

ALDER CAPITAL ADVISORS LLP

Disclosure Document for
Portfolio Management Services

FORM C

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

ALDER CAPITAL ADVISORS LLP

503, Morya Blue Moon, Off New Link Road
Andheri (West), Mumbai 400 053

Tel : (91 22) 40127003 / 4 / 5 / 6

Email : hemant@aldercapital.in

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 **ALDER CAPITAL ADVISORS LLP** as Portfolio Managers;
- iii. This Disclosure Document contains necessary information about the Portfolio Manager required by an investor before investing. The investors / clients should carefully read the Disclosure Document prior to making a decision to avail of the portfolio management services and are advised to retain this document for future reference;
- iv. The Disclosure Document has been duly certified by an independent chartered accountant, Mr. Deven J. Bafna (CA Firm Registration No. 107911W) having office at 212, Ghanshyam Enclave, New Link Road, Kandivali-West, Mumbai- 400067 on 15th November, 2021.

For **ALDER CAPITAL ADVISORS LLP**

Sd/-

Mr. Hemant Bhaskar Patel

Principal Officer

Place : Mumbai

Date : 15.11.2021

DISCLOSURE DOCUMENT

(As per the requirement of Fifth Schedule of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020)

- i. The Disclosure Document has been filed with the Securities & Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- 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 **ALDER CAPITAL ADVISORS LLP** as a Portfolio Manager.
- iii. The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and hence, the investor is advised to retain the document for future reference.

Name of the Portfolio Manager	ALDER CAPITAL ADVISORS LLP
SEBI Registration Number	INP000004771
Registered Office Address	503, Morya Blue Moon, Off New Link Road, Andheri (West), Mumbai 400 053
Contact Details	Tel : (91 22) 40127003 / 4 / 5 / 6 Email : info@aldercapital.in
Website	www.aldercapital.in

- iv. The name, phone number and contact details of the Principal Officer designated by us as the Portfolio Manager is as follows:

Name of the Principal Officer	Mr. Hemant Bhaskar Patel
Address	503, Morya Blue Moon, Off New Link Road, Andheri (West), Mumbai 400 053
Contact Details	Tel : (91 22) 40127009 Email : hemant@aldercapital.in

- v. This disclosure document is dated 15th November, 2021 and supersedes all the previous ones filed with SEBI.

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1. Disclaimer clause

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020, and has been filed with the Securities Exchange Board of India ("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.

2. Definitions

- i. "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended from time to time.
- ii. "Agreement" or "Client Agreement" or "PMS Agreement" means the agreement by whatever name called entered into between the Client and the Portfolio Manager for provision of Portfolio Management Services by the Portfolio Manager to the Client as provided for by regulation 14(1) of the Regulations, including any addendum thereto and shall be read in conjunction with the Application Form.
- iii. "AML Laws" shall mean Prevention of Money Laundering Act, 2002, the Rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time.
- iv. "Assets" or "Assets of the Account" shall mean the Securities and other investments and funds managed by the Portfolio Manager from time to time in terms of the Portfolio Management Services Agreement entered into with the Client.
- v. "Cash Account" means the account in which the funds handed over by the client shall be held by the Portfolio Manager on behalf of the Client.
- vi. "Client" means any person, whether an individual or a non-individual, who enters into the Portfolio Management Services Agreement with the Portfolio Manager for availing of the Portfolio Management Services offered by the Portfolio Manager.
- vii. "Custodian" shall mean the custodian providing custodial services in accordance with the regulations issued by SEBI and appointed from time to time for safe keeping of the Assets of the Client.
- viii. "Depository" shall mean Depository as defined in the Depositories Act, 1996 (22 of 1996).
- ix. "Disclosure Document" shall mean this disclosure document for the Portfolio Management Services.
- x. "Discretionary Portfolio Management Services" shall mean portfolio management services where the Portfolio Manager exercises or may, under a contract relating to portfolio management exercise any degree of discretion as to the investments or management of the Portfolio of securities or the Funds of the Client, as the case may be.
- xi. "Discretionary Portfolio Manager" means a portfolio manager who under a contract relating to portfolio management, exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of securities of the client.
- xii. "Financial year" shall mean the year starting from 1st April of a year and ending on 31st March the following year.
- xiii. "Funds" shall mean the moneys placed by the Client with the Portfolio Manager and any accretions thereto.
- xiv. "Fund Manager" means the individual/s appointed by the Portfolio Manager who manages, advises or directs or undertakes on behalf of the Client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.
- xv. "PMS" or "Portfolio Management Services" means portfolio management services that are carried out by the Portfolio Manager in accordance with SEBI (Portfolio Managers) Regulations, 1993, whether in the nature of Discretionary Portfolio Management Services, Non-Discretionary Portfolio Management Services or Investment Advisory Services, as the context may require.
- xvi. "Portfolio" means the total holdings of securities and funds belonging to the client that are managed by the Portfolio Manager on the client's behalf as per the PMS Agreement.
- xvii. "Portfolio Manager" means ALDER CAPITAL ADVISORS LLP, a Limited Liability Partnership incorporated pursuant to section 12(1) of Limited Liability Partnership Act 2008, having its registered office at 503, Morya Blue Moon, Link Road, Andheri West, Mumbai and registered with SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, vide Registration no. INP000004771 dated 25th August, 2015 and which pursuant to a contract with a client, advises or directs or undertakes on behalf of the client the management or administration of a portfolio of securities or funds of the client.
- xviii. "Principal Officer" means the total holdings of securities and funds belonging to the client that are managed by the Portfolio Manager on the client's behalf as per the PMS Agreement.
- xix. "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 including any modification or amendment thereof.
- xx. "SEBI" means the Securities and Exchange Board of India
- xxi. "Securities" means and includes, whether listed or unlisted, securities as defined under the Securities Contracts (Regulation) Act, 1956, as amended from time to time.

