

FIDENT ASSET MANAGEMENT PRIVATE LIMITED

DISCLOSURE DOCUMENT

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

I. Declaration:

- a) The Disclosure Document (hereinafter referred as the “**Document**”) has been filed with Securities and Exchange Board of India (“**SEBI**”) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 (“**Regulations**”).
- b) The purpose of the Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making informed decision for engaging “**Fident Asset Management Private Limited**” (hereinafter referred as the “**Portfolio Manager**”) as the portfolio manager.
- c) The Document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the Document for future reference.
- d) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager is as follows:

PRINCIPAL OFFICER	PORTFOLIO MANAGER
Name : Mr. Aishvarya Dadheech	Fident Asset Management Private Limited
Phone : +91 98191 97479	Registered Address: Unit 318, Lodha Supremus, Road No. 11, Off Mahakali Caves Road, Chakala MIDC, Andheri East, Mumbai – 400093, Maharashtra, India
E-Mail : aishvarya@fident.in	

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III. Contents:

1. Disclaimer

- a) Particulars of this Document have been prepared in accordance with the Regulations as amended till date and filed with SEBI.
- b) This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

2. Definitions

In this Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

- (a) **Accredited Investor:** has the meaning as defined under the Regulations.
- (b) **Agreement:** means the portfolio management services agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.
- (c) **Applicable Laws:** means any applicable Indian statute, law, ordinance, regulation including the Regulations, circular, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force from time to time.
- (d) **Capital Contribution:** means the sum of money or Securities or combination thereof, contributed by the Client for investments in accordance with the terms of the Agreement from time to time during the Term.
- (e) **Chartered Accountant:** means a Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.
- (f) **Client / Investor:** means such person(s) including Accredited Investors / Large Value Accredited Investor whose money or Portfolio is advised or directed or managed by the Portfolio Manager and is specified in Schedule I of the Agreement.
- (g) **Disclosure Document or Document:** means this document filed by the Portfolio Manager with SEBI and issued to the Client as required under the Regulations and as may be amended by the Portfolio Manager from time to time.
- (h) **Exit Load:** means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

- (i) **Investment Approach:** is a broad outlay of the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and Securities and includes any of the current investment approach or such investment approach that may be introduced by the Portfolio Manager, from time to time.
- (j) **Large Value Accredited Investor:** means an Accredited Investor who has entered into an Agreement with the Portfolio Manager for a minimum investment amount of INR 10 Crore (Indian Rupees Ten Crore) and/or such amount as may be prescribed under the Applicable Laws.
- (k) **Management Fee:** means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.
- (l) **Performance Fee:** means the performance linked fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.
- (m) **Portfolio or Client Portfolio:** means the total holdings of Securities and goods belonging to the Client in accordance with the Agreement.
- (n) **Portfolio Entity:** means companies, enterprises, bodies corporate, or any other entities in the Securities of which the monies from the Client Portfolio are invested subject to Applicable Laws.
- (o) **Portfolio Investments:** means investments in Securities of one or more Portfolio Entity/ies made by the Portfolio Manager on behalf of the Client under the PMS from time to time.
- (p) **Portfolio Manager:** means Fident Asset Management Private Limited, a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at Unit 318, Lodha Supremus, Road No. 11, Off Mahakali Caves Road, Chakala MIDC, Andheri East, Mumbai – 400093, Maharashtra, India which pursuant to a contract or arrangement with a Client/Investor, advises or directs or undertakes on behalf of the Client/Investor (whether as a discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the Client/Investor, as the case may be.
- (q) **Principal Officer:** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:
 - (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
 - (ii) all other operations of the Portfolio Manager.
- (r) **PMS:** means the portfolio management services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement, this Document and subject to Applicable Laws.

- (s) **PML Laws:** means the Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time.
- (t) **Regulations:** means the SEBI (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.
- (u) **Securities:** shall mean and include securities listed or traded on a recognized stock exchange, money market instruments including commercial paper, trade bill, treasury bills, certificate of deposit and usance bills, units of mutual funds or other securities permitted under the Regulations.
- (v) **SEBI:** shall mean the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- (w) **Term:** means the term of the Agreement as reflected in the respective Agreement entered with the Client by the Portfolio Manager.

Any term used in this Document but not defined herein (but defined in the Regulations) shall have the same meaning as assigned to them in the Regulations.

3. Description

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

The Portfolio Manager is a company incorporated under the provisions of the Companies Act, 2013 on June 23, 2023 at Mumbai. It has a portfolio manager license (registration number INP000008482) to offer discretionary portfolio management services, non-discretionary portfolio management services, and advisory services to high net-worth individuals (HNIs), institutional clients, corporates, Accredited Investors, Large Value Accredited Investors and other permissible class of investors.

The net worth of Portfolio Manager as on [30/01/2025] is [Rs. 5,23,03,284/-].

(ii) Promoters of the Portfolio Manager, directors and their background

(a) Aishvarya Dadheech, *Director*

Mr. Aishvarya Dadheech has over 17 years of experience in the financial sector. He is a qualified chartered accountant and holds CFA charter from the CFA Institute, USA. He has completed his Post Graduate Diploma in Business Management from Bharathi Institute of Management. He is the founder of Fident Asset Management Private Limited.

