extent of income received or receivable on such units, which are exempt under the Act, will be ignored for the purpose of computing his income chargeable to tax.

The Finance Act, 2020 has abolished DDT and tax dividend income in the hands of shareholders in respect of dividend declared, distributed or paid on or after 1 April 2020 and therefore, in such cases the provisions of section 94(7) would not apply.

12.15 BONUS STRIPPING

Where any person buys or acquires any securities; or units of a mutual fund or the Unit Trust of India or business trust or Alternate Investment Fund within a period of three months prior to the record date (i.e., the date that may be fixed by a company or a Mutual Fund or the Administrator of the specified undertaking or the business trust or Alternate

Investment Fund or the specified company, for the purposes of entitlement of the holder of the securities or units to receive additional security or unit, as the case may be, without any consideration) and such person is allotted additional securities or units (without any payment) on the basis of holding of the aforesaid securities or units on the record date, and if such person sells or transfers all or any of the original securities or units within a period of nine months after the record date while continuing to hold all or any of the additional securities or units, then any loss arising to him on account of such purchase and sale of all or any of the securities or units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional securities or units as are held by him on the date of sale or transfer of original securities or units.

12.16 DEEMED GIFT

Under section 56(2)(x), receipt of shares and securities without consideration or without adequate consideration, the difference (if exceeding INR 50,000) between the aggregate fair market value (FMV) and such consideration are taxable as income in the hands of any person being recipient of such shares and securities, except in specified circumstances.

12.17 FAIR MARKET VALUE DEEMED TO BE FULL VALUE OF CONSIDERATION IN CERTAIN CASES

As per section 50CA of the Act, where the consideration for transfer of shares of a company (other than quoted shares) is less than the fair market value of such share determined in the prescribed manner, the fair market value shall be deemed to be the full value of consideration for the purposes of computing income under the head 'Capital gains'.

12.18 TAX NEUTRALITY ON MERGER OF DIFFERENT PLANS IN A SCHEME OF MUTUAL FUND AND MERGER OF DIFFERENT SCHEME OF MUTUAL FUND

The consolidation/ merger of different plans in a mutual fund scheme of a fund as well as the consolidation/ merger of mutual fund schemes of two or more schemes of equity oriented fund or two or more schemes of a fund other than equity oriented fund 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.

The cost of acquisition of the units of the consolidated plan of the scheme shall be the cost of units in the consolidating plan of the scheme and the period of holding of the units of the consolidated plan of the scheme shall include the period for which the units were held in the consolidating plan of the scheme.

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 scheme.

12.19 SEGREGATED PORTFOLIOS

SEBI has, vide circular SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, permitted creation of segregated portfolio of debt and money market instruments by Mutual Fund schemes. As per the SEBI circular, all the existing unit holders in the affected scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio. On segregation, the unit holders come to hold same number of units in two schemes –the main scheme and segregated scheme. The Finance Act, 2020 amended relevant section to provide that the period of holding of the units in the segregated portfolio is to include the earlier period of holding of the units

in the main scheme. Further, for computing the “cost of acquisition” of the units in the segregated portfolio, the “cost of acquisition” of the units in the main scheme will be pro-rated in the ratio of the NAV of the assets transferred to the segregated portfolio. The “cost of acquisition” of the units in the main scheme will simultaneously be reduced by the “cost of acquisition” of the units in segregated portfolio.

13. Accounting policies

The Co-Investment Portfolio Manager shall separately maintain the books and records in the name of each Client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided under the Regulations. The funds received from the Clients, investments or disinvestments and all the credits to the account of the Client like interest, dividend, bonus, or any other beneficial interest received on the investment and debits, for expenses, if any, shall be properly accounted for and details thereof shall be properly reflected in the Client's account. The tax deducted at source as required under the provisions of the Income-Tax Act, 1961, (43 of 1961) shall be recorded in the Portfolio account.

The books of account will be audited yearly by qualified auditor to ensure that the Co-Investment Portfolio Manager has followed proper accounting methods and procedures and that the Co-Investment Portfolio Manager has performed its duties in accordance with the law and Regulations.