3. Description

3.1 History, Present Business and Background of the Portfolio Manager

ALDER CAPITAL ADVISORS LLP, a Limited Liability Partnership incorporated on 17th December 2014 pursuant to section 12(1) of Limited Liability Partnership Act 2008, having its registered office at 503, Morya Blue Moon, Link Road, Andheri West, Mumbai - 400 053.

Alder Capital Advisors LLP holds Certificate of Registration No. INP000004771 dated 10th July, 2018 issued under SEBI (Portfolio Managers) Regulations, 1993 to act as a Portfolio Manager and the certificate of registration is valid unless it is suspended or cancelled by the Board, subject to payment of fees as prescribed in the Act.

SEBI has permitted the company to commence portfolio management services and provide management and advisory services to offshore funds, pension funds, provident funds, venture capitals funds, and management of insurance funds, financial consultancy and exchange of research on commercial basis.

3.2 Promoters of the Portfolio Manager, directors and their background

3.2.1 Promoters of Portfolio Manager

Alder Capital Advisors is a limited liability partnership formed in December, 2014 by Mr. Hemant Bhaskar Patel, Managing Partner and Mrs. Chaitali Hemant Patel.

The Shareholding structure of LLP:

HEMANT BHASKAR PATEL, Managing Partner - DIN 07029136 - Share Holding 75%

CHAITALI HEMANT PATEL, Designated Partner - DIN 07031493 - Share Holding 25%

3.2.2 Directors of Portfolio Manager

Hemant Bhaskar Patel, Managing partner of Alder Capital Advisors LLP, aged 47 years, has over 21 years of experience in institutional equity research, including 10 years with Axis capital (earlier known as Enam Securities) culminating in his role as Executive Director of Consumer Equity Research. At Axis Capital, he was also responsible for all the matic research across consumption related sectors including fast moving consumer goods, auto, consumer durables, retail and NBFCs. He was worked as an institutional research analyst servicing some of the largest domestic and global institutional investors.

He holds a bachelor of commerce degree from Loyola, Chennai and MBA (Finance) from Australian Graduate School of Management, University of NSW. He is also a CFA level III candidate. Recent awards received by him include - Wall Street Journal, India's top Analyst Home and personal care sector; Zee business channel, Best fundamental analyst; Reuters Star Mine Award for food, household and personal products.

Chaitali Hemant Patel, Designated Partner of Alder Capital Advisors LLP, aged 40 years, hold a bachelor of commerce degree from University of Mumbai and Diploma in commercial arts from L. S. Raheja. She has handled designing advertisements and corporate marketing contents at JKS Advertising.

3.3 Top 10 group companies / firms of the Portfolio Manager in India on turnover basis

Alder Capital Advisors LLP does not have any group or associate companies.

3.4 Details of the services being offered (discretionary / non-discretionary / advisory)

1. Discretionary portfolio management services: Under this, the Portfolio Manager has the sole and absolute discretion to invest on behalf of the client in the type of security as agreed upon in their mutual agreement and make such changes in the portfolio as the Portfolio Manager deems fit. The rights of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules, guidelines and notifications in force from time to time.
2. Advisory service: The Portfolio Manager will provide advisory services, which shall be in the nature of investment advisory, which includes the responsibility of advising on the portfolio strategy and investment / divestment of individual securities in the Client's Portfolio in terms of the PMS Agreement and within overall risk profile. In such case, the Portfolio Manager does not make any investment on behalf of the Client.

The Portfolio Manager shall be solely acting as an advisor in respect of Portfolio of the Client and shall not be responsible for the investment / divestment of securities and / or administrative activities of the Client's Portfolio.