Prior to founding Fident Asset Management, he was associated with Ambit Investment Advisors Private Limited from April 2017 to May 2023 as an Equity Fund Manager of Ambit's PMS strategy where he was responsible for managing Ambit Good & Clean

MidCap Fund, Emerging Giants portfolio, and TenX portfolios. In 2020, Ambit Good & Clean Midcap Portfolio was awarded the best performing midcap funds on risk adjusted basis by PMS-AIF in collaboration with IIM-Ahmedabad. Before taking up the responsibility of overseeing the Ambit PMS funds, Aishvarya ran the equity proprietor book of Ambit for almost a year. He actively contributed to the investment committee and played a key role in overseeing the investment strategies in other PMS products, such as the Coffee Can Portfolio.

He worked at Reliance Nippon Life Insurance Company Limited from July 2010 to March 2017 as an Equity Fund Manager, where he managed the equity portfolio of the company's traditional funds which accounted for an approximate total asset size of \$200 million. His key responsibilities included generating investment ideas and diligently monitoring existing investments to ensure optimal performance. He was an integral part of the investment team that managed a substantial asset under management amounting to \$2.5 billion, out of which \$1.1 billion was in the equity domain. At Reliance Nippon Life Insurance, he also managed a passive index fund, which amounted to \$110 million. Further, during his stint in Reliance Insurance, he actively engaged with various decision-making bodies, such as the investment committee, executive council, and asset liability management committee, where he presented the funds' performance and investment strategies. In 2014, Aishvarya was honoured with the prestigious "Best Investment Resource Award" for Reliance Nippon Life Insurance. He worked at Crisil Limited from June 2007 to July 2010 as an equity/credit research analyst where he was responsible for undertaking equity research (sell side) of Indian mid-cap companies across sectors and authoring credit reports on financial institutions, mainly insurance, banks, NBFC's, asset management, hedge fund and other sovereign and sub sovereign fund.

(b) Bhavin Jatania, Director

Bhavin has over 18 years of experience across asset and wealth management, advisory and distribution. He has worked across diverse areas such as product structuring, asset allocation, investment advisory, strategy and business development. Prior to founding Fident, Bhavin was part of the start up team at 360 One Asset Management. During his 7 year stint at 360 One asset, he worked on product innovation, structuring, strategy and business development across multiple asset classes and platforms across including AIFs, PMS, and mutual funds. Prior to joining 360 One Asset, Bhavin spent more than a decade working across wealth management and advisory at IDFC Bank, Edelweiss wealth management and ICICI Bank. Bhavin holds a Post Graduate Diploma in Business Management from MDI, Gurgaon, and is a CFA Level III candidate.

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

The Portfolio Manager does not have any group companies.

(iv) Details of the services being offered: Discretionary, Non-Discretionary and Advisory

The Portfolio Manager proposes to carry-on discretionary portfolio management services and if opportunity arises it also proposes to render non-discretionary portfolio management services and advisory services.

The key features of all the said services are provided as follows:

(a) Discretionary Services:

Under the discretionary PMS, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested/divested by the Portfolio Manager for Clients may differ from Client to Client. In case of Large Value Accredited Investors, the Portfolio Manager may invest up to 100% of the assets under management of such Investors in unlisted securities, subject to the terms of the Agreement executed. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time except on the ground of fraud, malafide intent, conflict of interest (other than those already disclosed in the Agreement) or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Applicable Laws. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients in accordance with the Agreement and the Regulations.

(b) Non - Discretionary Services:

Under the non-discretionary PMS, the assets of the Client are managed in consultation with the Client. Under this service, the assets are managed as per the requirements of the Client after due consultation with the Client. The Client has complete discretion to decide on the investment (quantity and price or amount). The Portfolio Manager, *inter alia*, manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client. In case of Large Value Accredited Investors, the Portfolio Manager may invest up to 100% of the assets under management of such Investors in unlisted securities.

(c) Advisory Services:

The Portfolio Manager may provide investment advisory services, in terms of the Regulations, which shall include the responsibility of advising on the Portfolio, Investment Approach and investment and divestment of individual Securities on the Client Portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk to all eligible category of Investors. The Portfolio Manager shall be solely acting as an advisor to the Client Portfolio and shall not be responsible for the investment/divestment of Securities and/or any administrative activities on the Client Portfolio. 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. In case of Large Value Accredited Investors, the Portfolio Manager may advice to invest up to 100% of the assets under management of such Investors in unlisted securities.

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.

Direct onboarding: Investors have the option to avail the portfolio management services directly from the Portfolio Manager. Details of our direct offering are available on our website as well.

Clients can onboard with the Portfolio Manager directly by contacting us on our investor desk mail id - investorrelations@fident.in

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

- i. All cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act or rules or regulations made thereunder.

None.

- ii. The nature of the penalty/direction.

None.

- iii. Penalties/fines imposed for any economic offence and/ or for violation of any securities laws.

None.

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

None.

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

None.

- vi. Any enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the SEBI Act or rules or regulations made thereunder.

None.

5. Services Offered

- (i) The present investment objectives and policies including the types of securities in which it generally invests:**

(a) Investment Objective

The investment objective of the Portfolio Manager is to offer portfolio management services and advisory services, where it will have the sole and absolute discretion to deploy assets across Securities as per the Agreement. This may include decisions to buy and sell

Securities, reshuffling portfolio holdings, keeping safe custody of the securities and monitoring book closures and corporate actions so that the due benefits accrue to the Client Portfolio, for an agreed fee structure and for a definite time frame as clearly defined, entirely at the Client's risk. The portfolio of a Client may differ from that of another Client investing in the same Investment Approach as per the discretion of the Portfolio Manager.

