

FINDOC INVESTMART PRIVATE LIMITED  
**PORTFOLIO MANAGEMENT SERVICES**

**DISCLOSURE DOCUMENT OF PORTFOLIO MANAGER**

<b>SEBI Registration Number</b>	<b>INP00009056</b>
---------------------------------	--------------------

## DISCLOSURE DOCUMENT

FOR

PORTFOLIO MANAGEMENT SERVICES BEING OFFERED BY

**Findoc Investmart Private Limited**

KEY INFORMATION AND DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES UNDERTAKEN BY FINDOC INVESTMART PRIVATE LIMITED

It is confirmed that:

1. the disclosure document (“**Disclosure Document**”) has been filed with the Securities and Exchange Board of India (“**SEBI**”) along with the certificate in the format specified in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 (“**PMS Regulations**”) and other guidelines and directives issued by SEBI from time to time.
2. the purpose of the 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 Findoc Investmart Private Limited as a portfolio manager (“**Portfolio Manager**”).
3. the disclosures made in the Disclosure Document are true, fair and provide necessary and relevant information about the portfolio adequate to enable the investors (“**Clients/Investors**”) to make a well-informed decision before investing, and the Investor is hereby advised to retain the Disclosure Document for future reference.
  - Investors should carefully read the entire Disclosure Document before making a decision and should retain it for future reference.
  - Investors may also like to see further clarifications after the date of this Disclosure Document from the service provider.
4. the contents of the Disclosure Document have been duly certified by an independent chartered accountant:

**Name:** Aggarwal Abhishek & Associates

**Address:** B-34, 3421, Shakti Vihar, Near Buriwala Gurdwara, Haibowal Kalan, Ludhiana

FRN 035544N

M. No.551495

**Email ID:** [ca.abhishek1993@gmail.com](mailto:ca.abhishek1993@gmail.com)

5. The name, phone number, e-mail address of the principal officer designated by the Portfolio Manager is:

Name: Mr. Vaibhav Chowdhry

Address: 4th Floor, Property Number B-19-347, Village Taraf Karabara, Firozpur Road,  
Westside Mall, Opposite Feroze Gandhi Market, Bharat Nagar, Ludhiana, Punjab,  
India, 141001

Phone Number: 0161-4155000

E-mail: vaibhav.chowdhry@myfindoc.com

FOR Findoc Investmart Private Limited

For Findoc Investmart Private Limited



Director

Date: 11.03.2026

Place: Ludhiana

For Findoc Investmart Private Limited



Director

## INDEX

### **Part -I : Static Section**

1.	Disclaimer clause.....	4
2.	Definitions .....	5
3.	Description.....	8
4.	Penalties, pending litigation or proceedings, findings of inspection or investigation for which action may have been taken or initiated by any regulatory authority .....	13
5.	Services Offered.....	14
6.	Risk Factors .....	21
7.	Nature of expenses.....	27
8.	Taxation .....	28
9.	Accounting policies .....	62
10.	Investor services .....	64
11.	Details of the diversification policy of the Portfolio Manager .....	65

### **Part II: Dynamic Section**

12	Client Representation.....	66
13.	Financial Performance of Portfolio Manager.....	67
14.	Performance of Portfolio Manager .....	68
15.	Audit Observations .....	69
16.	Details of investment in securities of related parties of the Portfolio Manager.....	70

1. **Disclaimer clause**

This Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 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.

The distribution of this Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about and to observe any such restrictions .

2. **Definitions**

2.1 The terms used in this Disclosure Document will be understood in the normal sense unless otherwise specified in this section. Any term used in this Disclosure Document shall have the same meaning as provided in the PMS Regulations. Any term used in this Disclosure Document and not defined shall have the same meaning as provided in the PMS Regulations.

2.2 In this Disclosure Document, unless the context otherwise requires:

**“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

**“Agreement”** means the agreement together with all annexures, schedules, and exhibits, if any, and as may be amended, modified, supplemented, or restated from time to time as per the terms thereof entered into between the Portfolio Manager and the Investor as per the terms of regulation 22 of the PMS Regulations, in the format set out in Schedule IV of the PMS Regulations.

**“Applicable Laws”** means any applicable Indian statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, or other governmental restriction or any similar form of, decision of, or determination by, or any interpretation, policy or administration having the force of law or any of the foregoing, by any governmental authority having jurisdiction over the matter in question.

**“Assets”** means (i) the Portfolio and (ii) the Funds, as defined hereafter.

**“Assets Under Management” or “AUM”** means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.

**“Bank”** means any scheduled commercial bank, with which the Portfolio Manager will open and operate the bank accounts for the purpose of Portfolio Management Services.

**“Client Agreement”** means the agreement executed between the Portfolio Manager and its Clients in terms of regulation 22 and as per Schedule IV of Securities and Exchange Board of India (Portfolio Managers) Regulations 2020 and amendments to the Act from time to time.

**“Client/Investor”** means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio/Funds.

**“Chartered Accountant”** means a chartered accountant as defined in clause (f) of sub-regulation (1) of regulation 2 of the PMS Regulations.

<b>“Custodian”</b>	means any SEBI registered custodian acting as custodian of the Portfolio, or any other custodian with whom the Portfolio Manager enters into an agreement for the provision of custodial services.
<b>“Discretionary Portfolio Management Services”</b>	means the management, including investment, sale, purchase, etc., of Funds and/or Securities of the Client, as the case may be, by the Portfolio Manager at its absolute discretion subject to any specific restrictions mentioned in the Client Agreement or given by the Client in the prescribed format, at a later date (s).
<b>“Disclosure Document”</b>	means the disclosure document issued by Findoc Investmart Private Limited for offering portfolio management services, prepared in terms of Schedule V of the PMS Regulations and filed along with the certificate in form C as specified in schedule I of the PMS Regulations.
<b>“Financial year”</b>	means the year starting from 1st April and ending on 31st March of the following year.
<b>“FPI”</b>	means foreign portfolio investor.
<b>“Funds”</b>	means the monies managed by the Portfolio Manager on behalf of the Client pursuant to this Agreement and includes the monies mentioned in the application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to this Agreement, the proceeds of the sale or other realization of the Securities and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
<b>“Investment Advisory Services”</b>	means services offered by the Portfolio Manager in terms of the PMS Regulations including advising on Portfolio strategy and investments and divestments of individual Securities on the Client’s Portfolio, at the Client’s risk, for an agreed fee and specified period.
<b>“Investment Objectives”</b>	means the investment objectives mutually agreed upon by the Client and the Portfolio Manager as detailed in the application and the mandates.
<b>“Net Asset Value” (NAV)</b>	means the market value of Assets in portfolio consisting of equity, derivative, debt, mutual funds units, cash, cash equivalents, accrued interest or benefits, receivables, if any etc. less payable, if any.
<b>“Non-Discretionary Portfolio Management Services”</b>	means the management, including investment, sale, purchase, etc., of Funds and/or Securities of the Client, as the case may be, by the Portfolio Manager subject to taking consent of the Client and any specific restrictions mentioned in the Client Agreement or given by the Client in the prescribed format, at a later date (s).
<b>“NISM”</b>	means the National Institute of Securities Markets, established by the Board

<b>“PMS Regulations”</b>	means the SEBI (Portfolio Managers) Regulations, 2020.
<b>“Portfolio”</b>	means the total holdings of securities and goods belonging to any person.
<b>“Portfolio Management Service Agreement”</b>	means the agreement for Discretionary and/or Non-Discretionary portfolio management services executed between the Portfolio Manager and its clients in terms of regulation 22 and as per schedule IV of the PMS Regulations and amendments to the Act from time to time.
<b>“Portfolio Manager”</b>	means Findoc Investmart Private Limited incorporated under the Companies Act, 2013 and having its registered office at 1210/1211/1212/1213,1213A, Exchange Plaza, Near Mercury Hotel, Opposite WTC Tower, Gift City, Gandhi Nagar- 382355, Gujarat and corporate office at 4th Floor, Property Number B-19-347, Village Taraf Karabara, Firozpur Road, Westside Mall, Opposite Feroze Gandhi Market, Bharat Nagar, Ludhiana, Punjab, India, 141001
<b>"Principal Officer"</b>	means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for: <ul style="list-style-type: none"> <li>(i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of Securities or the Funds of the Client, as the case may be; and</li> <li>(ii) all other operations of the Portfolio Manager.</li> </ul>
<b>“SEBI”</b>	the Securities and Exchange Board of India, established under Securities and Exchange Board of India Act, 1992 as amended from time to time. SEBI may also be referred as the “Board”.
<b>“Securities”</b>	mean and include “Securities” as defined under the Securities Contracts (Regulation) Act, 1956; Shares, scripts, stocks, bonds, warrants, convertible and nonconvertible debentures, fixed return investments, equity linked instruments, negotiable instruments, deposits, money market instruments, commercial paper, certificates of deposit, units issued by the Unit Trust of India and/or by any mutual funds, exchange traded funds, mortgage backed or other asset backed securities, derivatives, derivative instruments, options, futures, foreign currency commitments, hedges, swaps or netting off and any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, any State Government or any local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; and any other instruments or investments (including borrowing or lending of securities) as may be permitted by applicable law from time to time.

Words and expressions used in this Disclosure Document and not expressly defined shall interpreted according to their general meaning and usage. The definitions are not exhaustive.

### 3. **Description**

#### 3.1 **History, Present Business and Background of the Portfolio Manager**

- a. **History and Background of the Portfolio Manager:** Findoc Investmart Private Limited was incorporated on 24<sup>th</sup> August 2010 as a private limited company and is a first time Portfolio Manager and has not undertaken portfolio management activity in the past. Findoc is a member of major stock exchanges such as the National Stock Exchange of India Ltd. (NSE), Bombay Stock Exchange Ltd. (BSE), Multi Commodity Exchange of India Ltd. (MCX), and National Commodity & Derivatives Exchange Ltd. (NCDEX).

As stockbroker, Findoc has emerged as one of India's leading financial services providers that facilitates algo trading, equity trading, derivative trading, commodity trading, currency trading, Initial Public Offerings (IPOs), and mutual fund investments. Findoc also offers depository services through the National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL) as a depository participant.

Invest with Findoc to generate maximum returns and enjoy custom support and highly professional services.

- b. **Vision and Mission:**
1. Vision: To be a one-stop solution for our Clients' financial and trading needs and rise as India's leading financial service provider in the coming years.
  2. Mission: To understand our Clients' needs and diligently focusing on capital preservation.
  3. Motto: To support your financial growth at all times.

c. **Present Business of the Portfolio Manager**

The main activity of the Portfolio Manager is to act as financial services provider, who facilitates algo trading, equity trading, derivative trading, commodity trading, currency trading, and Initial Public Offerings (IPOs) and mutual fund investments.

#### 3.2 **Promoters of the Portfolio Manager, Directors, and their background**

a. **Promoters and their background**

(i) **Mr. Hemant Sood**

Mr Hemant Sood is a promoter and director of the Findoc Group. He holds 42.25% in the total share capital of Findoc Investmart Private Limited. He holds directorship of Findoc Finvest Private Limited, Findoc Capital Mart Private Limited, Findoc Wealthmart Private Limited and Findoc Investmart IFSC Private Limited. He has extensive experience of more than 16 years in the stock market. He has an in-depth knowledge and strong understanding of various fields of the stock market and financial services. His exemplary leadership and style of working helps team members to work in highly

motivated environment and in steering the diversification of Group businesses. He is a graduate in commerce and has completed an advanced certification for executive in management, innovation and technology and completed executive programs essential IT for non-IT executives and implementing improvement strategies: Practical Tools & Methods from Massachusetts Institute of Technology, Sloan School of Management.

(ii) **Mr. Chander Shekhar**

Mr. Chander Shekhar is also a promoter and Director of Findoc Investmart Private Limited. He is senior secondary pass and promoter of Findoc Group. He has an experience of more than 13 years in the stock market. He holds 11.63% in the total Share Capital of Findoc Investmart Private Limited. He is young and possesses dynamic and versatile personality.

(iii) **Ms. Sonia Aggarwal**

Ms. Sonia Aggarwal is a Promoter of Findoc Investmart Private Limited. She holds 30.62% of the total Share Capital in Findoc Investmart Private Limited. She is senior secondary pass and promoter of Findoc Group. She has an experience of more than 10 years in administrative activities. She has extensive knowledge of stock market.

(iv) **Findoc Capital Mart Private Limited**

M/S Findoc Capital Mart is part of Findoc Group of Companies. Findoc Capital Mart Private Limited holds 15.50% of the total Share capital in Findoc Investmart Private Limited. M/s Findoc Capital Mart Private Limited is a company incorporated under the Companies Act, 1956 and as on 3<sup>rd</sup> April, 2009, has a registered office in the state of Punjab at 4th Floor, Property Number B-19-347, Village Taraf Karabara, Firozpur Road, Westside Mall, Opposite Feroze Gandhi Market, Bharat Nagar, Ludhiana, Punjab, India, 141001

Mr. Chander Shekhar & Mr. Hemant Sood are the main promoters of the company. The authorised share capital of the company is 25.00 lacs & paid-up share capital of the company is 2.04 lacs. Company is engaged in the business of portfolio management and advising on investment in India. Mr. Nitin Shahi, Mr. Hatinder Kumar & Mrs. Sonia Aggarwal are current directors of the company.

b. **Directors and their background**

(i) **Mr. Hemant Sood**

Mr Hemant Sood is a promoter and director of the Findoc Group. He holds 42.25% of the total share capital in Findoc Investmart Private Limited. He is a graduate in commerce and has completed an advanced certification for executive in management, innovation and technology and completed executive programs essential for IT and non-IT executives and implementing improvement Strategies: Practical Tools & Methods from Massachusetts

Institute of Technology, Sloan School of Management with extensive experience of more than 16 years in the stock market. He has an in-depth knowledge and strong understanding of various fields of stock market and financial services. His exemplary leadership and style of working helps team members to work in highly motivated environment and in steering the diversification of group businesses.