Accounting under the respective Portfolios will be done in accordance with Generally Accepted Accounting Principles (GAAP). Following Key policies shall be followed;

- All investments will be marked to market.
- Market value / fair value of portfolio investments will be determined as follows:

- (1) Investment in listed equity shares shall be valued at the last quoted closing price on the National Stock Exchange (NSE). If not traded on NSE the closing price on any other stock exchange, where such security is listed shall be used.
 - (2) Futures and Options shall be valued at the settlement price provided by the respective stock exchanges.
 - (3) Securities awaiting listing as a result of IPO shall be valued at allotment price as available in public domain.
 - (4) Investment in units of a mutual fund shall be valued at Net Asset Value of the relevant scheme.
 - (5) If listed securities are suspended/illiquid/delisted for a certain period, then upto 30 days of suspension the last transaction price shall be used for valuation and after 30 days of suspension/delisting the valuation methodology shall be decided on a case to case basis as determined by the Co-Investment Portfolio Manager.
 - (6) In case of corpus received in form of stock, the same is accounted for in PMS books one day before the date of activation of the client account and is valued at the closing price of the stock on the day before the date of activation/addition of/to the client account.
- Dividend income shall be recognized on the ex-dividend date. Interest income on bank balances held with the bank is recognize on cash basis. Interest income on fixed income securities is recognized on accrual basis. Profit or loss on sale of investments shall be recognized on the trade dates on first- in –first – out basis.
 - In determining the holding cost of investments and the gains or loss on sale of investments, the 'first in first out' method shall be followed.
 - Exchange traded equity/currency derivative transactions are marked to market on daily basis. As on the balance sheet date, the unrealized profit/loss on open position on the same are ignored and no debit/ credit is taken in the profit and loss account
 - Transactions for purchase or sale of investments would be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the individual client account for that year.
 - The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note.
 - For equity shares, corporate actions are accounted on respective Ex dates. For debt securities interest is accrued on daily basis.

14. Investors services

- (i) **Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints.**

Name	Nischal Kapadia
Designation	Compliance Officer
Address	34th Floor, Sunshine Towers, Dadar West, Mumbai – 400013
Telephone No.	022 6145 8900
Email id	compliance@alt-alpha.com

(ii) Grievance redressal and dispute settlement mechanism.

Any disputes, service requests and grievances, if any, that may arise in relation to the portfolio management services of the Co-Investment Portfolio Manager shall be redressed through the administrative mechanism by the designated Compliance Officer, namely Mr. Nischal Kapadia and subject to the Regulations. The Compliance Officer will endeavor to address such grievance in within the time period as prescribed under the Regulations. The co-ordinates of the Compliance Officer are provided as under:

Name	Nischal Kapadia
Designation	Compliance Officer
Address	34th Floor, Sunshine Towers, Dadar West, Mumbai – 400013
Telephone No.	022 6145 8900
Email id	compliance@alt-alpha.com

If the Client still remains dissatisfied with the remedies offered or the stand taken by the Compliance Officer, the Client and the Co-Investment Portfolio Manager shall abide by the following mechanisms:

The client shall first take up their grievance with the Portfolio Manager by lodging a complaint directly with the concerned Portfolio Manager

If the grievance is not redressed satisfactorily, the client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. SCORES is available at <http://scores.gov.in>.

After exhausting these options for resolution of the grievance, if the investor/client is still not satisfied with the outcome, they can initiate dispute resolution through the ODR Portal.

The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in SCORES guidelines or not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law.

The process on Online Dispute Resolution Mechanism is available at <https://smartodr.in/login>

15. Details of investments in the securities of related parties of the Co-Investment Portfolio Manager

Investments in the securities of associates/related parties of Co-Investment Portfolio Manager:

Sr. No.	Investment Approach, if any	Name of the associate / related party	Investment amount (cost of investment) as on last day of the previous calendar	Value of investment as on last day of the previous calendar	Percentage of total AUM as on last day of the previous
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			quarter (INR in crores)	quarter (INR in crores)	calendar quarter
1	-	-	-	-	-