The Portfolio Manager shall not accept Capital Contribution of less than INR 50,00,000 (Indian Rupees Fifty Lakh) from the Client and/or such other amount as may be prescribed under the Regulations. In case of Large Value Accredited Investor, the minimum Capital Contribution shall be INR 10 crore (Indian Rupees Ten Crore) or any other amount as specified under the Applicable Laws. The minimum Capital Contribution per Client shall be applicable for new Clients. However, the said minimum Capital Contribution shall not be applicable to Accredited Investors and shall be as agreed with the Portfolio Manager.

Under discretionary and non-discretionary service, the Portfolio-Manager may invest in various portfolios with different terms and conditions from time to time. Discretionary and Non-discretionary services are being offered under various strategies with various terms and conditions.

(b) Type of securities in which Portfolio Manager will invest

The Portfolio Manager may invest Capital Contributions in Securities and any other permissible securities/instruments/products as per the Applicable Laws, in such manner and through such markets as it may deem fit in the interest of the Client. The investment in Securities shall primarily comprise of:

- listed equity and preference shares of Indian companies,
- listed debentures, bonds and secured premium notes, including tax exempt bonds of Indian companies and corporations;
- units and other instruments of mutual funds or ETFs;
- listed InVITs and REITs;
- money market instruments such as government securities, commercial papers, trade bill, treasury bills, certificate of deposit and usance bill;
- listed options, futures, swaps and such other derivatives as may be permitted from time to time;
- unlisted securities;
- such other securities/instruments as specific by SEBI from time to time.

Under the non-discretionary PMS, the Capital Contribution shall be invested in listed and/or unlisted securities (provided that investment in unlisted securities shall not exceed 25% (twenty-five percent) of the assets under management of such Client) and managed in consultation with the Client. In case of Large Value Accredited Investors, the Portfolio Manager may advice to invest up to 100% of the assets under management of such Investors in unlisted securities.

Following limits shall be followed with respect to investment in debt and hybrid securities:

- i) Portfolio Managers shall not invest Clients' funds in unrated securities of associate companies / related parties.
- ii) Under Discretionary Portfolio Management Services, no investment shall be made in below investment grade securities.
- iii) Under Non-Discretionary Portfolio Management Services, no investment shall be made in below investment grade listed securities. However, Portfolio Manager may invest upto 10% of Client's asset under management in unlisted unrated debt and hybrid securities of issuers other than associate companies / related parties.
Such investment in unlisted, unrated debt and hybrid securities shall be within maximum limit of 25% (twenty-five per cent) for investment in unlisted securities as stated under reg.24 (4) of the Regulations.
- iv) Investments of Clients' funds shall be basis credit rating as may be specified by SEBI from time to time.

All investments in debt & hybrid securities under all the strategies mentioned herein shall be in compliance with the aforementioned provisions and SEBI circulars issued in this regard from time to time.

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, addenda thereof, other documents and communications in writing and emails duly authenticated and exchanged between the Client and Portfolio Manager.

(ii) Investment Approach of the Portfolio Manager

Please refer to **Annexure I** for more details.

(iii) The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/guidelines.

Not Applicable.

6. Risk factors

General Risk:

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.
- The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only on December 14, 2023. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich individual experience.

- Without prejudice to the above, the past performance of the Portfolio Manager does not indicate its future performance.
- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- The Client Portfolio may be affected by settlement periods and transfer procedures.
- The PMS is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single Portfolio Entity/ies. The performance of the Client Portfolio would depend on the performance of such companies/industries/sectors of the economy.
- There are no transactions of purchase and/or sale of securities by Portfolio Manager and employees who are directly involved in investment operations that conflicts with transactions in any of the Client Portfolio, as the Portfolio Manager has not commenced any operations under portfolio management services.
- The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local / international markets and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change / technology updates / obsolescence of technology would affect the investments made by the Portfolio Manager.

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

Risks associated with investments in equity and equity linked securities

- Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- The value of the Client Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws or policies of any

appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.

- Client may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

Risks associated with investments in fixed income securities/products

Some of the common risks associated with investments in fixed income and money market securities are mentioned below. These risks include but are not restricted to:

- **Interest Rate Risk:** As with all debt securities, changes in interest rates affects the valuation of the portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the valuation of portfolios.
- **Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.
- **Credit Risk:** Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. risk that the issuer will be unable to make timely principal and interest payments on the security). Due to this risk, debentures are sold at a yield spread above those offered on treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.
- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Rating Risk:** Different types of debt securities in which the Client invests, may carry different levels and types of risk. Accordingly, the risk may increase or decrease depending upon its investment pattern, for instance corporate bonds carry a higher amount of risk than government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively riskier than bonds, which are AAA rated.
- **Price Volatility Risk:** Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the

creditworthiness of the issuer, among others (market risk). The market for these Securities may be less liquid than that for other higher rated or more widely followed Securities.

Investment and Liquidity Risks: There may be no active secondary market for investments of the kind the Portfolio Manager may make for the Client Portfolio. There are a variety of methods by which unlisted investments may be realized, such as the sale of investments on or after listing, or the sale or assignment of investments to joint-venture partners or to third parties subject to relevant approvals. However, there can be no guarantee that such realizations shall be achieved, and the Portfolio's investments may remain illiquid.