(ii) **Mr. Chander Shekhar**

Mr. Chander Shekhar is also a promoter and Director of the Findoc Group and He is Director in Findoc Investmart Pvt Ltd and having experience of more than 13 years in the stock market. He holds 11.63 Share Capital in Findoc Investmart Pvt Ltd. He is young, dynamic and versatile personality. He plays a key and active role in core strategic business directions of the Group.

(iii) **Mr. Nitin Shahi**

Mr. Nitin Shahi is Director in the Findoc Group of Companies. He holds a master's degree in business administration (MBA) and is a certified financial planner (CFP). He is a hardcore finance professional with more than 23 years of experience in advising clients on financial problems. He has a deep passion for customising solutions for financial planning. He is also holding NISM certificate under NISM-Series-XXI-B: Portfolio Managers Certification

3.3 **Top 10 Group companies/firms of the Portfolio Manager on turnover basis**

The Top 10 group companies of the Portfolio Manager on the basis of turnover are mentioned below in the table. It is to be noted that the financial statements audited on 31 March, 2025 have been used to ascertain the turnover.

S. No.	Name of the Group Company	Turnover (In INR, Crores)
1	FINDOC INVESTMART IFSC PRIVATE LIMITED  Registered as stockbroker for operations in GIFT City under SEBI Registration INZ000200735 dated 17 <sup>th</sup> December 2018. Company is engaged in the business of an intermediary as per the Securities and Exchange Board of India guidelines, 2015 in an IFSC in India.	1.29
2	FINDOC CAPITAL MART PRIVATE LIMITED  FINDOC CAPITAL MART PRIVATE LIMITED is a company incorporated under the Companies Act, 2013 having CIN U74999PB2009PTC032735, Registered Office of the company is	0.22

S. No.	Name of the Group Company	Turnover (In INR, Crores)
	<p>situated at 4th Floor, Property Number B-19-347, Village Taraf Karabara, Ferozpur Road, Westside Mall, Opposite Feroze Gandhi Market, Bharat Nagar, Ludhiana, Punjab, India, 141001</p> <p>At FINDOC Capital we provide wide range of financial products under one platform like financial supermarket/mall.</p> <p>We deal in Mutal Funds, IPO, NCDs Corporate FDs, Bonds and various type of insurance and loans.</p>	

### 3.4 Type of services being offered

The Portfolio Manager offers Discretionary, Non-discretionary and Investment Advisory Services as per the Client Agreement and discussions. All three services can be availed of through direct or distribution plans. The Client shall have the right to choose direct plans for each of the services offered. The broad details of the services are given below:

#### a. **Discretionary Portfolio Management Services:**

In the case of Discretionary Portfolio Management Services, the Portfolio Manager shall independently manage the Funds and Securities of the Client in accordance with the provisions of the Client Agreement. The Portfolio Manager shall have the sole and absolute discretion to invest on behalf of the Client in any type of Security as per the executed agreement and make such changes in the investments and invest some or all of the Funds in such manner and in such markets as it deems fit. The Portfolio Manager's decision in deployment of the Clients' account is absolute and final and cannot be called to question or review at any time during the currency of the agreement or at any time thereafter except in accordance with the Client Agreement. Subject to Applicable Law, the un-invested part of the Client's Funds may at the discretion of the Portfolio Manager be held in cash or deployed in liquid fund schemes, exchange traded liquid or index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits, or other short-term avenues for investment. The Client's portfolios under the discretionary services are based on Client's investment approach and for an agreed fee structure and for a definite described period and should not be construed as any scheme promoted by the Portfolio Manager.

#### b. **Non-Discretionary Portfolio Management Services:**

Under this category, the investment decisions of the Portfolio Manager are guided by the instructions received from the Clients under an agreement executed between the Portfolio Manager and the Client. The deployment of Funds and/or Securities is the sole discretion of the Client and is to be exercised by the Portfolio Manager in a manner that strictly complies with the Clients' instruction for execution. The decision of the Client in deployment of Funds and/or Securities and the handling of his/her/its Portfolio is absolute and final. The role of Portfolio Manager apart from adhering to investments

or divestments upon instruction of the Client is restricted to providing market intelligence, research reports, trading strategies, trade statistics and such other material which will enable the Client to take appropriate investment decision.

However, the Portfolio Manager will continue to act and be strictly guided by relevant guidelines, acts, rules, regulations, and notifications in force from time to time. For the purpose of acting on the Client's instruction, the Portfolio Manager shall take instructions in writing or through any other medium mutually agreed such as e-mail, fax, telephone etc. and may include managing, renewing and reshuffling the portfolio, buying and selling the Securities, keeping safe custody of the Securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio for an agreed fee structure and for a definite described period, entirely at the Client's risk.

**c. Investment Advisory Services**

The Investment Advisory services of the Portfolio Manager in terms of the PMS Regulations include the responsibility of advising on the portfolio strategy and investment and divestment of individual Securities on the Clients' Portfolio, for an agreed fee and for a period as agreed, entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market.

The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client, providing non-binding advice and shall not be responsible for the investment/divestment of Securities and/ or an administrative activity on the Client's Portfolio in any manner whatsoever. The 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 Portfolio Manager shall not in any event and at any point of time be responsible in any manner whatsoever for any investment decision taken by the Client on the basis of the investment advice provided by the Portfolio Manager.

This Disclosure Document is without prejudice to any other terms agreed to between the Findoc and its Clients in relation to any other specific services. If any provision in this Disclosure Document conflicts with a provision in such specific service terms, the provisions of the agreement executed for such specific services shall prevail insofar as it does not conflict with any duty or obligation of the Portfolio Manager under Applicable Law.

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

S. No.	Particulars	Remarks
1.	All cases of penalties imposed by SEBI or the directions issued by SEBI under the Act or Rules or Regulations made thereunder	No penalties / directions have been issued by SEBI under the SEBI Act or Regulations made there under, against the Portfolio Manager.
2.	The nature of the penalty / direction	Not applicable
3.	Penalties imposed for any economic offence and/or violation of any securities laws	NIL
4.	Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any.	NIL
5.	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency	Not applicable
6.	Any enquiry / adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee under the Act or Rules or Regulations made there under	Not applicable

## 5. **Services Offered**

The main objective of the Portfolio Manager is to provide Portfolio Management Services to its Clients to generate maximum capital appreciation/periodic returns by investing the Client's fund in equity, debt, derivatives, money market instruments approved by SEBI/RBI, certificate of deposit, commercial papers mutual fund, gilt securities issue by central and state government time to time, bonds and other eligible modes of investment and/or forms of deployment within the meaning of the PMS Regulations issued by SEBI as amended from time to time.

### 5.1 **Details of the services offered**

The Portfolio Manager intends to provide Portfolio Management Services under Non-Discretionary, Discretionary and Investment Advisory categories, to the Investors.

#### (a) **Investment Advisory Services**

In terms of the PMS Regulations, these services shall be in the nature of investment advisory and shall include the responsibility of advising on the portfolio strategy, investment, and divestment of individual securities of the Client's Portfolio, for an agreed fee structure, and entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market including NRIs, FPIs, etc.

#### (b) **Non-Discretionary Portfolio Management Services**

In Non-Discretionary Portfolio Management Services, the Portfolio Manager will recommend the investment pattern to be adopted, depending on the risk profile of the Client. However, since this is a non-discretionary service, the final decision on the investment will be entirely on the Client. The Portfolio Manager shall manage the Funds in accordance with the directions of the Client. The role of the Portfolio Manager is merely to provide non-binding advice to the Client and the final decision shall rest solely with the Client on the management of his/hers/its Portfolio.

##### (i) **Investment Objective:**

The objective is to generate returns and capital appreciation over a period of time from a portfolio of equity, debt, fixed-income Securities etc. with the investor's discretion & guidelines.

##### (ii) **Benchmark:** Not applicable.

(iii) **Minimum Account Size:** Rs. 50 lakh or such other amount as decided by the Portfolio Manager at its sole discretion, subject to however in excess of the amount to comply with applicable SEBI regulations.

(iv) **Investment Strategy:** The Portfolio Manager shall take Investors' views & guidance in the documented template to be established for each Investor's Portfolio. These inputs will clarify on the security level, instrument level, industry level, and asset class level preferences. The extent of Investors' involvement in investment decisions shall also be documented. These inputs

shall only be the starting point for the investment process and shall be supplemented with research process and deal execution platform.

Investments in securities and instruments not specifically mentioned earlier may also be made, provided they are permitted by SEBI/RBI and duly approved by the trustee.

- (v) **Recommended Investment Horizon:** At least 3 years.
- (vi) **Redemption:** Daily and on best effort basis as per liquidity available in the underlying Portfolio.
- (vii) **Risk Factors:** Equity investments: equity market risk, concentration risk and liquidity risk shall exist for any investment in listed/unlisted companies or in pre-IPO investments.

Debt Investments: Common risks associated with investments in fixed income and money market Securities will include interest rate risk, liquidity risk, credit risk, reinvestment risk, pre-payment risk and concentration risk.

(c) **Discretionary Portfolio Management Services**

**i. Findoc India Value Fund:**

The investment approach of the Portfolio Manager is to follow a mix of large, midcap and small cap approach with a view towards building a diversified Portfolio following a disciplined process of carrying out research for stock selection based on the analysis of fundamentals (including the analysis of key drivers, growth opportunities, management ability, management integrity, balance sheet strength and potential returns in light of macroeconomic trends such as the market cycle and liquidity cycle), identification of cyclical at trough values and the valuation framework thereof. The Portfolio Manager seeks to use its strong industry network and global network of analysts for ideas and diligence to enable it to take a long-term view while identifying stocks that carry asymmetrical risk-rewards in entities with strong business models that have the ability to be scaled at a reasonable price bearing in mind the potential for growth and returns. The Portfolio Manager believes that team incentives allow for greater alignment of interest with those of its Clients.

Asset classes for investment will always be subject to the scope of investments as may be agreed upon between the Portfolio Manager and the Client by way of any agreement, explicit or implied including this Disclosure Document, any addendum thereof, other documents and communications in writing and emails duly authenticated and exchanged between the Client and the Portfolio Manager.

- **Benchmark:** Nifty 500 TRI.
- **Investment Approach Risks:** Please refer to Section 6 of this Disclosure Document.

## **ii. Findoc Vantage Fund:**

### **Investment Objective:**

We manage a diversified portfolio across market capitalizations, balancing stability and growth through investments in high-quality businesses. Our approach integrates bottom-up stock selection with a top-down sector perspective, enabling us to identify fundamentally strong companies aligned with evolving market and economic trends. We emphasize resilience and consistency in large caps, while selectively investing in scalable and financially strong mid and small caps positioned to benefit from long-term structural changes. Guided by our proprietary framework, we seek to capture the power of compounding and market re-rating while managing risk to create sustainable long-term wealth.

### **Investment philosophy**

Investment philosophy is rooted in the belief that true wealth is built through patient, disciplined investing. We focus on steady and sustainable capital growth, with capital preservation forming the foundation of every decision we make.

We recognize that markets are shaped by both underlying fundamentals and human behavior. While short-term price movements are often driven by sentiment and liquidity, over time markets converge toward the intrinsic value of businesses—making volatility an opportunity rather than a risk.

Markets and economies move in cycles, each with distinct phases. By understanding and leveraging these phases, we anticipate shifts, act with foresight, and make confident decisions beyond short-term noise, enabling more effective capital allocation across cycles.

Our goal is to invest in high-quality growth companies at reasonable valuations. We assess opportunities through both relative performance—how a company compares with peers and the broader market—and absolute performance, with a strong focus on fundamentals, earnings, and cash-flow growth. This balanced evaluation helps us identify businesses that are not only growing, but are also well-managed and fairly valued.

Supporting this process, we actively monitor industries, sectors, and macro trends to detect early signals of both cyclical and structural shifts. By combining quantitative analysis with qualitative judgment, we identify resilient and innovative businesses with the strategic foresight to thrive in a changing landscape—often before such opportunities are widely recognized. To ensure capital remains optimally deployed, we regularly rebalance the portfolio through a systematic, data- and fundamentals-driven approach, keeping investments focused on businesses with lasting potential rather than on stocks whose best days are behind them.

Alongside fundamental analysis, we selectively incorporate technical analysis as a supporting tool in our investment process. While long-term investment decisions are driven by business fundamentals and conviction, technical insights help improve execution, manage downside risk, and deploy capital more efficiently—without compromising our disciplined, long-term investment approach.

### **Indicative Asset Allocation**

Asset Class	Indicative Allocation (%)
Equity and Equity-related Instruments (Flexi-Cap)	50% – 100%
Debt, Money Market Instruments, or Liquid Mutual Fund Schemes	0% – 50%”

### **Investment Horizon:**

Medium to long term (3–5 years or more)

**Benchmark:** BSE 500 TRI.

**Investment Approach Risks:** Please refer to Section 6 of this Disclosure Document.

**iii. Findoc Large cap fund:**

**Investment Objective**

The objective of the Portfolio is to generate long-term capital appreciation along with income by investing in equity and equity-related instruments of fundamentally strong blue-chip companies forming part of the Nifty index, which are either available at reasonable valuations or demonstrate sustainable earnings growth, supported by adequate market liquidity. The Portfolio shall invest predominantly in large-cap stocks (approximately 80%), with the remaining exposure in large-mid cap stocks (approximately 20%).

The Portfolio is suitable for investors who:

- Seek long-term capital appreciation with income generation
- Have a moderate risk profile
- Are willing to invest for a minimum investment horizon of 5–7 years
  
- Prefer exposure to established large-cap companies for portfolio stability

**Investment Strategy**

The Portfolio shall follow a bottom-up stock selection approach, focusing on companies with strong balance sheets, established business models, consistent earnings visibility, sound corporate governance practices, and adequate liquidity. Investment decisions will be based on fundamental analysis, valuation metrics, and market conditions.

The strategy aims to achieve relatively lower volatility compared to portfolios focused on mid- and small-cap stocks, while seeking steady long-term wealth creation.