3. Non-Discretionary Services: Under these services, the Portfolio Manager executes transactions in securities as per the discretion and instructions of the Client and in terms of the PMS Agreement. The Portfolio Manager's role is limited to providing research, investment advice and trade execution facility to the Client. The Portfolio Manager shall execute orders as per the mandate received from Client.

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) There have been no penalties imposed on the Portfolio Manager by SEBI and no directions have been issued by SEBI under the Act, Rules or Regulations made thereunder.
- (ii) There have been no penalties imposed for any economic offence and /or for violation of any securities laws.
- (iii) There are no pending material litigation / legal proceedings against the Portfolio Manager / key personnel.
- (iv) There has been no deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency.
- (v) There are no enquiry / adjudication proceedings initiated by SEBI against the Portfolio Manager, its directors, principal officer or employees or any other person connected directly / indirectly with the Portfolio Manager, its directors, principal officer or its employees, under the Act / Rules / regulations made there under.

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

5. Services offered

5.1 The Portfolio Manager offers the following services under its Portfolio Management Services:

- Advisory services
- Discretionary portfolio services
- Non-discretionary portfolio services

As on date the Portfolio Manager is not offering any specific portfolios under its discretionary portfolio services. However, the Portfolio Manager under its Discretionary Portfolio Management Services intends to design the portfolios and deploy the Securities and / or funds of the Client in accordance with the investment objectives as stated by Portfolio Manager.

The Client's funds may be invested in equity, debt, money market instruments and such other securities which will, inter-alia, include:

- Equity & Equity related Instruments
 - a) Equity and Equity related instruments including convertible bonds, convertible Debentures, warrants, convertible preference shares, etc.
 - b) Equity linked instruments
- Debt & Money Market Instruments
 - a) Certificate of Deposits (CDs)
 - b) Fixed Deposits with Banks
 - c) Commercial Papers (CPs)
 - d) Government Securities
 - e) Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies
 - f) Floating rate debt instruments
- Units of Schemes of mutual funds registered with SEBI

5.2 Minimum Investment Amount

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and / or funds of an amount prescribed by Portfolio Manager for a specific Portfolio, subject to minimum amount Rs. 50 lakhs as specified under SEBI Regulations, as amended from time to time. The minimum investment amount of Rs. 50 lakhs should be maintained throughout the period under investment. Withdrawal below Rs. 50 lakhs (minimum investment) will not be processed. The Client may on one or more occasion(s) or on a continual basis, make further placement of Securities and / or funds under the service.

5.3 Investment Objectives

The investment objective is to generate capital appreciation and steady returns for the client over a long time frame by investing in fundamentally strong businesses. We believe, the rise of Indian consumer is a multi-decade event which will have positive spillover effect on consumer product and services businesses. Thus our portfolios are essentially made up of businesses that cater to domestic consumers, based on a fundamental bottom-up approach and structured with a long term orientation. In particular we are keen on B2C business models with outstanding management, enduring moats and demonstrating scalability. Such businesses not only tend to generate more cash but also could utilize the surplus to build a pipeline of innovations or brand extensions.

5.3.1 Fundamental bottom-up approach

At Alder Capital, our core approach of fundamental investing is driven by in-depth research of business, management, industry and competition. We don't mind spending disproportionate time on doing on-the-ground research to identify businesses with enduring and scalable moats. We believe great businesses, with disciplined management, would create value over a longer period of time, irrespective of market cycles. We typically invest with a 3 to 5 year investment horizon and tend to concentrate our holding. We like small businesses in scalable niche as much as large businesses with sustainable industry leadership

5.3.2 Circle of competence

Indian consumerism is expected to demonstrate secular growth over the next decade driven by income effect, demographic dividend and rising aspiration levels. We expect all business from basic necessities, discretionary products and financial services to benefit from this mega trend. We intend to focus our investments into 3 baskets - consumer staples, consumer discretionary and branded B2C businesses. Our knowledge advantage built over years of understanding consumption related businesses, industry dynamics, competitive rivalry and managements enables us to reduce portfolio diversification and increase prospects of consistent returns. Plus the benefit of specialization is it eliminates surprises and results in performance in line with our investment decisions.

5.3.3 Investment screening

All our investment ideas need to clear our good to great screener and our risk-to-return criteria.

- GTG framework is our proprietary grading system which ranks companies on the basis of innovation, branding, management culture and discipline, strategic assets, industry rivalry, scalability, capital allocation and financial shenanigans. We believe great businesses tend to score high on all these parameters to generate high and consistent return on capital invested. This framework also enables us to think though how businesses in attractive industries are able to adapt to changes to maintain their competitive edge in the long term.
- We pay more attention to historical financial analysis rather than just the forecast of the next few years. In the process we like to understand how businesses were managed in a down cycle and how business transformations over the years have led it to achieve cost/growth leadership over peers. Thus we try to assess the level of risk to achieve a minimum level of return over the next few years.