Since the Portfolio Manager may only make a limited number of investments, poor performance by one or a few of the investments could severely adversely affect the total returns of the PMS.

Identification of Appropriate Investments: The success of the PMS as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

Management and Operational risks

Reliance on the Portfolio Manager

- The success of the PMS will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of portfolio entities and the structuring of investments. Furthermore, the team members of the Portfolio Manager may change from time to time. The Portfolio Manager relies on one or more key personnel and any change/removal of such key personnel may have material adverse effect on the returns of the Client.
- The investment decisions made by the Portfolio Manager may not always be profitable.
- Investments made by the Portfolio Manager are subject to risks arising from the investment objectives, Investment Approach, investment strategy and asset allocation.

Exit Load: Client may have to pay a high Exit Load to withdraw the funds/Portfolio (as stipulated in the Agreement with the Client). In addition, they may be restricted / prohibited from transferring any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

No Guarantee: Investments in Securities are subject to market risks and the Portfolio Manager does not in any manner whatsoever assure or guarantee that the objectives will be achieved. Further, the value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as delisting of Securities, market closure, relatively

small number of scrips accounting for large proportion of trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.

Ongoing risk profiling risk: The Client would be subject to ongoing risk profiling in accordance with the Regulation. If in case during such ongoing risk profiling, it is found that the Client is not suitable for the investments in Securities or doesn't have risk appetite, the Portfolio Manager may terminate the Agreement with the Client.

India-related Risks

Political, economic and social risks: Political instability or changes in the government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. The Portfolio Entity's business may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the government's economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions, prices and yields of the Portfolio Entity/ies.

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

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

Legal and Tax risks:

Tax risks: Clients/ Investors are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the Client Portfolio are subject to change, and tax liabilities could be incurred by the Clients/ Investors as a result of such change. The government of India, state governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Entities. The tax consequences of an investment in the Portfolio Entities are complex, and the full tax impact of an investment in the Portfolio Entities will depend on circumstances particular to each Client/ Investor. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by Client as a result of such changes. 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 Client/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.

Bankruptcy of Portfolio Entity: Various laws enacted for the protection of creditors may operate to the detriment of the PMS if it is a creditor of a Portfolio Entity that experience financial difficulty. For example, if a Portfolio Entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the Portfolio Investment to other creditors. If the PMS/Client holds equity securities in any Portfolio Entity that becomes insolvent or bankrupt, the risk of subordination of the PMS's/Client's claim increases.

Change in Regulation: Any change in the Regulation and/or other Applicable Laws or any new direction of SEBI may adversely impact the operation of the PMS.

Risk pertaining to Investments

Investment in Securities/Instruments

- The Client Portfolio may comprise of investment in unlisted securities, fixed income securities, debt securities/products and in case of such securities, the Portfolio Manager's ability to protect the investment or seek returns or liquidity may be limited.
- In case of in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Client Portfolio, the same could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the agreement with Portfolio Entities. If an in-specie distribution is received by the Client from the Portfolio Manager, the Client may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.
- Some of the Portfolio Entities in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the Portfolio Entity for such period as may be prescribed under the Applicable

Law, or there may be certain investments made by the Portfolio Manager which are subject to a statutory period of non-disposal or there may not be enough market liquidity in the security to effect a sale and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.

- The Client Portfolio may be invested in listed securities and as such may be subject to the market risk associated with the vagaries of the capital market.

The Portfolio Manager may also invest in portfolio entity/ies which are investment vehicles like mutual funds/trusts. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance. Provided investments in mutual funds shall be through direct plans only.

7. Client Representation:

- (i) The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a certificate of registration to function as a portfolio manager only on December 14, 2023 and therefore has no record of representing any persons/entities in the capacity of a portfolio manager.
- (ii) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.

Nil

8. The Financial Performance of Portfolio Manager (based on audited financial statements)

Since the Portfolio Manager is a newly incorporated company there is no record of financial performance. Accordingly, the same is not applicable.

9. Performance of the Portfolio Manager

The Portfolio Manager has no previous experience/track record in the field of portfolio management services. Accordingly, the same is not applicable.

10. Audit Observations for preceding three years

Since the Portfolio Manager is a newly incorporated company there are no audit observations for preceding three years.

11. Nature of expenses

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

i. Management Fee:

The Management Fee relates to the portfolio management services offered to the Clients. The Management Fee shall be upto 2.5% (two point five percent) p.a. of the quantum of the funds being managed, as agreed in the Agreement. The Management Fee excludes all indirect taxes as applicable.

ii. Advisory fees:

The advisory fees relates to the advisory services offered by the Portfolio Manager to the Client. The advisory fee shall be upto 2.5% (two point five percent) p.a. of the quantum of the funds being advised as agreed in the Agreement. The fees shall be exclusive of indirect taxes, if any.

iii. Performance Fee:

The Performance Fee relates to the share of profits charged by the Portfolio Manager, subject to hurdle rate and high water mark principle as per the details provided in the Agreement. The Performance Fee shall be upto 20% (twenty percent) of the return over and above a hurdle rate as prescribed for each Investment Approach which shall be charged annually and/or upon withdrawal of funds by the Client whichever is higher, on high water mark basis.

iv. Exit Load:

The Portfolio Manager may charge early withdrawal fee upto 3% (three percent) of the value of Portfolio redeemed as per the terms and conditions of a particular Investment Approach as agreed in the Agreement.