**Asset Allocation Pattern**

<b>Instrument Type</b>	<b>Indicative Allocation (%)</b>
Large-cap Equity & Equity-related Instruments	65% – 80%
Large Mid-cap Equity & Equity-related Instruments	20% – 35%
Cash & Cash Equivalents	0% – 10%

*The above allocation is indicative and may change within the permitted ranges depending upon market conditions and at the discretion of the Portfolio Manager.*

**Investment Approach Risks:** Please refer to Section 6 of this Disclosure Document.

**Benchmark:** Nifty 100 TRI

#### **iv. Findoc Emerging Midcap and Small Cap Fund:**

##### **Investment Objective**

The objective of the Portfolio is to generate long-term capital appreciation by investing in equity and equity-related instruments of mid-cap and small-cap companies which are assessed to have strong earnings growth potential, with projected EPS growth of more than 35% over the next two financial years, and are available at reasonable valuations.

The Portfolio shall be managed by the Portfolio Manager, who shall exercise professional judgment and discretion in selecting securities based on fundamental analysis and valuation considerations, while adhering to the stated asset allocation and investment strategy.

The Portfolio is suitable for investors who:

- Have a moderate to high risk appetite
- Seek long-term capital appreciation
- Are willing to remain invested for a long-term horizon
- Seek diversification beyond exposure to large-cap equities

##### **Investment Strategy**

The Portfolio shall invest a minimum of 60% of its net assets in mid-cap stocks, defined as companies ranked 101st to 250th by market capitalisation, with the balance invested in small-cap stocks.

The Portfolio will focus on identifying companies that are poised for significant business expansion, supported by factors such as financial strength, scalable business models, earnings visibility, and valuation comfort. Stock selection shall be carried out through bottom-up fundamental analysis, taking into account financial health, growth prospects, management quality, return ratios, and valuation metrics.

Risk shall be managed through diversification across sectors and issuers, subject to prevailing market conditions and at the discretion of the Portfolio Manager.

##### **Investment Horizon**

The Portfolio is suitable for investors with a **long-term investment horizon of 5–10 years**, enabling them to withstand market cycles and short-term volatility associated with mid-cap and small-cap investments.

**Investment Approach Risks:** Please refer to Section 6 of this Disclosure Document.

**Benchmark:** Nifty 500 TRI

The investment approach of the Portfolio of the Clients depending on the Clients' needs and could fall under any one or more of the following or any combination thereof:

- (i) to seek to generate capital appreciation/regular returns by investing in equity/debt/money market instruments/equity related Securities and /or units of mutual funds;
- (ii) to seek to generate capital appreciation/regular returns by investing exclusively in units of mutual funds;
- (iii) to seek to generate regular returns by primarily investing in debt and money market instruments; and
- (iv) to seek to generate capital appreciation/regular returns by investing exclusively in gilt Securities issued by the central/state government Securities.

The types of Securities where investments may be made by the Portfolio Manager under any of the abovementioned services include the following:

- (i) shares, scrips, stocks, bonds, debentures, debentures stock or other marketable Securities of a like nature in or of any incorporated company or other body corporate;
- (ii) derivatives as permitted under the regulations;
- (iii) units or any other instrument issued by any collective investment scheme;
- (iv) security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002;
- (v) government securities;
- (vi) units or any other such instrument issued to the Investors under any scheme of mutual fund;
- (vii) any certificate or instrument (by whatever name called), issued to any Investor by any issuer being a special purposes distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such Investor in such debt or receivable, including mortgage debt, as the case may be;
- (viii) such other instruments as may be declared by the central government to be Securities; and
- (ix) rights or interest in Securities.

The above-mentioned Securities are illustrative in nature. Investments can be made in various equity and equity related Securities including convertible/non-convertible and/or cumulative/non-cumulative preference shares, convertible and/or cumulative/noncumulative debentures, bonds and warrants carrying the right to obtain equity shares, units of mutual funds, ETFs, and other eligible modes of investment as may be permitted by the PMS Regulations from time to time.

The Portfolio Manager may from time to time invest the idle cash balance in units of liquid schemes of mutual funds/ liquid ETF. Investments can be made in listed, unlisted, convertible, non-convertible, secured, unsecured, rated or unrated or of any maturity, and acquired through secondary market purchases, Reserve Bank of India (“RBI”) auctions, open market sales conducted by RBI etc., Initial Public Offers (“IPOs”), other public offers, bilateral offers, placements, rights, offers, negotiated deals, etc.

5.2 **Policy for investments in associate/ group companies of the Portfolio Manager and the maximum percentage of such investments therein:**

The policy for investment in associates/group companies of the Portfolio Manager will be subject to the applicable laws/regulations/guidelines for the time being in force. The Portfolio Manager shall not invest Client’s money in its subsidiary or associate companies.

## 6. **Risk Factors**

The general risks applicable have been provided here. It is to be noted that specific risks related to the agreed Investment Objective shall be stated in respective agreements and term sheets.

### 6.1 **General Risk Factors**

- a. Investments in securities are subject to market risk, which includes price fluctuation risks. There is no assurance or guarantee that the objectives of any of the Portfolios will be achieved. The investments may not be suited to all categories of Investors.
- b. The past performance of the Portfolio Manager in any Portfolio is not indicative of the future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.
- c. The performance of the Portfolio may be affected by changes in government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- d. The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place, company specific and industry specific and macroeconomics and regulatory factors.
- e. The performance of the Assets of the Client may be adversely affected by the performance of individual Securities, changes in the market place and industry specific and macroeconomic factors.
- f. The debt investments and other fixed income Securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.
- g. Investments in niche sectors run the risk of volatility, high valuation, obsolescence, and low liquidity.
- h. Subject to Applicable Law, the Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities which may expose the Client's Portfolio to liquidity risks.
- i. Engaging in Securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.
- j. The Portfolio Manager's investment decisions may be independent of the views of the other in-house departments as a result of which there may be conflicting views between the portfolio management division and any other division of the Portfolio Manager.
- k. Portfolio services using derivatives, futures and options are affected by risk different from those associated with stock and bonds. Such investments are highly leveraged instruments, and their use requires a high degree of skill, diligence, and expertise. Small price movements in the underlying Security may have a large impact on the value of derivatives and futures and options. Some of the risks relate to mispricing on the improper valuation of derivatives and futures and options and the inability to correlate

the positions with underlying assets, rates and indices. Additionally, the derivatives and future and options market are nascent in India.

- l. The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the Portfolio Management Services. All Portfolios under portfolio management are subject to change at any time at the discretion of the Portfolio Manager.
- m. Investment decisions made by the Portfolio Manager may not always be profitable.
- n. The Portfolio Manager and its employees who are directly involved in the investment operations may purchase and sell Securities where conflicts of interest arise with respect to an Investor's Portfolio provided that the same may be disclosed to the Client.
- o. Investments made by the Portfolio Manager are subject to risks arising from the investment approach.
- p. Subject to Applicable Law, in case of investments in schemes of mutual funds, the Client shall bear the recurring expenses and performance fee, if any, of the portfolio management services in addition to the expenses of the underlying schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying schemes in the same proportions.
- q. After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situations, the Clients may suffer opportunity loss.
- r. The Portfolio Manager has no previous experience or track record as a portfolio manager.

Assets deposited by the Clients shall be subject to insolvency risks in relation to the Portfolio Manager, issuers, custodians, and other intermediaries. The extent to which a Client will be able to recover its/his/her Assets will depend upon local laws, rules, and regulations.

- s. The investment approach of one or more of the investment profiles could result in concentration of a specific asset/asset class/sector/issuer etc., which could expose the Clients' Portfolio to risks arising out of non-diversification, including improper and/or undesired concentration of investment risks.

## 6.2 **Risk of investment in Securities:**

- (a) **Market Risks:** The securities investments are subject to market risks and include price fluctuation risks. The NAV of the Portfolio will react to the securities market movements. The Investors could lose money due to fluctuation in the NAV of the portfolio in response to factors such as economic and political developments, changes in interest rates and perceived trends in securities market movements and over longer periods during market downturns. The Investors are not being promised any assured returns on their investment and investments might not be suited to all categories of Investors. Investment in niche sectors is exposed to the risk of high volatility, high valuation, obsolescence, and low liquidity.

- (b) Lack of market liquidity: Trading in Securities on the exchange(s) may be halted because of market conditions or for reasons that in the view of the exchange authorities or SEBI, trading in a particular Security is not advisable. In addition, trading in Securities is subject to trading halts caused by extra-ordinary market volatility and pursuant to exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the market necessary to maintain the listing of Securities will continue to be met or will remain unchanged.
- (c) Legal Risk: Any change in Applicable Law may adversely affect the ability of the Portfolio Manager to achieve its Investment Approach. The Portfolio may be affected by the actions of governments and regulatory bodies. Legislation could be imposed retrospectively or may be issued in the form of internal regulations, which the public may not be aware of. Legislation (including legislation relating to tax) or regulation may be introduced which inhibits the Portfolio Manager from pursuing their strategies or which renders an existing strategy less profitable than anticipated. Trading in securities market may be halted because of market conditions, or where the market authorities or SEBI, consider that trading in a particular security is not advisable. Also trading in securities is subject to market volatility conditions and NSE, BSE and SEBI 'circuit filters'.
- (d) Taxation Risk: The value of an investment may be affected by the application of tax laws, including withholding tax, or changes in government or economic or monetary policy from time to time as may be applicable to specific clients. As such, no guarantee can be given that the financial objectives will actually be achieved. There can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the specified Portfolio as applicable to specific Clients will endure indefinitely. The tax consequences of an investment in the Portfolio is complex, and the full tax impact of an investment in the Portfolio will depend on circumstances particular to each Client/ Investor and investment in question. Alternative tax positions adopted by the income tax authorities could also give rise to incremental tax liabilities in addition to the tax amounts already paid by the Investors. 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 Portfolio's profitability. The Client should, therefore, consult an independent tax advisor to understand the relevant tax considerations of availing of the Portfolio Management Services.
- (e) No Assured Returns: The value of the investments depends on various factors such as market forces; factors affecting capital markets such as de-listing of securities, market closure, trading volumes, liquidity etc. and government policies which can affect the general range of interest rates. Hence, the Portfolio Manager does not promise any guaranteed or assured returns on the investment made.
- (f) Performance of the Portfolio Manager: Plans under portfolio management services are being launched first time by the Portfolio Manager.
- (g) Risks arising out of non-diversification: The investments may be concentrated in a limited number of Assets, Asset class, sector or issuers etc. owing to the investment objectives of the portfolio or the market conditions prevalent at the point in time.
- (h) Conflict of Interest: There can be a risk of conflict of interest due to presence of group companies and similar services being offered by them. Further, purchase of securities by the Portfolio Manager and its employees who are directly involved in investment operations can lead to conflict of interest.

- (i) Regulatory risk: Any changes in trading regulations by the exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV for ETFs. In the event of a halt of trading in market the Portfolio may not be able to achieve the stated objective.
- (j) Asset class risk: The returns from the types of Securities in which the Portfolio Manager invest may underperform returns from the various general Securities markets or different asset classes. Different types of Securities tend to go through cycles of outperformance and underperformance in comparison of the general Securities markets.
- (k) Performance risk: Frequent rebalancing of Portfolio will result in higher brokerage/ transaction cost. Also, as the allocation to other Securities can vary from 0% to 100%, there can be vast difference between the performance of the investments and returns generated by underlying Securities.
- (l) Interest Rate Risk: Changes in interest rates may affect the returns/ NAV of the liquid/debt scheme of mutual fund in which the Portfolio Manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/ debt funds.
- (m) Model risk: Investments in the Market Linked Debentures ("MLDs") are also subject to model risk. The MLDs are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behaviour of the Securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

Small Cap and Mid-cap stock risk: Small and mid-cap stocks may be relatively more volatile as opposed to large cap stocks as a result of which the risks associated with investing in such stocks may be relatively higher. The reason for the greater price volatility in case of small cap stocks is the uncertain growth prospects of small cap companies, the lower degree of liquidity in the markets for such securities and the greater sensitivity of small cap stocks to changing economic conditions. Further, the small and mid-cap stocks also carry relatively higher liquidity risk compared to the large cap stocks, as the ability to sell is limited by overall trading volume in the securities. The volatility of medium / small — capitalization stocks may be higher in comparison to liquid large capitalization stocks. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances.

- (n) Risks associated with Overseas Investments: Subject to Applicable Law, the Portfolio Manager may invest in overseas markets in which investments therein are subject to a very wide range of risks, which include amongst others and by way of illustration, risks on account of fluctuations in foreign exchange rates, nature of the Securities market of the country concerned, repatriation of capital due to exchange controls, political circumstances etc.
- (o) Investments in derivative instruments: As and when the investments are done in derivative market, there are risk factors and issues concerning the use of derivatives that the investors should understand. Derivative products are specialized instrument that require investment technique and risk analysis different from those associated with stocks. The use of derivative requires an understanding not only of the underlying

instrument but also of the derivative itself. Derivatives require maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Portfolio and the ability to forecast price. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "Counter Party") to comply with the terms of the derivative contract. Other risks in using derivatives include but are not limited to:

- i. Credit risk: Such a risk occurs when a counterparty defaults on a transaction before settlement; and therefore involves negotiation with another Counter Party, at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge. For ETFs, the risk may be mitigated, as the exchange provides the guaranteed settlement, but one takes the performance risk on the exchange.
- ii. Market liquidity: This risk is where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- iii. Model risk: This is the risk of mis-pricing or improper valuation of derivatives.
- iv. Basis risk: This risk arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. However, the Portfolio Manager will not use derivative instruments, options or swap agreements for speculative purposes or to leverage its net assets and will comply with applicable SEBI regulations. There may be a cost attached to buying derivative instrument. Further, there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.
- q. Illiquidity risk: The corporate debt market is relatively illiquid vis-a-vis the government Securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Further, liquidity may occur only in specific lot sizes. Liquidity in a Security can therefore suffer. Even though the government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. Trading in specified debt securities on the exchange may be halted because of market conditions or for reasons that in the view of the exchange authorities or SEBI, trading in the specified debt security is not advisable. There can be no assurance that the requirements of the securities market necessary to maintain the listing of specified debt security will continue to be met or will remain unchanged. In such a situation, the Portfolio Manager at his sole discretion will return the Securities to the Client.
- r. Redemption risk: The payoffs as envisaged in structured Securities are such that the Client may lose a part/entire amount invested.
- s. Risk of investment in mutual funds: Investments in schemes of mutual funds are subject to market risks and there is no assurance or guarantee that the objectives of the scheme will be achieved. Further, any investment in mutual funds is also subject

to any risk factors outlined in the scheme information document and statement of additional information of the mutual fund (including risks associated with the failure of the fund to honour redemption requests) and an adverse performance of a mutual fund scheme in which the Portfolio Manager has made investments could adversely impact the value of anticipated returns.