5.3.4 Risk minimization

We believe in risk-adjusted return verses pursuit of just superior returns. Avoiding investments that could have higher probabilities of absolute loss, would not only minimise portfolio volatility but also results in outstanding returns over extended period of time. We are agnostic to any market capitalization or liquidity criteria, as we believe true value of a business with scalable, predictable and profitable business models will eventually be discovered irrespective of such limitations. We do not believe in hedging or leverage strategies.

5.3.5 Ignore market timing

Consumption related businesses tend to have sufficient internal accruals to growth at a normative pace. Cyclical slowdown in such structural growth businesses causes asymmetries in risk-to-returns. Thus we seek these bargains which generate disproportionate returns for seemingly low level of risk. We also believe in a passive investment strategy with low churn, as we feel outstanding businesses are capable of generating compound growth and difficult to come by. Market cycles may make us take a defensive tilt in the portfolio or increase sensitivity, but we refrain from increasing our cash allocation.

6. Risk factors

- i. Securities investments are subject to market risk and there is no assurance or guarantee that the objective of the investments will be achieved.
- ii. Past performance of the Portfolio Manager does not indicate its future performance.
- iii. Securities investments are subject to market risks, company specific risks and other risks related to capital markets and there is no assurance or guarantee of profits. The investment value of the Portfolio may increase or decrease depending on various market forces and factors affecting stock markets. Investments in the Portfolio Management Strategies stand a risk of loss of capital and the Clients should be aware that they may lose all or any part of their investments.
- iv. Investment decisions made by the Portfolio Manager may not always be profitable. While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner, such decisions may not always prove to be profitable or correct.
- v. The Portfolio Manager is neither responsible nor liable for any losses resulting from the services or operations of the Clients' Portfolios.
- vi. 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.
- vii. The investments and growth of the Portfolio are subject to a very wide range of risks which include loss in value of investments due to, inter alia:
 - a) Overall economic slowdown, unanticipated corporate performance, environmental changes, political problems, changes to monetary or fiscal policies (including changes in tax laws and rates), changes in government policies and regulations;
 - b) Act of state, sovereign action, acts of God, acts of war, civil disturbance;
 - c) Delisting or market closure
- viii. Investments made by the Portfolio Manager are subject to risks arising out of non-diversification etc.
- ix. Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- x. The portfolio investment scheme is the first such scheme launched by Portfolio Manager.

7. Client Representation

The Portfolio Manager has been granted Registration Certificate on August 25, 2015. Portfolio Management services commenced for clients from October 2015. Details below are as on 31st October, 2021:

Category of Clients	No. of Clients	Funds managed (Rs. in Cr.)	Discretionary / Non-Discretionary / Advisory
Resident Individual	57	54.67	Discretionary
Resident Corporate	5	9.76	Discretionary
Non-Resident Individual	2	5.65	Discretionary
FPI	1	43.10	Advisory

i) Details of transaction with the related parties as on 31.03.2021

Key Management Personal:

- 1) Hemant Patel – Managing Partner
- 2) Chaitali Patel – Partner

Expense	Amount (Rs.)	Income	Amount (Rs.)
Remuneration to Partners	9,72,000.00	Fee Receipts	37,78,851.00
Rent	5,25,000.00		

8. The Financial Performance of the Portfolio Manager

Based on the audited/unaudited financial statements, the financial performance of the Portfolio Manager is as follows:

Particulars / (lakhs)	Financial Year Ended 31.03.2021 (Audited)	Financial Year Ended 31.03.2020 (Audited)	Financial Year Ended 31.03.2019 (Audited)
Turnover	1,99,04,120.00	96,96,990.00	1,32,24,797.00
Profit after tax	72,61,106.00	(22,47,932.00)	96,871.00
Partner's Capital	4,01,91,853.00	2,83,63,594.00	3,34,13,879.00
Free Reserve	-	-	-
Net Worth	4,01,91,853.00	2,83,63,594.00	3,34,13,879.00
Dividend Paid	-	-	-

9. Portfolio Management performance for the last three years

The Portfolio Manager has been granted Registration Certificate on August 25, 2015. Portfolio Management services commenced for clients from October 2015. Details below are as on 31st October, 2021 and disclosure of performance indicators calculated using weighted average method in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993

Particulars / Returns	FY 21-22 (YTD)	FY 20-21	FY 19-20	FY 18-19	Cumulative Return Since Inception (05.10.15 – 31.10. 21)
Discretionary Portfolio	20.8%	48.0%	-19.1%	2.3%	18.6%
Benchmark : S&P BSE 500	22.4%	76.6%	-27.5%	8.3%	14.5%

Note: 1) All returns over 1 year are annualised

2) Disclaimer- The performance related information provided therein is not verified by SEBI

10. Nature of Costs & Expenses

The following are the broad types of costs and expenses chargeable to Clients availing the Portfolio Management Services. The exact quantum of the fees / expenses related to each of the services shall be annexed to the PMS Agreement executed between the Client and the Portfolio Manager.