In case of Large Value Accredited Investors, the quantum and manner of Exit Load applicable to such Large Value Accredited Investor shall be as per the Agreement.

v. Certification and 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, at actuals.

vi. Other fees and expenses:

The Portfolio Manager may incur the following expenses which shall be charged on actuals to the Client:

- (a) Custodian/Depository Fees: The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units,

dematerialization, rematerialisation and other charges in connection with the operation and management of the depository accounts.

- (b) Registrar and transfer agent fee: Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.
- (c) Brokerage and transaction costs: The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.
- (d) Incidental Expenses: Charges in connection with the courier expenses, stamp duty, service tax, depository charges, postal, telegraphic, opening and operation of bank accounts etc.
- (e) Transaction expenses including, but not limited to, statutory fees, documentation charges, statutory levies, stamp duty, registration charges, commissions, charges for transactions in Securities, fees for fund accounting, valuation charges, audit and verification fees, depository charges, and other similar or associated fees, charges and levies, legal fees, incidental expenses etc.;
- (f) Legal and statutory expenses including litigation expenses, if any, in relation to the Portfolio;
- (g) Statutory taxes and levies, if any, payable in connection with the Portfolio;
- (h) Valuation expenses, valuer fees, audit fees, levies and charges; and
- (i) All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above, whether agreed upon in the Agreement or not, arising out of or in the course of managing or operating the Portfolio.

Provided the Portfolio Manager shall not charge any up-front fees to the Client whether directly or indirectly. Notwithstanding the above, the Portfolio Manager may charge up-front costs and expenses so attributable to the Client in terms of the Agreement.

12. Taxation

The general information stated below is based on the general understanding of Direct Tax Laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Investor only vis-à-vis the investments made through the Portfolio Management Services of 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.

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. Implications of any judicial decisions/ double tax avoidance treaties etc.

are not explained herein. The Investor 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 individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Investor is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Portfolio Manager.

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 units.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the “**IT Act**”), the Income-tax Rules, 1962 (the “**IT Rules**”) and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year, and this summary reflects the amendments enacted in the Finance Act, 2020.

The Tax Rates for different Entities for the Financial Year 2024-25 (Assessment Year 2025-26) are as follows:

Company:

Foreign Company: Taxed at 40%

- a) *Surcharge*: The amount of income-tax shall be increased by a surcharge at the rate of 2% of such tax, where total income exceeds Rs. 10 million but not exceeding Rs. 100 million and at the rate of 5% of such tax, where total income exceeds Rs. 100 million. However, the surcharge shall be subject to marginal relief, which shall be as under:
 - i. Where income exceeds Rs. 10 million but not exceeding Rs. 100 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 10 million by more than the amount of income that exceeds Rs. 10 million.
 - ii. Where income exceeds Rs. 100 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 100 million by more than the amount of income that exceeds Rs. 100 million.
- b) *Health and Education Cess*: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

Minimum Alternate Tax (MAT)

A foreign company is liable to pay Minimum Alternate Tax where tax payable by it, on total income computed as per normal provisions of the Act, is less than 15% of 'book profit'. In such a case the 'book profit' is taken as the income of the company and it shall be liable to pay tax at the rate of 15% of such 'book profit'.

However, the provisions of MAT do not apply in case of foreign companies if it does not have permanent establishment (PE) in India or opts for presumptive taxation scheme of Section 44B, Section 44BB, Section 44BBA or Section 44BBB.

Domestic Company: Taxed at 30%. Different rates are, however, applicable in the following cases:
A domestic Company (where its total turnover or gross receipt in the previous year 2022-23 does not exceed Rs. 4000 Million) will be taxable at the rate of 25% for the Assessment Year 2025-26.

- a) *Surcharge:* The amount of income-tax shall be increased by a surcharge at the rate of 7% of such tax, where total income exceeds Rs. 10 million but not exceeding Rs. 100 million and at the rate of 12% of such tax, where total income exceeds Rs. 100 million. The surcharge shall be subject to marginal relief, which shall be as under:
 - i. Where income exceeds Rs. 10 million but not exceeding Rs. 100 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 10 million by more than the amount of income that exceeds Rs. 10 million.
 - ii. Where income exceeds Rs. 100 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 100 million by more than the amount of income that exceeds Rs. 100 million.
- b) *Health and Education Cess:* The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

Minimum Alternate Tax (MAT)

A domestic company is liable to pay Minimum Alternate Tax where tax payable by it, on total income computed as per normal provisions of the Act, is less than 15% of 'book profit'. In such a case the 'book profit' is taken as the income of the company and it shall be liable to pay tax at the rate of 15% of such 'book profit'.

However, MAT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange.

Special Tax rates applicable to a domestic company

The special Income-tax rates applicable in case of domestic companies are as follows:

Domestic Company	Income-tax rates
Where it opted for section 115BA	25%
Where it opted for section 115BAA	22%
Where it opted for section 115BAB	15%

- a) *Surcharge:* The rate of surcharge in case of a company opting for taxability under Section 115BAA or Section 115BAB shall be flat 10% irrespective of amount of total income.
- b) *Health and Education Cess:* The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

Minimum Alternate Tax (MAT)

The domestic company who has opted for special taxation regime under Section 115BAA & 115BAB is exempted from provision of MAT. However, no exemption is available in case where section 115BA has been opted.