- t.** Foreign exchange risk: Funds placed with the Portfolio Manager by non-resident Clients may be subject to fluctuations in the price of foreign exchange. Any adverse fluctuation in the price of foreign exchange may affect the returns received by nonresident Clients.
- u.** Investments in Associates/Group Companies: The Portfolio Manager may invest in listed securities of associate/group companies. Subject to Applicable Law, these investments will be carried out in accordance with the Investment Approach.
- v.** Macro-Economic risks: There is a risk of overall economic slowdown, changes to fiscal policy, monetary policy etc. and other environmental, social, regulatory and political problems.

7. **Nature of Expenses**

7.1 **Custodian fees/Depository fees:** The charges relating to opening and operation of dematerialized accounts, custody, fund administration and transfer charges for shares, bonds and units, dematerialization, rematerialisation and other charges in connection with the operation and management of the depository accounts.

7.2 **Registrar and transfer agent fee:** Charges payable to registrars and share transfer agents in connection with effecting transfer of Securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.

7.3 **Brokerage and transaction cost:** The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax on the purchase and sale of shares, stocks, bonds, debt, deposits, units, and other financial instruments.

7.4 **Certification & professional Charges:** Charges payable for outsourced professional services like accounting, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities.

7.5 **Audit report Fees:** In terms of Regulation 30 (3) of the PMS Regulations, the portfolio accounts of the Portfolio Manager shall be audited annually by an independent chartered account for which fee is payable to the auditors. The Client shall pay by way of cheque/ DD/ debit to the Client portfolio account, as per the respective fee schedule applicable to the portfolio services opted by the Client, as provided in the agreement between the Client and the Portfolio Manager.

7.6 **Incidental Expenses:** Charges in connection with the courier expenses, stamp duty, goods and service tax, other taxation/levy, depository charges, postal, telegraphic, opening and operation of bank accounts, government / regulatory fees, etc.

7.7 **Portfolio Management Fees**

The Client agrees to pay the Portfolio Management Fee to the Portfolio Manager at the rate of as may be mutually decided. Subject to Applicable Law, professional charges relate to the portfolio management services offered to the Client by the Portfolio Manager. The fee may be a fixed charge, a percentage of the quantum of funds managed, performance based, fixed fee charged upon exit, or a combination of any of these.

7.8 **Other incidental cost:**

The Portfolio Manager may recover certain expenses incurred in relation to providing Portfolio Management Services (if any). Any unpaid fees/charges receivable, pursuant may be recovered along with 18% interest per annum compounded yearly.

## 8. **Taxation**

### 8.1 **General**

This summary on Indian tax matters contained herein is based on existing law as on the date of this memorandum. No assurance can be given that future legislation, administrative rulings, or court decisions will not significantly modify the conclusions set forth in this summary, possibly with retroactive effect. In view of the nature of tax consequences, each Client is advised to consult their respective tax advisor with respect to the specific tax consequences to the Client arising from participation in the investment approaches. Clients are best advised to take independent opinion from their tax advisors/ experts for any income earned from such investments.

The following is a summary of certain relevant provisions of the Income-tax Act, 1961 (“**ITA**”) as amended by the Finance Act, 2025 (“**Finance Act**”) read along with Income-tax Rules, 1962, (“**Rules**”) and various circulars and notifications issued thereunder from time to time.

The summary is based on laws, regulations, rulings, and judicial decisions now in effect, and current administrative rules, practices and interpretations, all of which are subject to change, with possible retrospective effect.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes of the Portfolio Manager. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. Clients should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment, or any other matter. In view of nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Client is advised to best consult their own tax consultant, with respect to specific tax implications arising out of their portfolio managed by the Portfolio Manager. This information gives the direct tax implications on the footing that the securities are/ will be held for the purpose of investments. In case, the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case-to-case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/ the date of making investment shall endure indefinitely.

The Portfolio Manager accepts no responsibility for any loss suffered by any Client as a result of current taxation law and practice or any changes thereto. It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the securities.

### 8.2 **Tax Rates**

The tax rates stated in this tax chapter are exclusive of surcharge and health and education cess (unless stated otherwise).

The tax rates are applicable for the financial year 2025-26. The rate of surcharge and health and education cess are as under:

8.3 **Surcharge rates are provided below:**

Type of Investors	Surcharge rate as a % of income-tax (refer note below)				
	If income is less than INR 50 lakhs	If income is more than INR 50 lakhs but less than or equal to INR 1 Crore	If income exceeds INR 1 Crore but less than or equal to INR 2 Crores	If income exceeds INR 2 Crores but less than or equal to INR 5 Crores	If income exceeds INR 5 crores
Individual, Hindu Undivided Family ('HUF'), Association of person ('AOP'), Body of individuals ('BOI') (Resident and non-resident)	Nil	10%	15%	25%	37%

**Note 1:** In the case where the total income includes dividend income (only residents) or income referred to in section 111A or section 112A of the ITA, surcharge on such income shall not exceed 15%.

**Note 2:** In the case where the total income of FPI includes dividend income or any income in the nature of short-term capital gains or long-term capital gains, surcharge on such income shall not exceed 15%.

**Note 3:** Per the Finance Act, the Alternative Tax Regime under section 115BAC of the ITA is now a Default Tax Regime. The highest surcharge leviable under the Default Tax Regime shall not exceed 25%.

Type of Investors	Surcharge rate as a % of income-tax (refer note below)		
	If income does not exceed INR 1 Crore	If income exceeds INR 1 crore but less than or equal to INR 10 Crores	If income exceeds INR 10 Crores
Partnership firm (Domestic and foreign)	Nil	12%	12%
Domestic Company	Nil	7%	12%
Foreign Company	Nil	2%	5%

**Note 1:** In the case of domestic companies and co-operative societies having income chargeable under section 115BAA and 115BAB (for companies) and 115BAD (for co-operative societies) of the ITA, surcharge of 10% is applicable irrespective of taxable income.

**Note 2:** In the case of foreign companies, the corporate tax rate was reduced to 35% from the pre-existing 40%, as amended under the Finance (No.2) Act 2024.

Further, Health and Education Cess ('HEC') is levied (irrespective of the level of income) at the rate of 4% on aggregate of tax and surcharge.

In this tax chapter, we have used the term 'applicable slab rates' at many places. The slab rates which are applicable for individuals / HUF / AOP / BOI (only if they opt out of the Default Tax Regime) are as follows:

Total Income (Refer notes below)	Tax rates (refer to notes below)
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

Under the Default Tax Regime, Individual and HUF may have an option to pay tax on its total income at the reduced tax rates. The income, however, has to be computed without claiming prescribed deductions or exemptions. Further, the Finance Act amended the provisions of section 115BAC of the Act. Per the amended provisions, section 115BAC is also applicable to AOP [other than a cooperative society], or BOI, whether incorporated or not, or an artificial juridical person referred to in clause (vii) of section 2(31) of the ITA.

<b>Total Income (Refer notes below)</b>	<b>Tax rates (refer to notes below)</b>
Up to INR 4,00,000	Nil
From INR 4,00,001 to INR 8,00,000	5%
From INR 9,00,001 to INR 12,00,000	10%
From INR 12,00,001 to INR 16,00,000	15%
From INR 16,00,001 to INR 20,00,000	20%
INR 20,00,001 to INR 24,00,000	25%
INR 24,00,001 and above	30%

**Note 1:** The Central Government *vide* the Finance (No. 2) Act, 2019, has provided for a rebate on tax on total income of upto INR 5,00,000 for resident individual assessee. The Finance Act has increased the rebate on total income of upto INR 12,00,000 for resident individual assessee if such individual is opting for the Default Tax Regime.

**Note 2:** In the case of a resident individual who is opting out of default tax regime and of the age of 60 years or more but less than 80 years at any time during the year, the basic exemption limit is INR 3,00,000.

**Note 3:** In the case of a resident individual who is opting out of default tax regime and of the age of 80 years or more at any time during the year, the basic exemption limit is INR 5,00,000.

In addition to the above, health and education cess at the rate of 4% is leviable on aggregate of tax and surcharge.

It is envisaged that an Investor, could earn the following streams of income from investments made alongside the Fund:

- Dividend income;
- Interest Income;
- Gains on sale of securities;
- Premium on redemption;
- Gain on derivatives; and
- Gains on buy-back of shares.

The tax implications of each stream of income are provided below:

#### 8.4 Dividend income on shares

The dividend income is taxable in the hands of the shareholders under section 56 of the ITA under the head ‘Income from Other Sources’ at the applicable rates. Further, the Finance (No. 2) Act, 2024 provided that the proceeds received on buy-back of shares referred under section 68 of the Companies Act, 2013 on or after 1 October 2024 should also be considered as dividend. Further, the taxpayer can claim deduction of interest expenditure under section 57 of the ITA against such dividend income. However, the taxpayer can claim deduction of interest paid to a maximum of 20% of the dividend income. However, no deduction of expenditure is allowed in respect of any dividend income referred to in section 2(22)(f) [i.e., income-from buy back of shares].

Per the provisions of section 194 of the ITA an Indian company declaring dividend is required to deduct tax at the rate of 10% provided amount of dividend exceed INR 10,000 (in case of payment to resident Investors) and at specified rates/ rates in force (in case of payment to non-resident Investors). In case dividend is paid to FPI, the rate of tax deduction as per section 196D of the ITA is 20% subject to availability of benefits under the double taxation avoidance agreement (‘Tax Treaty’), if any.

Per the amended provisions, the dividend income (net of deductions, if any) is taxable at the following rates:

a. Resident Investors

<b>Dividend income earned by</b>	<b>Tax rate for domestic Investors</b>
Resident companies (Refer Note 1 and 2)	30%
Resident Firms / LLPs	30%
Resident Individuals/ HUFs/ AOP/ BOI (Refer Note 3)	As per Applicable slab rates, maximum being 30%

**Note 1:** The Finance Act has reduced tax rate to 25% (plus applicable surcharge and HEC) in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crore in the Financial Year 2023-24 (Assessment Year 2024-25).

**Note 2:** Further, the tax rates for certain domestic companies exercising the option under section 115BAA and section 115BAB of the ITA shall be 22% and 15% respectively (plus fixed surcharge at the rate of 10% and HEC at the rate of 4%), subject to permissibility and fulfilment of conditions prescribed therein.

**Note 3:** Per section 115BAC in the ITA, Individuals and HUF may have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions. Per the Finance Act, the Alternative Tax Regime under section 115BAC of the ITA is now a Default Tax Regime. Further, the Finance Act, 2023 has inserted that the provisions of section 115BAC of the Act shall also be applicable to AOP [other than a cooperative society], or BOI, whether incorporated or not, or an artificial juridical person referred to in clause (vii) of section 2(31) of the ITA. At present, the highest slab rate has been captured.

The Finance Act, 2025 has amended the income-tax slab rates under section 115BAC of the IT Act as tabulated above in paragraph 2 above.

b. Non-resident Investors

As per the provisions of section 115A of the ITA, dividend income (net of deductions, if any and wherever applicable) is taxable in the hands of the non-resident investors at the rate of 20% (on gross basis) under the ITA. However, this rate is subject to the tax rate specified in the Tax Treaties entered into between India and the respective jurisdictions of the investors and subject to fulfilment of applicable conditions.

8.5 **Interest income on debt securities**

a. Resident Investors

<u>Interest income earned by</u>	<u>Tax rate for domestic Investors</u>
<u>Resident companies (Refer Note 1 and 2)</u>	<u>30%</u>
<u>Firms / LLP</u>	<u>30%</u>
<u>Others (Refer Note 3)</u>	<u>As per applicable slab rates, maximum being 30%</u>

**Note 1:** The Finance Act has reduced tax rate to 25% (plus applicable surcharge and HEC) in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crore in the Financial Year 2023-24 (Assessment Year 2024-25).

**Note 2:** Further, the tax rates for certain domestic companies exercising the option under section 115BAA and section 115BAB of the ITA shall be 22% and 15% respectively (plus fixed surcharge at the rate of 10% and HEC at the rate of 4%), subject to permissibility and fulfilment of conditions prescribed therein.

**Note 3:** Per section 115BAC in the ITA. As per the said section, individuals and HUFs will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions. Per the Finance Act, the Alternative Tax Regime under section 115BAC of the IT Act is a Default Tax Regime. Further, the Finance Act, 2023 has inserted that the provisions of section 115BAC of the Act shall also be applicable to AOP [other than a cooperative society], or BOI, whether incorporated or not, or an artificial juridical person referred to in clause (vii) of section 2(31) of the IT Act. At present, the highest slab rate has been captured.

b. Non-resident Investors

The interest income earned by the non-resident investors (being non-corporate entity) is generally (unless certain conditions are satisfied) taxable at the applicable rates under the provisions of the IT Act. For entities other than other than foreign companies, the general tax rate would be 30%. Further, as per Finance (No.2) Act, 2024, the tax rate for foreign company was reduced from 40% to 35%.

As per the provisions of the ITA, in case of taxability of non-resident who is a tax resident of a country with which India has a Tax Treaty for granting relief of tax, the provisions of the ITA shall apply to the extent they are more beneficial.