16. Details of the diversification policy of the Co-Investment Portfolio Manager

Not applicable

For and on behalf of **Alpha Alternatives Fund Advisors LLP**


Designated Partner
Name: Naresh Kothari




Designated Partner
Name: Ashim Sahni



Place: Mumbai
Date: April 05, 2024

Form C

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

Name of the Portfolio Manager: Alpha Alternatives Fund Advisors LLP

Corporate Office Address: 34th Floor, Sunshine Tower, Senapati Bapat Marg, Dadar (West), Mumbai – 400 013

Telephone Number: 022 -6145-8900

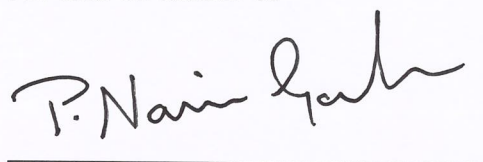
Email: compliance@alt-alpha.com

Website: <https://www.alt-alpha.com/>

We confirm that,

- I. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
- II. The disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;
- III. The Disclosure Document has been duly certified by Ms. Pradnya Shende for S Panse & Co LLP, Independent Chartered Accountants (Membership Number: 172845, Firm Registration Number: 113470W/W100591) with office address as 9 Three View Society, Veer Savarkar Marg, Mumbai – 400025, Tel. No: 022-24370483 an independent Chartered Accountant on April 05, 2024 (*enclosed here is a copy of chartered accountants' certificate to the effect that the disclosures made in Disclosure Document are true, fair and adequate to enable the investors to make a well-informed decision*)

For and on behalf of





Principal Officer

Date: April 05, 2024

Place: Mumbai

Annexure A

Investment Approach

1. Co-investment Portfolio Management Services**Investment objective**

The objective is to arrange, make, manage and dispose of investments in debt and/or equity and equity-linked instruments and/or preference shares and/or other permissible securities with the view to providing capital appreciation and returns to the Clients as permitted under the Applicable Laws.

Description of types of securities e.g. e.g. equity or debt, listed or unlisted, convertible instruments, etc.

This strategy primarily focuses on investments in debt securities. It may also invest in equity securities in some cases.

Basis of selection of such types of securities as part of the investment approach

The target investments shall be in entities which have substantial asset cover as well as robust operating cash flows to ensure safety on the return of investments. However, the Fund may also explore investment in companies with robust operating cash flows or with substantial asset cover provided that such entities carry good reputation and other qualitative and quantitative factors. The detailed investment approach has been provided in the Private Placement Memorandum of the AIF.

Allocation of portfolio across types of securities

The strategy intends on investing 100% of the portfolio across debt and equity securities. There is no set allocation across these types.

Appropriate benchmark to compare performance and basis for choice of benchmark

Not applicable

Indicative tenure or investment horizon

2-3 years

Risks associated with investment approach

Kindly refer "**Annexure C**" of the Client Agreement. The risks may affect portfolio performance even though the Co-Investment Portfolio Manager may take measures to mitigate the same.

Other salient features

None.

S Panse & Co LLP

"formerly S. Panse & Co."
Chartered Accountants

9, Three View Society, Veer Savarkar Marg, Mumbai - 400 025. India. Tel/ Fax : 2437 0483/ 84 Email: admin@panse.in

CERTIFICATE

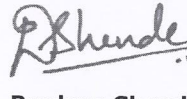

In the matter of:

Alpha Alternatives Fund Advisors LLP
34th Floor, Sunshine Tower, Senapati
Bapat Marg, Dadar (West),
Mumbai – 400 013

On the basis of verification of Disclosure Document as required by the SEBI (Portfolio Managers) Regulations, 2020 for Co-investment Portfolio managers of **Alpha Alternatives Fund Advisors LLP** and other documents, records, audited Financial Statements as on March 31, 2023 of Alpha Alternatives Fund Advisors LLP and the information and explanation given to us, it is confirmed that:

The disclosure made in the Disclosure Document dated April 05, 2024, copy attached herewith, as required by the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and the directives issued by SEBI from time to time are true, fair and adequate to enable the investors to make a well-informed decision.

For S. Panse & Co LLP
Chartered Accountants

Pradnya Shende
Partner

M.No: 172845

FRN: 113470W/W100591

UDIN: 24172845BKAEIS1666

Place : Mumbai

Date : April 05, 2024