FIRMS:

For the Assessment Year 2025-26, a partnership firm (including LLP) is taxable at 30%.

- a) *Surcharge:* The amount of income-tax shall be increased by a surcharge at the rate of 12% of such tax, where total income exceeds Rs. 10 million. However, the surcharge shall be subject to marginal relief (where income exceeds Rs. 10 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 10 million by more than the amount of income that exceeds Rs. 10 million).
- b) *Health and Education Cess:* The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge

Alternate Minimum Tax (AMT)

A partnership firm is liable to pay Alternative Minimum Tax where tax payable by it, on total income computed as per normal provisions of the Act, is less than 18.5% of 'adjusted total income'. In such a case the 'adjusted total income' is taken as the income of the firm and it shall be liable to pay tax at the rate of 18.5% of such 'adjusted total income'.

However, AMT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of an assessee other than a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange.

Individual, Hindu undivided families (HUF), AOPs, BOIs – The tax rates applicable to individuals are also applicable to a HUF, AOP, BOI or an artificial juridical person. The rates are as below:

Individuals <i>(Other than resident senior and super senior citizen)</i>	
Net Income Range	Rate of Income-tax Assessment Year 2025-26
Up to Rs. 0.25 million	-
Rs. 0.25 million to Rs. 0.50 million	5%
Rs. 0.50 million to Rs. 1 million	20%
Above Rs. 1 million	30%

Resident Senior Citizen <i>(Who is 60 years or more but less than 80 years at any time during the previous year)</i>	
Net Income Range	Rate of Income-tax Assessment Year 2025-26
Up to Rs. 0.30 million	-

Rs. 0.30 million to Rs. 0.50 million	5%
Rs. 0.50 million to Rs. 1 million	20%
Above Rs. 1 million	30%

Resident Super Senior Citizen <i>(Who is 80 years or more at any time during the previous year)</i>	
Net Income Range	Rate of Income-tax Assessment Year 2025-26
Up to Rs. 0.50 million	-
Rs. 0.50 million to Rs. 1 million	20%
Above Rs. 1 million	30%

Hindu Undivided Family (Including AOP, BOI and Artificial Juridical Person)

Net Income Range	Rate of Income-tax Assessment Year 2025-26
Up to Rs. 0.25 million	-
Rs. 0.25 million to Rs. 0.50 million	5%
Rs. 0.50 million to Rs. 1 million	20%
Above Rs. 1 million	30%

- a) *Surcharge*: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits: -

Range of Income	Rate of Income-tax Assessment Year 2025-26
Rs. 5 million to Rs. 10 million	10%
Rs. 10 million to Rs. 20 million	15%
Rs. 20 million to Rs. 50 million	25%
Above Rs. 50 million	37%

Note:

- 1) The enhanced surcharge of 25% & 37%, as the case may be, is not levied, on dividend income or income chargeable to tax under sections 111A, 112, 112A and 115AD(1)(b). Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.
- 2) The surcharge rate for AOP with all members as a company, shall be capped at 15%.
- 3) Marginal relief is available from surcharge in following manner-
 - i. in case where net income exceeds Rs. 5 million but does not exceed Rs. 10 million, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 5 million by more than the amount of income that exceeds Rs 5 million.
 - ii. in case where net income exceeds Rs. 10 million but does not exceed Rs. 20 million, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 10 million by more than the amount of income that exceeds Rs. 10 million.
 - iii. in case where net income exceeds Rs. 20 million but does not exceed Rs. 50 million, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax

- and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 20 million by more than the amount of income that exceeds Rs. 20 million.
- iv. in case where net income exceeds Rs. 50 million, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 50 million by more than the amount of income that exceeds Rs. 50 million.
- b) *Health and Education Cess*: Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

Note:

- 1) A resident individual (whose net income does not exceed Rs. 0.50 million) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.
- 2) If the total income of resident individual, who is opting for the new tax scheme under section 115BAC(1A), is up to Rs. 0.70 million, a higher rebate of Rs. 25,000 is allowed under section 87A. Such higher rebate is also subject to marginal relief (For Assessment Year 2025-26).

Alternate Minimum Tax (AMT)

An individual is liable to pay Alternate Minimum Tax where tax payable by him, on his total income computed as per normal provisions of the Act, is less than 18.5% of 'adjusted total income'. In such a case the 'adjusted total income' is taken as income of such individual and he shall be liable to pay tax at the rate of 18.5% of such 'adjusted total income'.

However, AMT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of an assessee other than a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange.

Special tax Rate for Individual and HUFs

The new tax regime is the default tax regime for the Individual or HUF. Further, the benefit of new tax regime has also extended to Association of Persons (AOP)/Body of Individuals (BOI) and Artificial Juridical Person (AJP). If one to opt-out from default new tax regime, he has to exercise the option under [Section 115BAC\(6\)](#).