10.1 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 agreed by the client in the PMS Agreement.

Pursuant to SEBI Cir./IMD/DF/13/2010 dated October 05, 2010 for charging of performance/profit sharing fee, high water mark principle will be followed.

High Water Mark Principle: High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The Portfolio Manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

Please refer PMS Agreement for illustration on the fees structure.

10.2 Withdrawal Fee:

The Portfolio Manager may also charge premature exit fees / withdrawal fees at time of redemption of the portfolio by Client.

10.3 Other Expenses:

Apart from Portfolio Management Fees, the following are the general costs and expenses to be borne by the Client availing the Portfolio Management Services of the Portfolio Manager on actual basis.

(i) Custodian / Depository / Fund Accounting fees:

The charges related to opening and operation of depository accounts, custody and transfer charges for securities, dematerialization and materialization and other charges in connection with the operation and management of the depository accounts.

(ii) Brokerage and transaction costs:

The brokerage charges and other charges like GST, stamp duty, transaction costs including bank charges, turnover tax, securities transaction tax or any other tax levied by statutory authorities on the purchase and sale of securities and entry or exit loads (if any) on units of Mutual Funds.

(iii) Certification and professional charges:

Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. would be recovered. Charges for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities would be borne by Alder Capital.

(iv) Services related expenses:

Charges in connection with day to day operations like courier expenses, stamp duty, postal, telegraphic any other out of pocket expenses as may be incurred by the Portfolio Manager, would be borne by Alder Capital.

(v) Any other incidental and ancillary charges:

All incidental and ancillary expenses not covered above but incurred by the Portfolio Manager on behalf of the Client for Portfolio Management and expenses incurred by the Portfolio Manager in terms of the PMS Agreement shall be charged to the Client.

The exact fees structure to be charged will be set out as a separate annexure to the Portfolio Application form and at the time of execution of the PMS Agreement. These charges will be exclusive of GST and statutory levies will be charged separately as per the prevailing rates.

Management fees shall be subject to TDS (tax deducted at source) wherever applicable, at prescribed rates under the Income Tax Act, 1961 as prescribed from time to time.

Nature of Expense	Maximum Indicative Rate (%)
1. Investment Management & Advisory Fees**	
a) Upfront Fee	NIL
b) Fixed Management fee	Upto 2.5% p.a.
c) Performance fee	Upto 20% over hurdle rate of 10%
d) Exit Loads	Upto 2% p.a.
2. Custodian Fee**	Upto 0.05% p.a.
3. Brokerage and transaction costs	Upto 0.30% of contract value
4. Fund Accounting Charges**	Upto 0.05% p.a.
**Basis of Charge – Indicative as of average daily asset under management	

11. Taxation - tax implications for the clients

The client is advised to consult his or her tax advisor/consultant for appropriate counsel on tax treatment of the various incomes generated out of the portfolio; viz Dividends, capital gains etc. The information set forth below is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document.

11.1 Income Tax

The maximum tax rates applicable to different categories of assesseees are as follows:

Resident individual & HUF	30% + surcharge & cess
Partnership Firms/LLP/AOP/BOI	30% + surcharge & cess
Domestic Companies	1) 25% + surcharge & cess If turnover or gross receipts of the domestic company does not exceed Rs. 400 crores 2) 30% + surcharge & cess If Turnover above Rs. 400 crores
Non-resident Indians	30% + surcharge & cess
Foreign companies	40% + surcharge & cess