The Indian company paying interest is required to deduct tax at the rates in force in case of payment to resident/ non-resident Investors. In case, the interest income is paid to an FPI, the rate of tax deduction as per section 196D of the ITA is 20% subject to availability of benefits under the Tax Treaty, if any.

## 8.6 Gains on sale of securities

Gains arising from the transfer of securities held in the investee company or portfolio company may be treated either as 'Capital Gains' or as 'Business Income' for tax purposes, depending upon whether such securities were held as a capital asset or a trading asset (i.e., stock-in-trade). Traditionally, the issue of characterisation of gains (whether taxable as Business Income or Capital Gains) has been a subject matter of litigation with the tax authorities. There have been judicial pronouncements on whether gains on transfer of securities should be taxed as 'Business Income' or as 'Capital Gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Also, the Central Board of Direct Taxes ("CBDT") has provided guidance, vide its Instruction: No. 1827, dated 31 August 1989 and Circular No. 4/2007, dated 15 June 2007, in respect of characterisation of gains as either Capital Gains or Business Income.

Following are the key illustrative factors indicative of Capital Gains characterisation (not Business Income): -

- a. Intention at the time of acquisition - capital appreciation;
- b. Low transaction frequency;
- c. Long period of holding;
- d. Shown as investments in books of accounts (not stock in trade);
- e. Use of owned funds (as opposed to loan) for acquisition;
- f. Main object in constitution document is to make investments;
- g. Higher level of control over the investee companies; amongst others.

No single criteria would be decisive to determine whether or not the Fund is in the business of making investments. The characterisation would depend on the total effect of all criteria applicable to the facts of the case. Therefore, in this regard, the characterisation of income of the Fund would need to be evaluated every year, based on the facts existing in that year. Based on the Fund investment strategy it is likely that the Fund intends to organize itself in a manner that it will comply with the conditions and parameters mentioned in the CBDT circular and instructions. Accordingly, the income from sale of securities in the investee companies should generally be categorized as capital gains. However, the possibility of the tax authorities seeking to treat such income as business income cannot be ruled out.

Further, the CBDT had issued a circular no. 6/2016 dated 29 February 2016 ("**CBDT Circular 2016**"), clarifying the issue of taxability of gains arising on sale of listed shares and securities.

The CBDT Circular 2016, laid down guiding principles to characterise the gains from sale of listed shares and securities, either as Business Income or Capital Gains. It had clarified that the income-tax officer would not dispute any income arising from transfer of listed shares and securities held for more than 12 (twelve) months, if the same was treated as, and offered to tax under, the head 'Capital Gains', subject to genuineness of the transaction being established. However, as regards the securities sold within 12 months there is a risk that the tax officer could characterise the said income as 'Profits and gains from business or profession'.

To avoid disputes/ litigation and to have a consistent view in assessments, the CBDT had issued an instruction on 2 May 2016, to the tax department, on determining the tax treatment of income arising from transfer of unlisted shares, providing that the income from transfer of unlisted shares (for which no formal market exists for trading) would be treated as 'Capital Gain' irrespective of period of holding. However, the CBDT has carved out the following 3 (three) exceptions for the tax department to take an appropriate view, if:

- i. The genuineness of transactions in unlisted shares itself is questionable; or
- ii. The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
- iii. The transfer of unlisted shares is made along with the control and management of underlying business and the Indian revenue authorities would take appropriate view in such situations.

Though the aforesaid circulars have been issued specifically in context of shares, arguably the general guiding principle and factors prescribed in the circulars should be considered while determining the nature of income from transfer of debt or debt like securities.

### 8.7 Gains characterised as capital gains

As per Section 45 of the ITA, any profits or gains arising from the transfer of capital assets are chargeable to tax under the head 'capital gains'. Section 48 of the ITA provides that income chargeable as capital gains is computed by reduction from the full value of the consideration received or accrued for the transfer and the cost of acquisition / indexed cost of acquisition (as applicable) 26F of such asset plus expenditure in relation to such transfer.

The tax payable on capital gains depends on whether the capital gains are long-term or short-term in nature. Depending on the period for which the securities are held, capital gains earned by the Investors are treated as short-term or long-term capital gains. The taxability of capital gains is discussed below:

Type of instrument	Period of holding	Characterization
Listed securities (other than MLDs, unit of a Specified Mutual Fund, unlisted debentures and bonds, REIT or InvIT), units of equity oriented mutual fund and zero-coupon bonds as	More than 12 months	Long-term capital asset
	12 months or less	Short-term capital asset

Type of instrument	Period of holding	Characterization
defined under section 2(48) of the ITA		
Unlisted shares (including those offered through offer for sale as part of an initial public offer) Other securities not covered above	More than 24 months	Long-term capital asset
	24 months or less	Short-term capital asset
Market linked debentures, unlisted bonds and debentures and specified mutual funds	Irrespective of the period of holding, these capital assets should be treated as a deemed short-term capital asset	

**Note 1:** The Finance Act inserted a new section 50AA in the ITA. Per the said section, the capital gains on transfer/redemption/maturity of Market Linked Debenture shall be deemed to be short-term capital gains (irrespective of the period of holding). Further, "Market Linked Debenture" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a Market Linked Debenture by the Securities and Exchange Board of India.

**Note 2:** The Finance Act inserted a new section 50AA in the ITA. Per the said section, the capital gains on transfer/redemption/maturity of Specified Mutual Funds acquired on or after 1 April 2023 shall be deemed to be short-term capital gains (irrespective of the period of holding). "Specified Mutual Fund" means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies."

**Note 3:** However, the Finance (No. 2) Act, 2024 has amended section 50AA of the ITA as follows:

Extended the provisions of section 50AA of the ITA to unlisted bonds and debentures and thus, capital gains on such bonds and debentures which are held as capital asset shall be deemed to be the capital gains arising from the transfer of a short-term capital asset irrespective of the period of holding.

Amended the definition of "Specified Mutual Fund", with effect from 1 April 2025, as follows-

- a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money markets instruments; or
- a fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a)

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures

“Debt and money market instruments” shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

Accordingly, the resultant short-term capital gains computed as per section 50AA of the ITA shall be taxable at applicable rates.

Depending on the characterization of capital gains, the Resident Investor / Non-resident Investor (subject to availability of favourable Tax Treaty benefits) would be chargeable to tax with respect to such gains.

**Taxability of capital gains under the ITA are as follows:**

1. Resident Investors

NATURE OF INCOME	TAX RATES						
	DOMESTIC COMPANIES (REFER NOTE 1)		FIRM	INDIVIDUAL, HUF, AOP AND BOI ETC. (REFER NOTE 4)			
	INCOME EXCEEDS INR 10 CRORES	INCOME EXCEEDS INR 1 CRORE BUT NOT 10 CRORES	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 50 LACS BUT NOT 1 CRORE	INCOME EXCEEDS INR 1 CRORE BUT NOT 2 CRORES)	INCOME EXCEEDS INR 2 CRORE BUT NOT INR 5 CRORES)	INCOME EXCEEDS INR 5 CRORES)
	%	%	%	%	%	%	%
STCG on transfer of (i) listed equity shares on a recognised stock exchange,	23.3	22.26	23.3	22.88	23.92	23.92	23.92
(ii) to be listed equity shares sold through offer for	Refer Note 1	Refer Note 1				Refer Note 4	Refer Note 4

NATURE OF INCOME	TAX RATES						
	DOMESTIC COMPANIES (REFER NOTE 1)		FIRM	INDIVIDUAL, HUF, AOP AND BOI ETC. (REFER NOTE 4)			
	INCOME EXCEEDS INR 10 CRORES	INCOME EXCEEDS INR 1 CRORE BUT NOT 10 CRORES	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 50 LACS BUT NOT 1 CRORE	INCOME EXCEEDS INR 1 CRORE BUT NOT 2 CRORES)	INCOME EXCEEDS INR 2 CRORE BUT NOT INR 5 CRORES)	INCOME EXCEEDS INR 5 CRORES)
	%	%	%	%	%	%	%
sale or (iii) units of equity oriented mutual fund or (iv) units of business trust and on which Securities Transaction Tax ('STT') has been paid							
Other STCG	34.94	33.38	34.94	34.32	35.88	39.00	42.7427F <sup>1</sup>
	Refer Note 1	Refer Note 1					
LTCG on transfer of (i) listed equity shares on a recognised	14.56	13.91	14.56	14.30	14.95	14.95	14.95
	Refer Note 1	Refer Note 1				Refer Note 4	Refer Note 4

<sup>1</sup> Further, as per the Finance Act, 2023, in case of Individual/HUF/AOP (other than a co-operative society)/BOI/AJP paying taxes as per the lower slab rates prescribed under section 115BAC of the ITA, i.e. the default tax regime, the rate of surcharge applicable on the amount of income-tax shall not exceed 25% where taxable income exceeds INR 2 crores and consequently, the maximum tax rate applicable to such persons would be 39.00%.

NATURE OF INCOME	TAX RATES						
	DOMESTIC COMPANIES (REFER NOTE 1)		FIRM	INDIVIDUAL, HUF, AOP AND BOI ETC. (REFER NOTE 4)			
	INCOME EXCEEDS INR 10 CRORES	INCOME EXCEEDS INR 1 CRORE BUT NOT 10 CRORES	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 50 LACS BUT NOT 1 CRORE	INCOME EXCEEDS INR 1 CRORE BUT NOT 2 CRORES)	INCOME EXCEEDS INR 2 CRORE BUT NOT INR 5 CRORES)	INCOME EXCEEDS INR 5 CRORES)
	%	%	%	%	%	%	%
stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund or (iv) units of business trust and on which STT has been paid (Refer Note 2)							
LTCG on transfer of listed bonds or listed debentures	14.56 Refer Note 1	13.91 Refer Note 1	14.56	14.3	14.95	14.95 Refer Note 4	14.95 Refer Note 4

NATURE OF INCOME	TAX RATES						
	DOMESTIC COMPANIES (REFER NOTE 1)		FIRM	INDIVIDUAL, HUF, AOP AND BOI ETC. (REFER NOTE 4)			
	INCOME EXCEEDS INR 10 CRORES	INCOME EXCEEDS INR 1 CRORE BUT NOT 10 CRORES	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 50 LACS BUT NOT 1 CRORE	INCOME EXCEEDS INR 1 CRORE BUT NOT 2 CRORES)	INCOME EXCEEDS INR 2 CRORE BUT NOT INR 5 CRORES)	INCOME EXCEEDS INR 5 CRORES)
	%	%	%	%	%	%	%
LTCG on transfer of listed securities (other than units of mutual funds, listed bonds and listed debentures) and on which STT has not been paid	14.56 Refer Note 2	13.91 Refer Note 2	14.56	14.3	14.95	14.95 Refer Note 4	14.95 Refer Note 4
LTCG on transfer of units of mutual fund (listed or unlisted) other than equity oriented fund	14.56 Refer Note 2	13.91 Refer Note 2	14.56	14.3	14.95	14.95 Refer Note 4	14.95 Refer Note 4
LTCG on transfer of unlisted securities	14.56 Refer Note 2	13.91	14.56	14.3	14.95	14.95 Refer Note 4	14.95 Refer Note 4

NATURE OF INCOME	TAX RATES						
	DOMESTIC COMPANIES (REFER NOTE 1)		FIRM	INDIVIDUAL, HUF, AOP AND BOI ETC. (REFER NOTE 4)			
	INCOME EXCEEDS INR 10 CRORES	INCOME EXCEEDS INR 1 CRORE BUT NOT 10 CRORES	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 50 LACS BUT NOT 1 CRORE	INCOME EXCEEDS INR 1 CRORE BUT NOT 2 CRORES)	INCOME EXCEEDS INR 2 CRORE BUT NOT INR 5 CRORES)	INCOME EXCEEDS INR 5 CRORES)
	%	%	%	%	%	%	%
		Refer Note 2					

Depending on the characterization of capital gains, the Resident Investor / Non-resident Investor (subject to availability of favourable Tax Treaty benefits) would be chargeable to tax with respect to such gains in the following manner:

The above-mentioned tax rates are exclusive of surcharge and health and education cess.

**Notes:**

1. The Finance Act, 2025 has reduced the tax rate to 25% for Financial Year 2025-26 (other than where income is subject to tax at a specified rate) in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2023-24 (Assessment Year 2024-25). Further the surcharge as generally applicable to a domestic company, continues to apply. In such a case, the rate of tax on income should be 29.12% where taxable income exceeds INR 10 Crores and 27.82% where taxable income exceeds INR 1 Crores but not INR 10 Crores.
2. Further, as per the Taxation Laws (Amendment) Act 2019, the tax rates for domestic companies have been further rationalised. For domestic manufacturing companies, the effective tax rate (other than where income is subject to tax at specified rate) shall be 17.16% and for domestic companies other than manufacturing companies, the rate shall be 25.17%. Please note that the availability of the reduced rate is subject to prescribed conditions. The surcharge rate applicable to such companies is 10% (the above rates are inclusive of the said surcharge rate) and Health and Education cess at the rate of 4%.

The Finance Act 2018 withdrew exemption from tax on LTCG arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. As per Finance (No. 2) Act, the LTCG above INR 1.25 lakhs on following transfers shall be taxable at 12.5% (plus surcharge and cess):

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

The gains shall not be computed in foreign currency and cost inflation index shall not be available on such gains and the cost of acquisition of equity shares, equity oriented mutual fund or units of business trust acquired before 1 February 2018 shall be higher of:

- Actual cost of acquisition; and
- Lower of:
  - FMV as on 31 January 2018; and
  - Value of consideration received upon transfer

The Finance Act, 2018 also provides that in such case where the equity shares were unlisted on 31 January 2018 and listed at the time of transfer, the FMV would be after considering indexation benefit on the original cost of acquisition.

#The CBDT has issued a notification<sup>28F</sup> providing certain specified transaction on which condition of paying STT at time of acquisition shall not apply for applying tax rate of 12.5%.