The tax rates under the new tax regime are as under:

(a) For Assessment Year 2025-26:

<i>Net Income Range</i>	<i>Tax Rate</i>
Upto Rs. 0.30 million	Nil
From Rs. 0.30 million to Rs. 0.60 million	5%
From Rs. 0.60 million to Rs.0.90 million	10%
From Rs. 0.90 million to Rs. 1.20 million	15%
From Rs. 1.20 million to Rs. 1.50 million	20%
Above Rs. 1.50 million	30%

- a) *Surcharge*: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

Range of Income	Rate of Income-tax Assessment Year 2025-26
Rs. 5 million to Rs. 10 million	10%
Rs. 10 million to Rs. 20 million	15%
Rs. 20 million to Rs. 50 million	25%
Above Rs. 50 million	37%

Note: The enhanced surcharge of 25% or 37% is not levied, on income by way of dividend or from income chargeable to tax under sections 111A, 112, 112A and 115AD(1)(b). Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%. Also, the surcharge rate for AOP with all members as a company, shall be capped at 15%.

However, enhanced surcharge rate of 37% is not applicable for assessees opting for tax regime under section 115BAC (from Assessment Year 2024-25).

Further, the surcharge rate is nil if the total income of a 'specified fund' as referred to in section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a) (for Assessment Year 2024-25).

However, marginal relief is available from surcharge in following manner-

- i. in case where net income exceeds Rs. 5 million but does not exceed Rs. 10 million, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 5 million by more than the amount of income that exceeds Rs 5 million.
 - ii. in case where net income exceeds Rs. 10 million but does not exceed Rs. 20 million, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 10 million by more than the amount of income that exceeds Rs. 10 million.
 - iii. in case where net income exceeds Rs. 20 million, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 20 million by more than the amount of income that exceeds Rs. 20 million.
 - iv. in case where net income exceeds Rs. 50 million, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 50 million by more than the amount of income that exceeds Rs. 50 million.
- b) *Health and Education Cess*: Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge. However, The Health and Education Cess is nil if the total income of a 'specified fund' as referred to section 10(4D) includes any income in respect of securities as given under section 115AD(1)(a).

Note:

(a) Further, if the total income of the resident individual opting section 115BAC(1A) exceeds Rs. 0.70 million and the tax payable on such income exceeds the difference between the total income and Rs. 0.70

million, he can claim a rebate with marginal relief to the extent of the difference between the tax payable on such total income and the amount of income by which it exceeds Rs. 0.70 million

(b) If an assessee has opted for new tax regime, the provisions of AMT shall not be applicable.

(c) A maximum rebate of Rs. 25,000 is allowed under [section 87A](#), if the total income of a resident individual, who is opting for the new tax scheme under [Section 115BAC\(1A\)](#), is up to Rs. 0.70 million.

Taxation in hands of investors

I. Taxation of resident investors

The tax implications in the hands of resident investors on different income streams are discussed below:

Dividend Income:

Before April 1, 2020, Indian companies were required to pay Dividend Distribution Tax at an effective rate of 20.56 percent on dividends declared and distributed by them. Consequently, the dividend was exempt in the hands of the shareholder—residents as well as non-residents. From a compliance perspective, the government was able to collect dividend tax from one source i.e. companies and even for companies it was not a compliance burden at all.

However, Indian Finance Act 2020 has abolished Dividend Distribution Tax and, with effect from April 1, 2020, dividends declared by Indian companies would be taxable in the hands of shareholders. For resident shareholders, dividends would be taxed in their hands based on tax rates they are governed with. Companies will have to deduct or withhold tax at 10 percent for dividends paid to these resident shareholders.

Further, the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act if such income is offered to tax under the head 'income from Other sources' against such dividend income upto 20% of the dividend income.

Section 80M was introduced by the Finance Bill, 2020. As per Section 80M, in case any Indian company receives dividend from another Indian company and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing tax return under section 139 of the IT Act), then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company.

Accordingly, as per the amended provisions, the dividend income (net of deductions, if any) will be taxable at the rates mentioned above.

Interest Income

Under the IT Act, interest income should be taxable in the hand of resident investor as rates prescribed above.

Capital Gains

Capital Gain refer to any gain or profit earned by Investor from the sale of capital assets such as shares and securities of the Indian portfolio companies. The profit arises from the sale of the capital asset is taxed under the head of ‘Income from Capital Gain’. The profit is earned by selling the capital assets at a higher price than what it was bought for.

Types of Capital Gain Tax: The tax that is charged on the gains earned from the selling of capital assets is known as capital gains tax. The capital assets are generally categorized into two categories i.e. short-term capital asset and long- term capital asset.

Period of holding

Capital assets are classified as long-term assets (“LTCA”) or short-term assets (“STCA”), based on the period of holding of these assets. The period of holding of the asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the shares and securities are held, the gains would be taxable as short-term capital gains (“STCG”) or long-term capital gains (“LTCG”). This is discussed below:

Nature of asset	STCA	LTCA
For assets being shares in a company or any other security listed on a recognised stock exchange in India (i.e. equity shares, preference shares or debentures), or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero coupon bonds	Held for not more than 12 months	Held for more than 12 months
For assets being shares of a company (other than shares listed on a recognised stock exchange in India)	Held for not more than 24 months	Held for more than 24 months

How to Determine Period of Holding: In determining the period for which any capital asset is held by the Investor:

Different Situation	How to calculate the period of holding
Shares held in a company in liquidation	The period subsequent to the date in which the company goes into liquidation shall be excluded.
Allotment of shares in amalgamated Indian Company in lieu of shares held in amalgamating company	The period of holding shall be counted from the date of acquisition of shares in the amalgamating company.
Right Shares	The period of holding shall be counted from the date of allotment of right issue.
Right Entitlement	The period of holding will be considered from the date of offer to subscribe to shares to the date when such right entitlement is renounced by the person.
Bonus Shares	The period of holding shall be counted from the date of allotment of bonus shares.