Assessee	Rate of surcharge & cess applicable
Resident Individuals	1) A surcharge of 10% on income tax where taxable income is more than Rs.50L but upto Rs.1 cr+ Education Cess of 4% is payable on the total amount of tax including surcharge. 2) A surcharge of 15% on income tax where taxable income is more than Rs.1 cr but upto Rs.2 cr+ Education Cess of 4% is payable on the total amount of tax including surcharge. 3) A surcharge of 25% on income tax where taxable income is more than Rs.2 cr but upto Rs.5 cr+ Education Cess of 4% is payable on the total amount of tax including surcharge. 4) A surcharge of 37% on income tax where taxable income is above Rs.5 cr+ Education Cess of 4% is payable on the total amount of tax including surcharge.
HUF/AOP/BOI & Other Artificial Juridical Person	1) A surcharge of 10% on income tax where taxable income is more than Rs.50L but upto Rs.1 cr+ Education Cess of 4% is payable on the total amount of tax including Surcharge. 2) A surcharge of 15% on income tax where taxable income is above Rs.1 cr + Education Cess of 4% is payable on the total amount of tax including surcharge.
Companies where the taxable income more than Rs. 1crores but upto Rs. 10 Crore	A surcharge of 7 % on income tax and Education Cess of 4 % is payable on the total amount of tax including surcharge.(a surcharge of 2% in case of foreign companies).
Companies where the taxable income is more than Rs. 10 Crore	A surcharge of 12 % on income tax (on income above 10 crores) and Education Cess of 4% is payable on the total amount of tax including surcharge. (a surcharge of 5% in case of foreign companies).

11.2 Dividends

Dividends declared, distributed or paid on or after April 1, 2003 by domestic companies will be exempt in the hands of the shareholder recipient. However, tax@ 10% of gross amount of dividend will be payable by the recipient's i.e., Individual, HUF and Firms receiving dividend in excess of 10 lacs per annum.

Tax on distributed profits of 15% (as increased by surcharge and education cess) will be payable by the domestic company. From June 1, 2013, such tax will be computed after deducting the amount of dividend received by the domestic company from its subsidiary where the said subsidiary has paid the tax under section 115-O (in case of domestic subsidiary company) and under section 115BBD (in case of a foreign subsidiary company) on such dividend.

Income distributed on or after April 1, 2003 by a mutual fund specified u/s 10(23D) of the Act will be exempt in the hands of the unit holders but a tax on distributed income will be paid under section 115R as under:

In case of distribution by a Debt fund, money market mutual fund or a liquid fund:

- 25% when income is distributed to any person being individual or Hindu Undivided Family; and
- 30% when income is distributed to any other person

In case of distribution by an Infrastructure Debt Fund ("IDF") Scheme:

- 25% in case of distribution to an individual or Hindu Undivided Family; and
- 30% when income is distributed to any other person other than a company.
- 5% in case of distribution to a non-resident (not being a company) and to a foreign company.

Also, budget 2018 has introduced tax on distributed income by an equity oriented mutual fund @10% (as increased by surcharge and education cess).

11.3 Capital Gains Tax

Profit on sale of investments, (being shares in a company or any other securities listed on a recognised stock exchange in India or units of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or units of a Mutual Fund specified under section 10(23D)) held for a period of more than 12 months (24 months in case of any other investments) immediately preceding the date of transfer, will be treated as long-term capital gains; in all other cases, it would be treated as short-term capital gains. The taxability of long term and short-term capital gains is discussed below:

11.3.1 Transactions in securities on recognized stock exchange and in units of an equity oriented fund:

Exemption from long-term capital gain arising from transfer of listed securities as referred to in section 10(38) has been withdrawn by the Finance Act, 2018 w.e.f. Assessment Year 2019-20 and a new section 112A is introduced in the Income Tax Act. As per section 112A, long term capital gain arising from transfer of an equity share, or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10%^A (without indexation) of such capital gain only if exceeds Rs.1 Lakhs.

- Short term capital gains on sale of listed securities and units of an equity oriented fund are taxable @ 15%^ (when the transactions for sale take place on recognized stock exchanges and are subject to the STT).

^ Plus applicable surcharge if any and Education cess @ 4% on tax and surcharge.

- Additionally, STT is payable in respect of purchase of listed securities and units of an equity oriented fund on recognized stock exchanges as below:

Sr. No.	Taxable securities transaction	Rate (%)	Payable by
1.	Purchase of an equity share in a company where (a) the transaction of such purchase is entered into in a recognized stock exchange; and (b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share	0.1	Purchaser
2.	Purchase of a unit of an equity oriented mutual fund, where (a) the transaction of such purchase is entered into in a recognized stock exchange; and (b) the contract for the purchase of such unit is settled by the actual delivery or transfer of such unit	Nil	Purchaser
3.	Sale of an equity share in a company where - (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for the sale of such share is settled by the actual delivery or transfer of such share	0.1	Seller
4.	Sale of an units of an equity oriented mutual fund where - a) the transaction of such sale is entered into in a recognized stock exchange; and b) the contract for the sale of such unit is settled by the actual delivery or transfer of such units	0.001	Seller

STT is not available as a deduction in computing capital gains. However, from the assessment year 2009-10, where income from taxable securities transactions referred to above is treated as business income, the person will be eligible for deduction u/s 36(1)(xv), for the amount of STT paid.