3. The Finance Act 2023 has amended section 115BAC of the ITA to provide that the Individual, HUF, AOP (other than a co-operative society), BOI and AJP will be taxed on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions. However, such person will have the option to be taxed on its total income as per the tax rates under the old regime. Such option is required to be exercised – (i) on or before the due date specified under section 139(1) of the ITA for furnishing the return of income for such assessment year, in case of a person having income from business or profession and such option once exercised shall apply to subsequent assessment years; or (ii) along with the return of income to be furnished under section 139(1) of the ITA for such assessment year in case of a person not having income referred to in clause (i). A person having income from business or profession who has exercised the above option of shifting out of the new regime shall be able to exercise the option of opting back to the new regime only once. However, a person not having income from business or profession shall be able to exercise this option every year.
4. Surcharge on capital gains taxable under section 111A or section 112A or section 112 of the ITA is restricted to 15%.
5. The Finance (No.2) Act, 2024 has amended section 48 of the Act so as to remove the indexation benefit while computing long-term capital gains<sup>29F</sup> for all taxpayers (other than long-term capital gains arising on unlisted shares acquired prior to 31 January 2018 and sold as part of

Offer for sale).

2. Non-resident Investors

NATURE OF INCOME (REFER NOTE 1)	TAX RATES (REFER NOTE 2)						
	FOREIGN COMPANIES		FIRM	INDIVIDUAL, HUF, AOP AND BOI ETC. (REFER NOTE 3)			
	INCOME EXCEEDS INR 10 CRORES	INCOME EXCEEDS INR 1 CRORE BUT NOT 10 CRORES	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 50 LACS BUT NOT 1 CRORE	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 2 CRORES	INCOME EXCEEDS INR 5 CRORES
	%	%	%	%	%	%	%
STCG on transfer of (i) listed equity shares through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund or (iv) units of business trust, and on which STT has been paid	21.84	21.22	23.30	22.88	23.92	23.92 (Refer Note 4)	23.92 (Refer Note 4)
Other STCG	38.22	37.13	34.94	34.32	35.88	39.00	42.743 6F <sup>2</sup>
LTCG on transfer of (i) listed equity shares through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity	13.65	13.26	14.56	14.3	14.95	14.95 (Refer to Note 4)	14.95 (Refer to Note 4)

<sup>2</sup> Further, as per the Finance Act, 2023, in case of Individual/HUF/AOP (other than a co-operative society)/BOI/AJP paying taxes as per the lower slab rates prescribed under section 115BAC of the ITA, i.e. the default tax regime, the rate of surcharge applicable on the amount of income-tax shall not exceed 25% where taxable income exceeds INR 2 crores and consequently, the maximum tax rate applicable to such persons would be 39.00%.

NATURE OF INCOME (REFER NOTE 1)	TAX RATES (REFER NOTE 2)						
	FOREIGN COMPANIES		FIRM	INDIVIDUAL, HUF, AOP AND BOI ETC. (REFER NOTE 3)			
	INCOME EXCEEDS INR 10 CRORES	INCOME EXCEEDS INR 1 CRORE BUT NOT 10 CRORES	INCOME EXCEEDS INR 1 CRORE	INCOME EXCEEDS INR 50 LACS BUT NOT 1 CRORE	INCOME EXCEEDS INR 1 CRORE BUT NOT 2 CRORES)	INCOME EXCEEDS INR 2 CRORE BUT NOT 5 CRORES)	INCOME EXCEEDS INR 5 CRORES)
	%	%	%	%	%	%	%
oriented mutual fund or (iv) units of business trust and on which STT has been paid (Note 1)							
LTCG on transfer of listed bonds / listed debentures or other listed securities (other than units of mutual fund) on which STT has not been paid	13.65	13.26	14.56	14.3	14.95	14.95 (Refer Note 4)	14.95 (Refer Note 4)
LTCG on transfer of units of mutual fund (listed) other than equity oriented fund	13.65	13.26	14.56	14.3	14.95	14.95 (Refer Note 4)	14.95 (Refer Note 4)
LTCG on transfer of unlisted securities (including securities of a private company)	13.65	13.26	14.56	14.3	14.95	14.95 (Refer Note 4)	14.95 (Refer Note 4)

**Notes:**

- The Finance Act 2018 has withdrawn exemption from tax on LTCG arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. As per Finance (No. 2) Act, 2024, the LTCG above INR 1.25 lakh on following transfers shall be taxable at 12.5% (plus surcharge and cess):

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

#The CBDT has issued a notification<sup>37F<sup>3</sup></sup> providing certain specified transaction on which condition of paying STT at time of acquisition shall not apply for applying tax rate of 12.5%

2. However, the non-resident shall be entitled to the beneficial provisions of the Tax Treaty, if any, subject to providing a valid TRC / Form 10F and claim a lower taxability of such income subject to fulfilment of the relevant conditions under the applicable Tax Treaty.
3. Non-resident India investors are entitled to be governed by the special tax provisions under Chapter XII-A of the ITA and if such investors opt to be governed by these provisions, the same needs to be evaluated separately on a case-to-case basis.
4. Surcharge on capital gains taxable under section 111A or section 112A or section 112 of the ITA is restricted to 15%.
5. The Indian tax authorities may not permit foreign exchange adjustments for computing capital gains taxable in the hands of non-resident investors on a pass-through basis.
6. No indexation benefit is available on long term capital gains w.e.f. 23 July 2024. Further, Capital gains arising from redemption of units of a specified mutual fund is deemed to be a short-term capital gain.

The above-mentioned tax rates are exclusive of surcharge and health and education cess.

The above-mentioned tax rates would be subject to availability of Tax Treaty benefits which may have to be separately evaluated by the tax consultants of the Investors on a case-to-case basis.

In case, the investments are made by non-resident Indians, then such unitholders are entitled to be governed by the special tax provisions under Chapter XII-A of the ITA and if such Investors opt to be governed by these provisions, the same needs to be evaluated separately on a case-to-case basis.

## 8.8 Gains characterised as ‘business income’

If the gains are characterised as business income, then the same is taxable on net income basis at the rate of 30% for resident Investors. Kindly note, we have assumed highest rate for resident individual Investors/ HUF/ AOP/ BOI. The Finance Act has reduced the tax rate to 25% in case of domestic companies having a total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2023-24. Also, per the provisions as contained under section 115BAA and section 115BAB of the ITA, domestic companies have the option to pay tax on total income at the rate of 22% or 15% subject to fulfilment of certain conditions.

---

<sup>3</sup> Notification No. 60/2018

If the gains are characterised as business income, then the same are taxable on net income basis at 35% for foreign company if it has a business connection/ permanent establishment in India, and such income is attributable to the business connection/ permanent establishment of the non-resident in India. Further, for non-resident Investors (other than a foreign company) tax at the rate of 30% is levied.

#### 8.9 **Premium on redemption:**

There are no specific provisions contained in the ITA, with regard to the characterisation of the premium received on redemption of debentures. Redemption premium earned on account of redemption of Non-Convertible Debentures/ Optionally Convertible Debentures, may be classified as capital gains or interest. The characterisation of premium on redemption of debentures as interest or a capital receipt has to be decided based on factors surrounding the relevant case and within the framework of the following features:

- The term of the loan,
- The rate of interest expressly stipulated for (whether at arm's length, whether contains premium over risk free rate of return, etc.),
- The nature of the risk undertaken:
  - Interest rate risk (e.g. Changes in prevailing market interest rates)
  - Capital risk (e.g. Risk of loss of capital)
  - Industry risk (real estate being quite volatile sector)
  - Limited Exit Opportunities (e.g. Redemption option at the end of the 37th month and limitations with respect to purchaser in the open market)
  - Country risk (e.g. economic risks - slowdown in economic growth or macro-economic imbalances, political instability and related risks, laws and tax related risks - retrospective amendments)
  - Currency risk – adverse change in exchange rate

In order to characterise the redemption premium as capital gains, one need to demonstrate and substantiate (with requisite documentation) that any premium paid is on account of above referred risks. Preferable, one should be able to provide broad bifurcation of premium against each category of risk.

Where redemption premium is classified as capital gains, the same is taxable at the rate specified against capital gains. If redemption premium is classified as interest, it is taxable at the rate specified against interest.

#### 8.10 **Proceeds on buy-back of shares by domestic company:**

Gains arising on buy back of shares shall be exempt in the hands of investors. However, a buyback tax at the rate of 23.30% is payable by an Indian company on distribution of income by way of buy-back of its shares if the buyback is in accordance with the provisions of the Companies Act, 2013. Such distribution tax is payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed.

However, as per Finance (No.2) Act, 2024, a new sub-clause (f) is inserted in section 2(22) of the ITA, wherein the gross proceeds received by a taxpayer on buyback of shares (undertaken in accordance with provisions of the Companies Act, 2013) is proposed to be taxed in the hands of the shareholder as 'deemed dividend' with effect from 1 October 2024. Further, the tax on such buyback of shares is applicable on gross proceeds irrespective of whether the company has accumulated profits or not in its books of accounts. Further, no deduction for expenses shall be available against such deemed dividend income on account of buy-back of shares. Further, as per Finance (No.2) Act, 2024, where the shareholder receives any consideration under section 2(22)(f) of the ITA from any company, in respect of any buy-back of shares, that takes place on or after the 1 October 2024, the value of consideration received by the shareholder shall be deemed to be Nil under section 46A of the ITA. The cost of acquisition of such buyback shares to be treated as capital loss and such loss may be carried forward to future years for set off in accordance with the provisions of the ITA. The period of holding is to be considered from the date of acquisition/allotment till the disposal of buyback shares.

The above provision also applies in the case of buyback of shares listed on a recognised stock exchange.

#### 8.11 **Other tax considerations**

##### a. **Capital Gains tax implications on conversion of debentures into shares**

Conversion of such debt securities / debentures of a company into shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise in the hands of the beneficiaries on conversion of convertible debentures of a company into equity shares. At the time of transfer of the converted equity shares, the cost of acquisition of a convertible debenture would be deemed to be the cost of acquisition of such equity shares. The CBDT, vide Notification No. 18/2016 dated 17 March 2016 effective from 1 April 2016, provides that in computing the period of holding of a share of a company, received on conversion of a bond or debenture, debenture-stock or deposit certificate of that company which is exempt as per the provisions of section 47(x) of the ITA, the period for which such convertible instrument was held by the taxpayer prior to the conversion shall also be included.

##### b. **Conversion of preference shares into equity shares:**

Conversion of preference shares of a company into shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise in the hands of Investors on conversion of preference shares of a company into equity shares. Section 2(42A) and Section 49 of the ITA provides for determination of holding period and cost of acquisition of the equity shares receivable on conversion of the preference shares. The holding period for the resulting equity shares include the holding period of the preference shares and the cost of acquisition of the resulting equity shares is the cost of acquisition of the preference share in relation to which the equity share was acquired

##### c. **Redemption of market linked debentures and specified mutual fund**

As per section 50AA of the ITA, where the capital asset is a market linked debentures or a specified mutual fund acquired on or after 1 April 2023, capital gains arising from such capital assets shall be deemed to be capital gains arising from the transfer of a short-term capital asset.

Further, the Finance (No.2) Act, 2024 has also included unlisted bonds and debentures which are transferred or redeemed or matures on or after 23rd Day of July 2024 to be deemed to be short term capital assets. The term definition of “Specified Mutual Fund” has been amended to be re-defined as:

- a. mutual Fund by whatever name called, which invest more than sixty five percent of the total proceeds in debt and money market instrument or;
- b. fund which invests sixty five percent or more of its proceeds in units of fund referred to in sub-clause a.

As per the Finance Act (No.2), 2024 gains arising on transfer or redemption or maturity of unlisted debentures shall be deemed to the capital gains arising from the transfer of a short-term capital asset.

**d. Income on receipt of securities at lower than fair value**

The Investors may acquire securities of the Portfolio Entities for a consideration which is lower than the FMV or without consideration.

As per the provisions of section 56(2)(x) of the ITA, where any person receives from any other person any sum of money or any property (which includes securities such as equity shares, units etc.) without consideration or for a consideration which is lower than the FMV, by more than INR 50,000 (Indian Rupees Fifty Thousand) in aggregate, the shortfall in consideration is taxable in the hands of the acquirer as Income from Other Sources ("Other Income").

Further, securities as defined under the Securities Contracts (Regulation) Act, 1956 (SCRA), are considered as property for the purposes of the aforesaid section. Separately, based on the judicial precedents it can also be argued that the provisions of section 56(2)(x) do not apply in case of a fresh issue.

The rules for determining the FMV of securities have been prescribed under the Rules. The FMV is defined for each class of instrument separately. As per the IT Rules, the FMV of unlisted equity shares should be based on the book values of assets and liabilities (to be calculated in the manner prescribed), whereas, the FMV of all other shares and securities (other than equity shares) shall be estimated to price it would fetch if sold in the open market on the valuation date and the assessee may obtain a report from a merchant banker or an accountant in respect of such valuation. Accordingly, in case it is held that Other Income is earned by the Investors, such Other Income would be chargeable to tax at ordinary tax rate (plus applicable surcharge and cess thereto), subject to benefit of DTAA in case of non-resident Investors.

**e. Deemed sale consideration on sale of unquoted shares**

As per the provisions of section 50CA of the ITA, if shares (other than quoted shares) are transferred at a price which is lower than the FMV of such shares, such FMV will be considered as the full value of consideration for the purpose of computing capital gains in the hands of the transferor.

The rules for determining the FMV of shares have been prescribed under the IT Rules. Further, the term “quoted share” is defined to mean a share quoted on any recognised stock exchange with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business.