11.3.2 Transactions in other securities or transactions not on recognized stock exchanges:

(i) Tax on Long Term Capital Gain :

- For Domestic Companies : Long-term Capital Gains will be chargeable under Section 112 @ 20%^ with indexation, being listed securities or units or zero coupon bond. However, Indexation can't be availed on debentures. Further listed securities and can be taxed at 10% without indexation.
- For Resident Individuals and HUFs : Long-term Capital Gains will be chargeable under Section 112 @ 20%^ with indexation or 10%^ without indexation in case of transfer of long term capital assets, being listed securities or units or zero coupon bond. Where the taxable income as reduced by long term capital gains is below the maximum exemption limit, the long term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of 20%^.
- For NRIs and foreign companies : Long-term capital gains on transfer of unlisted securities will be taxed at the rate of 10%^ . However, no benefit of Cost Inflation Index is available and the requirement of computation of gains in foreign exchange will not apply.

However, Long Term Capital Gains (other than unlisted securities) are taxable @ 20%^ with indexation.

If the NRI (not being a company or a foreign company) does not have a Permanent Account Number, then for the purpose of TDS, the with holding tax rate would be 20%.

The tax rates are subject to DTAA benefits available to NRIs. As per the Finance Act, 2012, submission of tax residency certificate containing prescribed particulars, will be a necessary (though not sufficient) condition for granting DTAA benefits to non-residents. Also in case all the prescribed particulars are not available in tax residency certificate then Form 10F needs to be submitted along with tax residency certificate.

^ Plus applicable surcharge if any and Education Cess @ 4% on tax and surcharge.

(ii) Tax on Short Term Capital Gain :

Short-term capital gains are chargeable to tax as per the progressive slab rates (see point 11.6 for tax rates). The maximum tax rate would be 30% (assuming investor falls into higher tax bracket) plus surcharge, if any and Education Cess @ 4%.

11.3.3 Capital loss can be set off against any capital gains as follows:

Long term capital loss of a tax year, which is chargeable to tax, cannot be set off against short term capital gains arising in that year. On the other hand, short term capital loss in a year can be set off against both short term and chargeable long term capital gains of the same year. Unabsorbed short term and long term capital loss of prior years shall be separately carried forward. However, short term capital loss shall be eligible for set off against the chargeable long term capital gains while the long term capitals loss brought forward for set off shall be eligible to be set off only against chargeable long term capital gains of the current year.

11.4 Dividend stripping

Losses arising from the sale/transfer (including redemption) of securities (including units) purchased up to 3 months prior to the record date (for entitlement of dividends) and sold within 9 months (in case of units) or 3 months (in case of any other securities) after such date, will be disallowed to the extent of income/dividend distribution (excluding redemptions) on such units (or other securities) claimed as tax exempt by the unit holder.

11.5 Bonus stripping

In case of units purchased within a period of 3 months prior to the record date (for entitlement of bonus) and sold/transferred (including redeemed) within 9 months after such date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

11.6 Details under FATCA/Foreign Tax Laws

Tax Regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill / sign off a separate "FATCA declaration form". Applications without this information / declaration being filled / signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided / declaration in the application form may undergo a change on receipt of communication / guidelines from SEBI.

However, the Client is advised to consult his / her / their tax consultant for tax treatment of the nature of income indicated herein.

12. Accounting Policies

12.1 Basis of Accounting

Books and Records are 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 Managers) Regulations, 1993 as amended from time to time. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles followed in India. 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 valuations for equities/equity related instruments, Fixed Income securities and other securities are concerned.

12.2 Maintenance of Client Account

In the case of investments by the Client in listed securities and in the event that the Client is a Non-Resident Indian, as defined by SEBI from time to time and further in instances where the Client opts for the Non-Pool Account, the Portfolio Manager shall keep the funds of the Client in a separate designated account to be maintained by it in a scheduled commercial bank and shall also maintain a separate Portfolio record in the name of the Client in its books for accounting the assets and income of the Client. The Portfolio Manager also maintains a separate depository account of each client.

In line with SEBI circular No. IMD / DOF I / PMS / Cir-4 / 2009 dated 23rd June 2009, the Portfolio Manager keeps the funds of all clients in a separate bank account maintained by the Portfolio Manager and the following conditions are adhered to:

- i. There are clear segregation of each client's fund through proper and clear maintenance of back office records;
- ii. Portfolio Managers do not use the funds of one client for another client;
- iii. Portfolio Managers also maintain an accounting system containing separate client wise data for their funds and provide statement to clients for such accounts at least on monthly basis; and
- iv. Portfolio Managers reconcile the client-wise funds with the funds in the aforesaid bank account on daily basis.

12.3 Portfolio Valuation

- a) Investments are stated at cost of acquisition by the Portfolio Manager.
- b) In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.
- c) Bonus shares shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- d) Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.

- e) In cases of corporate action like stock split, the new stock received with split face value is recorded in books on ex-date. However, date of acquisition of original shares is construed as date of acquisition of stock received on split for the purpose of computing short term/long term gain.
- f) In cases of corporate action of demerger, the new shares received on de-merger is recorded in books on ex-date but the date of purchase of original shares is reckoned as date of acquisition for new demerged stock for the purpose of computing gain/(loss). The apportionment of cost between old share and new share is made based on the information provided by the company. However, in case where such information about cost apportionment is not available on ex-date, cost of original share is taken as same % which opening ex price of such share bear to closing cum price and balance cost is taken as cost of demerged shares.
- g) Equity securities awaiting listing are valued at fair value as determined in good faith by the Portfolio Manager.
- h) The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's contract note.
- i) Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange (NSE)/Bombay Stock Exchange (BSE). If the securities are not traded on the NSE/BSE on the valuation day, the closing price of the security on the Bombay Stock Exchange/NSE will be used for valuation of securities as the case may be. In case of the securities are not traded on the valuation date, the last available traded price shall be used for the valuation of securities.
- j) Investments in units of Mutual Funds shall be valued at the Net Asset Value of the previous day declared for the relevant Scheme on the date of the report.
- k) Pre IPO placements will be valued at cost till it is listed.
- l) Securities brought in or withdrawn by the Client shall be valued at the closing price of the Security at BSE/NSE.

12.4 Securities Transaction

Transactions for purchase or sale of investments shall 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 is recorded and reflected in the financial statements for that year.

12.5 Income/Expenses

- i. Dividend income earned shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on a stock exchange, dividend income shall be recognized on the date of receipt.
- ii. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase shall not be treated as cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- iii. All other expenses payable by the Client shall be accrued as and when Liability is incurred.
- iv. Unrealised gain / losses are the differences, between the current market value / Net Asset Value and the historical cost of the securities.
- v. Management fees, Performance fees, Custodial fees, Fund accounting fees and other charges / fees shall be accounted as stated in the PMS Agreement.

The accounting policies and standards as outlined above are subject to changes made from time to time by Portfolio Manager. However such changes would be in conformity with the Regulations and communicated to the client as and when made.

13. Investor Services

- A) Name, address and telephone number of the Investor Relation Officer who shall attend to the investor queries and complaints.

Ms. Sunita Solanki

503, Morya Blue Moon, Off New Link Road,
Andheri (West), Mumbai 400 053.

Tel: +91 22 40127005

Mobile: +91 8591711921

Email: sunita@aldercapital.in

- B) Grievances & Dispute Settlement Mechanism

Grievance, if any can be addressed by the client to The Investor Relation Officer. 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 PMS 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 there from 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.

In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI's web based complaints redress system (SCORES), <http://scores.gov.in/Default.aspx>

The PMS Agreement with the client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the PMS Agreement with a client or the performance of the PMS 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.

For **ALDER CAPITAL ADVISORS LLP,**

For **Phirodia Bafna & Associates**
Chartered Accountants
Firm Reg No. : 107911W

Principal Officer

Place : Mumbai

Date : 15th November, 2021

CA Deven J. Bafna
Partner
Membership No. 043314
UDIN: 21043314AAAAQB2262


PHIRODIA BAFNA & ASSOCIATES
Chartered Accountants

CERTIFICATE

We have verified the Disclosure Document ("the Document") dated 15th November 2021 for Portfolio Management Services prepared by ALDER Capital Advisors LLP (the LLP) having its Registered office at 503, Morya Blue Moon, Off New Link Road, Andheri (West), Mumbai 400 053.

We certify that the disclosures made in the document are true, fair and adequate and will enable the investor to make a well-informed decision regarding engaging **ALDER CAPITAL ADVISORS LLP** as Portfolio Managers.

For **PHIRODIA BAFNA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 107911W



CA Deven J Bafna
(Partner)
Membership No. 043314
UDIN: 21043314AAAAQB2262
Dated: 15.11.2021



Dear Sir / Madam,

Please find enclosed herewith the Disclosure Document for Portfolio Management Services. We request you to go through the contents of the document.

Kindly acknowledge receipt of the same.

Thanking you.

For **ALDER CAPITAL ADVISORS LLP**

Sd/-

Mr. Hemant Bhaskar Patel

Principal Officer

Place : Mumbai

Date:

Acknowledgement of Risk Disclosure Document

Name of the client	
Signature of the client	

ALDER CAPITAL ADVISORS LLP

503, Morya Blue Moon, Off New Link Road,
Andheri (West), Mumbai 400 053.

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SEBI PMS Registration No. : INP000004771