Further, the above provision shall not apply to any consideration received / accruing on transfer from such class of persons and subject to fulfilment of conditions as may be prescribed. Notification in this regard is awaited .

f. **Share of profits from a Limited Liability Partnership ('LLP')**

The share of a partner in the total income of an LLP would be exempt from tax in the hands of such partner as per section 10(2A) of the ITA. Accordingly, such share of profits from an LLP should be exempt from tax in the hands of the Investors who are partners in the LLP

g. **Expenditure incurred in relation to income not includible in the total income**

As per the provisions of section 14A read with rule 8D of the ITA, if any income of the Investors does not form part of the total income or is exempt under the provisions of the ITA then any expenditure incurred by the Investors, directly or indirectly, in relation to such income may not be allowed as deduction for the purpose of calculating the total taxable income of the Investors.

h. **Carry-forward of losses and other provisions (applicable to both Equity products irrespective of the residential status)**

In terms of Section 70 read with Section 74 of the ITA, 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.

i. **Advance tax instalment obligations**

It will be the responsibility of the Investors to meet the advance tax obligation instalments payable on the due dates prescribed under the ITA. Any shortfall or delay in discharging the advance tax liability by the Investors may attract interest implications under section 234B and 234C of the ITA.

j. **Tax deduction at source**

(a) **Section 206AA of the ITA**

The income tax provisions (section 206AA of the ITA) provide that where a recipient of income (who is subject to withholding provisions) does not furnish its Permanent Account Number ("PAN"), then tax is required to be deducted by the payer at the higher of the following i.e.,

- rates specified in the relevant provisions of the ITA;
- rates in force; or
- at 20%.

In the case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate shall not apply if they furnish certain prescribed information / documents. The CBDT had issued a notification granting certain relaxations from deduction of tax at a higher rate in the case of non-resident Investors or a foreign company. The provisions of section 206AA of the ITA does not apply in respect of payments to be made which are in the nature of interest,

royalty, fees for technical services and payments on transfer of any capital asset, provided the deductee furnishes certain details and specified documents to the deductor.

**(b) Section 206AB of the ITA**

The Finance Act, 2021 has introduced a new provision - section 206AB in the ITA for deducting tax at higher rates on payments made to non-filers of income-tax returns. Section 206AB of the ITA applies where any sum or income or amount is paid, or payable or credited, by a person to a specified person and tax is required to be deducted at source as per provisions of the ITA (except under sections 192, 192A, 194B, 194BA, 194BB, 194LBC or 194N of the ITA).

The term 'specified person' has been defined to mean a person who has not filed the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit of filing return of income under section 139(1) has expired; and the aggregate of tax deducted at source and tax collected at source in his case is INR 50,000 or more in the said previous years. Further, specified person shall not include a non-resident who does not have a permanent establishment in India. The Finance Act amended the definition of the term 'specified person' to exclude a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf

In case the aforesaid section is applicable, tax shall be deducted at higher of the followings rates:

- twice the rate specified in the relevant provision of the ITA; or
- twice the rate or rates in force; or
- the rate of five per cent.

If provisions of section 206AA and section 206AB of the ITA are applicable to a specified person, then, tax shall be deducted at higher of the two rates provided under the respective sections of the IT Act.

**(c) Withholding tax on purchase of goods**

The Finance Act, 2021 has introduced a new provision - section 194Q in the ITA. The section provides that any person (i.e., buyer) who is responsible for paying any sum to any resident (i.e., seller) for the purchase of any goods (likely to include shares and securities) of the value or aggregate of such value exceeding INR 50 lakhs in any previous year, shall deduct an amount equal to 0.1% of such sum exceeding INR 50 lakhs. The buyer shall be required deduct such tax at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier.

Further, the term 'buyer' has been defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceeds INR 10 crores during the Financial Year immediately preceding the Financial Year in which the purchase of goods is carried out.

The section further provides that if any sum is credited to any account, whether called "suspense account" or by any other name, in the books of the buyer liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee (i.e., seller) and the provisions of this section shall apply accordingly.

However, the provisions of section 194Q shall not apply to transactions on which:

- tax is deductible under any of the provision of the ITA; and
- tax is collectible under the provisions of section 206C of the ITA other than transaction to which section 206C(1H) of the ITA applies.

The CBDT, in order to clarify on the applicability of the provisions of section 194Q of the ITA on transactions carried through various stock exchanges, issued a circular dated 30 June 2021. Per the said circular, it was clarified that the provisions of section 194Q should not be applicable to transactions in securities traded through recognized stock exchange or cleared and settled by the recognized clearing corporation.

The said circular further clarified that the provisions of section 194Q of the ITA shall not apply to a non-resident whose purchase of goods from seller resident in India is not effectively connected with the permanent establishment of such non-resident in India. For this purpose, "permanent establishment" shall mean to include a fixed place of business through which the business of the enterprise is wholly or partly carries on.

The CBDT further issued guidelines to address various issues arising on applicability of the provisions of section 194Q of the ITA.

**(d) Collection of tax at source**

As per Finance Act, 2025, the provisions of section 206C(1H) of the ITA relating to tax collected at source on sale of goods are not applicable from 1 April 2025.

Further, the provisions of section 206CCA of the ITA relating to higher TCS rates for specified persons who fail to file their income-tax returns have also been omitted from 1 April 2025.

**8.12 Foreign Portfolio Investors**

Per section 2(14) of the ITA, any investment in securities made by FPIs in accordance with the regulations made under the Securities and Exchange Board of India is treated as a capital asset. Consequently, any income arising from transfer of securities by FPIs are to be treated as capital gains.

Under section 115AD of the ITA, interest and dividend income earned by FPIs are taxable at 20%. However, interest referred to in section 194LD of the ITA is taxable at 5% subject to fulfilment of conditions. The benefit of lower rate of withholding is available on interest payable before 1 July 2023. The Finance Act has not extended the timeline. Section 196D is applicable to any interest payable after 1 July 2023.

Per section 196D of the ITA, no deduction of tax is made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD which is payable to FPI. However, tax shall be deducted under section 196D of the ITA with respect to interest income (other than referred to in section 194LD of the ITA) and dividend income at the rate of 20%.

These tax rates are subject to the rates specified in the applicable tax treaties and subject to fulfilment of conditions specified therein and under the ITA for availing such benefits.

### 8.13 **DTAA ('Double Tax Avoidance Agreement' or 'Treaty') Benefits for Non-Resident investors**

As per Section 90(2) of the ITA, the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the DTAA between India and the country of residence of the non-resident Investor (subject to GAAR or MLI provisions discussed below). However, no assurance can be provided that the DTAA benefits will be available to the non-resident Investor or the terms of the DTAA will not be subject to amendment or reinterpretation in the future

The taxability of such income of the non-resident Investor, in the absence of DTAA benefits or where the non-resident Investor is from a country with which India has no DTAA, would be as per the provisions of the ITA.

In order to claim DTAA benefits, the non-resident Investor has to obtain the TRC as issued by the tax authorities of his country of residence which must be renewed on an annual basis.

The ITA, which has been amended, now provides that a non-resident should not be entitled to claim any relief under a tax treaty, unless a TRC, of it being a resident in any country outside India or specified territory outside India, as the case may be, is obtained by it from the government of that country or specified territory. Further, additional documents and information (as may be prescribed) should also be provided, if called upon

Pursuant to the same, the Central Board of Direct Taxes has issued a notification amending Rule 21AB of the Income-tax Rules, 1962 prescribing the additional information required to be furnished by non-residents along with the TRC in a specified form (Form 10F)

The details required to be furnished are as follows:

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

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

The assessee (i.e. non-resident) should be required to keep and maintain the documents that are necessary to substantiate the above information. Further, an income-tax authority may ask for the said documents from the assessee in relation to a claim of benefit under the tax treaty.

The income-tax authorities may grant DTAA benefit (after verifying the TRC) based on the facts of each case, including complying with the conditions prescribed in the DTAA..

### 8.14 **Non-resident Investors**

A non-resident investor is subject to taxation in India only if;

- it is regarded a tax resident of India; or
- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received/ deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the ITA.

Per Section 6 of the ITA, a foreign company is treated as a tax resident in India if its place of effective management (“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 are, in substance made. In case, the foreign company has a POEM in India, it qualifies as a resident of India for tax purposes and consequently, its worldwide income is taxable in India. In this connection, the CBDT issued a notification dated 22 June 2018, prescribing special provisions regarding taxation of foreign companies which are regarded as residents in India on account of its POEM being in India. Further, the foreign company might also not be entitled to claim the benefits of a Tax Treaty between India and the country of residence of the foreign company.

The CBDT had vide its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company (“POEM Guidelines”). The POEM guidelines lay down emphasis on POEM concept being ‘substance over form’ and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM.

The CBDT had vide circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM do not apply to companies having turnover or gross receipts less than or equal to INR 50 crores during the Financial Year.

Per section 90(2) of the ITA, the provisions of the ITA apply to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investor (subject to GAAR provisions discussed below).

Section 90(1) of the ITA provides that the Central Government may enter into Tax Treaty for granting relief in respect of income tax, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit of residents of any other country or territory).

However, no assurance can be provided that the Tax Treaty benefits will be available to the non-resident investor or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future. The taxability of such income of the non-resident investor, in the absence of Tax Treaty benefits or where the non-resident investor is from a country with which India has no Tax Treaty, would be as per the provisions of the ITA.

#### 8.15 STT

STT is applicable on various transactions as follows:

TRANSACTIONS/PARTICULARS	PAYABLE PURCHASER	BY	PAYABLE SELLER	BY
--------------------------	----------------------	----	-------------------	----

Delivery based purchase/sale transaction in equity shares entered into in a recognized stock exchange	0.1%	0.1%
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange	N.A.	0.025%
Delivery based sale transaction of unit of equity oriented fund	N.A.	0.001%
Sale of options in securities	0.125% of the difference between the strike price and settlement price of the option (In case option is exercised)	0.1%
Sale of futures in securities	N.A.	0.02%
Sale of unlisted shares under an offer for sale to the public	N.A.	0.2%
Sale of a unit of an equity oriented fund to the Mutual Fund	N.A.	0.001%
Sale of unlisted units of a business trust under an offer for sale	N.A.	0.2%

#### 8.16 Receipt of any property at a value below fair market value

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

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

The Finance Act amended the provisions of section 56(2)(viib) of the ITA to include the consideration received from a non- resident also under the ambit of clause (viib) by removing the phrase 'being a resident' from the said clause. This will make the provision applicable for receipt of consideration for issue of shares from any person irrespective of his residency status.

#### 8.17 Transfer of unquoted shares at less than fair market value

Per Section 50CA of ITA, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value is deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has notified rules for computation of FMV for the purpose of section 50CA of the ITA.

The provision of section 50CA do not apply to any consideration received/ accruing on transfer by certain class of persons and subject to fulfilment of conditions, as prescribed under Rule 11UAD.

#### **8.18 Deemed income on investment in securities**

Section 56(2)(x) of the ITA provides that if any assessee receives any property (including securities) without consideration or for inadequate consideration in excess of INR 50,000 as compared to the fair market value, fair market value in excess of such consideration is taxable in the hands of the recipient as 'Income from Other Sources'. The tax rates are subject to availability of benefits under the Tax Treaty, if any in case of non-resident assessee.

The CBDT has notified rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the ITA.

The provision of section 56(2)(x) of the ITA does not apply to any sum of money or any property received by such class of persons and subject to fulfilment of conditions as may be prescribed.

Such deemed income is chargeable to tax (i) at the rate of 30% in case of resident Investors (assuming highest slab rate for resident individual) (ii) at the rate of 40% in case of foreign companies and (iii) at the rate of 30% in case of non-resident (assuming highest slab rate for non-resident individual).

The above rates would be subject to availability of benefits under the Tax Treaty, if any in case of non-resident assessee.

In the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2021-22, the tax rate is 25%. Furthermore, domestic companies have the option to pay tax on total income at the rate of 15% or 22% depending on fulfilment of certain conditions and their nature of business.

Per section 115BAC in the ITA, Individuals and HUF have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions. Per the Finance Act, the Alternative Tax Regime under section 115BAC of the ITA is now a Default Tax Regime. Further, the Finance Act has inserted that the provisions of section 115BAC of the Act shall also be applicable to AOP [other than a cooperative society], or BOI, whether incorporated or not, or an artificial juridical person referred to in clause (vii) of section 2(31) of the ITA.

#### **8.19 Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting**

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

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

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

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

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

All the covered tax treaties which India has entered into are required to incorporate Principal Purposes Test (“PPT”) as a mandatory minimum standard. PPT rule provides that no benefit under the tax treaty shall be granted if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit (unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the tax treaty). Further, the CBDT has issued a circular on 21 January 2025, providing guidance on the application of PPT in tax treaties with India, under certain scenarios.

## 8.20 **Minimum Alternate Tax**

Per the ITA, if the income-tax payable on total income by any company is less than 15% (excluding applicable surcharge and health and education cess) of its book profits, the company is required to pay MAT at 15% of such book profits (excluding applicable surcharge and health and education cess). Further, MAT provisions are not applicable to a foreign company if such company is a resident of a country or a specified territory with which India has a Tax Treaty and the company does not have a permanent establishment in India. Also, MAT provisions are not applicable if the company is a resident of a country or a specified territory with which India does not have a Tax Treaty, but the company is not required to seek registration under any law in relation to companies.

Further, the MAT credit is allowed to be carried forward up to 15 assessment years. The Finance Act, 2017, has introduced the framework for computation of book profit for IndAS compliant companies in the year of adoption and thereafter.

In case where the domestic company opts to be taxed as per the rates and manner prescribed under section 115BAA and section 115BAB of the ITA, then MAT provisions does not apply to such domestic companies. Also, MAT credit (if any) is not allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above.

#### 8.21 **Alternate Minimum Tax**

The ITA provides for levy of Alternate Minimum Tax ('AMT') under Section 115JC, on non-corporate assessee having adjusted total income exceeding INR 20 lakhs. If the tax payable as per section 115JC at 18.5% [9% in case of unit based in IFSC Gift city and 15% in case of co-operative society] (plus applicable surcharge and health and education cess) of the adjusted total income exceeds the regular income-tax payable, then the assessee is liable to pay AMT. Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs. The provisions of AMT are applicable to non-corporate beneficiaries, that have claimed a deduction under any section (other than section 80P) included in Chapter VI A under the heading "C.- Deductions in respect of certain incomes", or section 10AA; or section 35AD of the ITA.

The Finance Act, 2020 has provided that assessee opting for lower tax regime u/s 115BAC will not be required to pay AMT. Further, the provisions regarding AMT credit will also not apply to assessee opting for this section.

#### 8.22 **Bonus stripping**

Vide Finance Act, 2022, applicability of section 94(8) of the Act (commonly known as bonus stripping) has been extended to securities (including shares) as well, which provides that where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of 9 (nine) months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the 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 units as are held by him on the date of sale or transfer of original units.

#### 8.23 **Income stripping**

As per Section 94(1) of the ITA, where any person owning securities sells or transfers the same or similar securities and buys back or reacquires those securities and the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by such owner, the said interest payable, whether it would or would not have been chargeable to income tax apart from the provisions of Section 94(1) of the ITA, would be deemed to be the income of the owner of the securities and not to be the income of any other person subject to certain specified conditions.

As per Section 94(2) of the ITA, where any person has had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no

income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.

#### 8.24 **General Anti Avoidance Rule (“GAAR”)**

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

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

In such cases, the tax authorities are empowered to reallocate the income from such arrangement or re-characterise or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or re-characterizing any step of the arrangement or party to the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Reallocating and re-characterizing equity into debt, capital into revenue, etc.
- Disregarding or treating any accommodating party and other party as one and the same person; or
- Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply have been enumerated in Rules 10U to 10UC of the IT Rules. The IT Rules provide that GAAR should not be invoked if the tax benefit in the relevant year does not exceed INR 30 million.

On January 27, 2017, the CBDT has issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause (“LOB”) in a Tax Treaty, GAAR should not be invoked.

- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 30 million cannot be read in respect of a single taxpayer only.

## 8.25 Goods and Service Tax

From July 1, 2017 onwards, India has introduced Goods and Service Tax ('GST'). Post introduction of GST, many Indirect tax levies (including service tax) have been subsumed and GST should be applicable on services provided by the Portfolio Manager. GST rate on such services is currently 18%.

## 8.26 FATCA Guidelines

According to the Inter-Governmental Agreement read with the United States Foreign Account Tax Compliance Act ('FATCA') provisions, certain financial institutions in India are required to report tax information about US account holders to the Indian Government. Along with FATCA, India is one amongst the various countries which has signed up for the implementation of Common Reporting Standards ('CRS') under the Automatic Exchange of Information mechanism which requires Indian financial institutions to report tax information about other jurisdiction account holders. The Indian Government has enacted rules relating to FATCA reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

- the name, address, tax residency, nationality, taxpayer identification number TIN (assigned in the country of residence) and date and place of birth DOB, POB, Gender (in the case of an individual);
- where an entity has one or more controlling persons that are reportable persons:
- the name and address of the entity, TIN assigned to the entity by the country of its residence; and
- the name, address, tax residency, nationality, DOB, POB, Gender of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- account number (or functional equivalent in the absence of an account number);
- account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;
- the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.
- in case of any account held by a non-participating financial institution ('NPF'), for the calendar years 2015 and 2016, the name of NPF and aggregate amount of such payments.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts.

Further, if a person who is required to furnish the statement under section 285BA provides inaccurate information in the statement, and where –

(a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or

(b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or

(c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA, then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees

Further, the Finance Act, 2023 has inserted a new sub-section (2) in the section 271FAA of the ITA which provide that if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, the prescribed income-tax authority shall direct that the reporting financial institutions shall in addition to the penalty of fifty thousand rupees (as mentioned above), pay a sum of five thousand rupees for every inaccurate reportable account and the reporting financial institution shall be entitled to recover the amount so paid on behalf of the account holder or retain out of any moneys that may be in its possession or may come to it from every such reportable account holder.

This summary on Indian tax matters contained herein is based on existing law as on the date of this memorandum. No assurance can be given that future legislation, administrative rulings, or court decisions will not significantly modify the conclusions set forth in this summary, possibly with retroactive effect. In view of the nature of tax consequences, each Client is advised to consult their respective tax advisor with respect to the specific tax consequences to the Client arising from participation in the investment approaches. Clients are best advised to take independent opinion from their tax advisors/ experts for any income earned from such investments.

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

9. **Accounting policies**

9.1 **Basis of Financial Statements:**

- (a) Financial statement of the Client under Portfolio Management Services shall be prepared and maintained as per the accrual basis of accounting under historical cost convention.
- (b) Maintain a separate Portfolio record in the name of the Client to account for the Assets of the Client and any receipts, income and expenses in connection therewith as provided under the SEBI (Portfolio Managers) Regulations, 2020.
- (c) For every Client Portfolio, keep and maintain proper books of accounts, records and documents, for the Client, so as to explain its transactions and to disclose at any point of time the financial position of the Client Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.

9.2 **Investments and its valuation:**

- (a) Investments:
  - (i) Investments introduced by the Client in his Portfolio will be booked at the market value as of the date of introduction to the portfolio.
  - (ii) 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.
  - (iii) Transactions for the 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 same year.
  - (iv) Bonus shares to which the Client becomes entitled shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an exbonus basis.
  - (v) Rights entitlement shall be recognised only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
  - (vi) The cost of investments acquired or purchased shall include brokerage, service tax, securities transaction tax, stamp duty and any other charges customarily included in the broker's contract note.

9.3 **Valuation of Investments:**

- (a) Market Securities: On the basis of closing market rates on the National Stock Exchange ("NSE") as on the relevant valuation date. If the Security is not listed on the NSE, latest available quote within a period of thirty days prior to the valuation date on any other major stock exchange where the Security may be

listed would be considered. In the event of this date being a holiday at the exchange, the rates as on the immediately preceding trading day shall be adopted. If no such quote is available, the security may be considered as non-traded.

- (b) Mutual Fund: Investments in units of Mutual Funds shall be valued at the repurchase price or the NAV published by the Mutual Fund Houses on the date of the report. Where no NAV is published for a particular day, the last working day's published NAV will be taken for valuation purpose.
- (c) Government securities shall be valued at the prices released by an agency recommended by AMFI. Government securities, where prices are not available, shall be valued at yield to maturity based on the prevailing interest rates as per the yield curve.
- (d) Derivatives shall be valued at settlement price declared by NSE on the valuation date.
- (e) Private equity/ Pre-IPO placements will be valued at cost or at an available last deal price at
- (f) which the company has placed similar securities to other investors.
- (g) Unrealised gain / losses are the difference, between the current market value/ Net Asset Value and the historical cost of the securities.
- (h) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting, if the same is mutually agreed between them.

#### 9.4 **Income Recognition:**

- (a) For Dividend Income:  
Dividend income earned by a Client shall be recognised, not on the date the dividend is declared, but on the date the shares are quoted on an ex-dividend basis. For investments which are not quoted on a stock exchange, dividend income shall be recognised on the date of actual receipt.
- (b) For Interest Income:
  - (i) 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 up to the date of purchase shall not be treated as a cost of purchase but shall be debited to the 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.
  - (ii) In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment. All other income & expenses shall be accounted on accrual basis.

## **10. Investor services**

**10.1** Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints is:

Name: Mr. Ranjit Parmar

Address: 4th Floor, Property Number B-19-347, Village Taraf Karabara, Firozpur Road, Westside Mall, Opposite Feroze Gandhi Market, Bharat Nagar, Ludhiana, Punjab, India, 141001

Phone: 0161-4155000

Email: [pms@myfindoc.com](mailto:pms@myfindoc.com)

### **10.2 Grievance redressal and dispute settlement mechanism**

All disputes, differences, claims and questions whatsoever which shall arise either during the subsistence of the agreement with a Client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising 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 Ludhiana and be conducted in English language.

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

SEBI Scores Link wherein you can lodge your complaint against Intermediary:  
<http://scores.sebi.gov.in/>

## **11. Details of the diversification policy of the Portfolio Manager**

The Portfolio Manager aims to provide optimal diversification based on the investment strategy of the investment approach, to minimize the concentration risk in the Client Portfolio.

Further, the investments made by the Portfolio Manager into associate/related parties of the Portfolio Manager shall be with prior consent of the Investor and in accordance to the SEBI circular SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38 dated March 20, 2023 or as notified by SEBI from time to time.

**12. Client Representation**

1. Details of the active Client accounts

Findoc Investmart Private Limited received registration as Portfolio Manager on October 11, 2024 and initiated its first portfolio from 15<sup>th</sup> April 2025 (deployment of funds from 25<sup>th</sup> April, 2025) and hence data for preceding year is not available.

**(a) Details of the portfolios managed for related parties**

Not Applicable

**(b) Details of the fees charged to related parties for management of their portfolio**

Not Applicable

### **13. Financial Performance of Portfolio Manager**

Financial Performance of Findoc Investmart Private Limited for last three years is as follow:

(Rs. in Cr)

<b>Year ended</b>	<b>Paid-up capital</b>	<b>Income</b>	<b>Expenditure</b>	<b>Profit/ (Loss) after tax</b>
<b>March 2025</b>	12.90	360.95	341.15	19.79
<b>March 2024</b>	12.90	379.43	218.28	123.73
<b>March 2023</b>	12.90	312.65	181.83	95.99

**14. The Findoc Investmart Private Limited received registration as Portfolio Manager on October 11, 2024 and initiated its first portfolio from 15-04-2025 and hence data for the preceding year is not available. Performance of Portfolio Manager**

Findoc Investmart Private Limited has applied to SEBI for registration as a Portfolio Manager on 12-08-2024 and has commenced operations after obtaining registration from SEBI (Registration No. INP000009056). Hence no performance track record for the Portfolio Manager is available.

**15. Audit Observations**

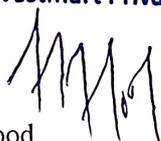
No observation has been made by the auditors in his report from last three financial years 2022-23, 2023-24 & 2024-25.

**16. Details of investment in securities of related parties of the Portfolio Manager**

Not applicable.

**For Findoc Investmart Private Limited**

**For Findoc Investmart Private Limited**



**Director**

Mr. Hemant Sood

**For Findoc Investmart Private Limited**



**Director**

Mr. Nitin Shahi

**Date: 11.03.2026**

**Place: Ludhiana**

**FORM C**

*Securities and Exchange Board of India (Co-investment Portfolio Managers) Regulations, 2020*

[Regulation 22]

**FINDOC INVESTMART PRIVATE LIMITED**

We confirm that:

- (i) the Disclosure Document (“Document”) forwarded to SEBI is in accordance with the SEBI (Co-investment Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time;
- (ii) the disclosures made in the Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment through the Co-investment Portfolio Manager;
- (iii) the Disclosure Document has been duly certified by an independent Chartered Accountant, as on 11th March, 2026. The details of the Chartered Accountants are as follows:

**Name:** Aggarwal Abhishek & Associates

**Address:** B-34, 3421, Shakti Vihar, Near Buriwala Gurdwara, Haibowal Kalan, Ludhiana

FRN 035544N

M. No.551495

**Email ID:** [ca.abhishek1993@gmail.com](mailto:ca.abhishek1993@gmail.com)

*(enclosed is a copy of the Chartered Accountants’ certificate to the effect that the disclosures made in the Document are true, fair and adequate to enable the investors to make a well informed decision).*



**For and on behalf of FINDOC INVESTMART PRIVATE LIMITED**

Date: 11th March 2026

Signature of the Principal Officer: \_\_\_\_\_

Place: Ludhiana

To,

The Compliance Head,  
Findoc Investmart Private Limited  
4th Floor, Property Number B-19-347,  
Village Taraf Karabara, Firozpur Road, Westside Mall,  
Opposite Feroze Gandhi Market,  
Ludhiana, Punjab, India, 141001

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

We have been requested by Findoc Investmart Private Limited (“the Company”), having its registered office at 1210 to 1213A, Exchange Plaza, Near Mercury Hotel , Opposite WTC Tower, GIFT City, GANDHINAGAR, GUJARAT, 382355 and holding SEBI Registration No. INP000009056, to issue this certificate in respect of the Disclosure Document dated January 30, 2026 (“Disclosure Document”) prepared in accordance with Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 (“the Regulations”).

### **Management’s Responsibility**

The preparation of the Disclosure Document and compliance with the provisions of the Regulations are the responsibility of the management of the Company. This includes the maintenance of relevant records and the accuracy and completeness of the information contained in the Disclosure Document.

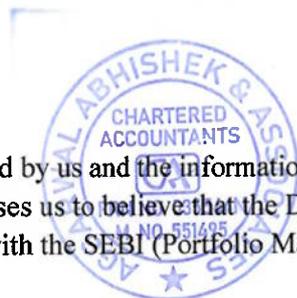
### **Our Responsibility**

Our responsibility is limited to issuing this certificate based on the procedures performed by us. We have not carried out an audit or review, and accordingly, we do not express any opinion or assurance on the Disclosure Document or the information contained therein.

For the purpose of this certificate, we have performed such procedures as considered necessary to verify whether the Disclosure Document is prepared in accordance with the applicable provisions of the Regulations. We have relied on information, explanations, and representations provided by the management of the Company.

### **Conclusion**

Based on the procedures performed by us and the information and explanations provided to us, nothing has come to our attention that causes us to believe that the Disclosure Document is not prepared, in all material respects, in accordance with the SEBI (Portfolio Managers) Regulations, 2020.



# AGGARWAL ABHISHEK & ASSOCIATES



**CHARTERED ACCOUNTANTS**

B-34, 3421, Shakti Vihar, Near Bhuriwala Gurudwara,

Haibowal Kalan, Ludhiana - 141001

Mobile: +91-78142-44772

E-mail: ca.abhishek1993@gmail.com

## Restriction on Use

This certificate is issued solely for the purpose of compliance with Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 and should not be used or relied upon for any other purpose or by any other person without our prior written consent.

**For AGGARWAL ABHISHEK & ASSOCIATES  
Chartered Accountants**

**F.R.N.: 035544N**

**Date: 11.03.2026**

**Place: Ludhiana**



**CA. Abhishek Aggarwal  
M.No. 551495**

**UDIN: 26551495DAKNWY6232**

INDIA