Issue of Shares by the resulting company in a scheme of Demerger to the shareholders of the Demerged Company.	The period of holding shall be counted from the date of acquisition of shares in the Demerged company.
Conversion of Bonds or Debentures, Debenture-stock, or Deposit certificates in any form of a company into shares or debenture of that company.	The period of holding shall be considered from the date of acquisition of Bond, Debenture, Debenture-Stock or Deposit Certificate.
Conversion of Preference Shares into Equity Shares	The period of holding shall be considered from the date of acquisition of preference shares.
<p>Transfer in Shares and Securities not given above –</p> <ul style="list-style-type: none"> - Date of purchase (through stock exchange) of shares and securities - Date of transfer (through stock exchange) of Shares and securities - Date of purchase / transfer of Shares and securities (Transactions taken place directly between parties and not through stock exchange). - Date of purchase/sale of share and securities purchased in several lots at different points of time but delivery taken of in one lot and subsequently sold in parts. - Transfer of a security by a depository (i.e. Demat Account) 	<p>Date of purchase by Broker on behalf of customer.</p> <p>Date of Broker's Note provided such transactions are followed up by delivery of shares and the transfer deed.</p> <p>Date of contract of sale as declared by the parties provided it is followed up by the actual delivery of shares and the transfer deed.</p> <p>The First-in-first-out (FIFO) method shall be adopted to reckon the period of the holding of the security, in case where the dates of purchase and sale cannot be correlated through specific numbers of scripts. In other words, the assets acquired last will be taken to be remaining with the investor while assets acquired first will be treated as sold.</p> <p>The period of holding shall be determined on the basis of the first-in-first-out method.</p>

Tax Rate of Long-Term Capital Gain and Short Term: Depending on the classification of capital gains, the resident investors would be chargeable to tax as per the IT Act as under:

Nature of Income	Tax rate* for Domestic Companies	Tax rate* for Firms, LLP	Tax rate* for Individual/HUF/AOP/BIO
LTCG in Transfer of (i)Equity Shares Listed in recognized Stock Exchange (ii) To be listed Equity Shares sold through offer for sale, (iii)Units of Equity Oriented Mutual Fund and on which STT has been paid.	10% (without Indexation)	10% (without Indexation)	10% (without Indexation)

LTCG on Transfer of Listed Securities (Other than units of mutual Fund, listed Bonds and listed Debentures) and on which STT has not been paid.	10% (without Indexation) OR 20% (With Indexation) Whichever is Lower	10% (without Indexation) OR 20% (With Indexation) Whichever is Lower 10% (without Indexation)	10% (without Indexation) OR 20% (With Indexation) Whichever is Lower 10% (without Indexation)
LTCG on transfer of listed Bonds and Listed Debentures	10% (without Indexation)	10% (without Indexation)	10% (without Indexation)
LTCG on transfer of units of mutual fund (listed or Unlisted) other than Equity Oriented Fund	20% (with Indexation)	20% (with Indexation)	20% (with Indexation)
LTCG on transfer of Unlisted Securities (other than unlisted Bonds and unlisted Debentures)	20% (with Indexation)	20% (with Indexation)	20% (with Indexation)
LTCG on transfer of unlisted Bonds and unlisted Debentures	20% (without Indexation)	20% (without Indexation)	20% (without Indexation)
STCG on transfer of (i) listed Equity shares on a recognized stock exchange (ii) to be listed shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid	15%	15%	15%
Other STCG	As per IT Slabs applicable	As per IT Slabs applicable	As per IT Slabs applicable

*Plus, applicable surcharge and cess

However, with effect from 23rd July 2024, the taxation rates are as under:

Nature of Income	Tax rate* for Domestic Companies	Tax rate* for Firms, LLP	Tax rate* for Individual/ HUF/AOP/BIO
LTCG in Transfer of (i)Equity Shares Listed in recognized Stock Exchange (ii) To be listed Equity Shares sold through offer for sale, (iii)Units of Equity Oriented Mutual Fund and on which STT has been paid.	12.5% (without Indexation)	12.5% (without Indexation)	12.5% (without Indexation)
LTCG on Transfer of Listed Securities (Other than units of mutual Fund, listed	12.5%	12.5%	12.5%

Bonds and listed Debentures) and on which STT has not been paid.	(without Indexation)	(without Indexation)	(without Indexation)
LTCG on transfer of listed Bonds and Listed Debentures	12.5% (without Indexation)	12.5% (without Indexation)	12.5% (without Indexation)
LTCG on transfer of units of mutual fund (listed or Unlisted) other than Equity Oriented Fund	12.5% (without Indexation)	12.5% (without Indexation)	12.5% (without Indexation)
LTCG on transfer of Unlisted Securities (other than unlisted Bonds and unlisted Debentures)	12.5% (without Indexation)	12.5% (without Indexation)	12.5% (without Indexation)
LTCG on transfer of unlisted Bonds and unlisted Debentures	12.5% (without Indexation)	12.5% (without Indexation)	12.5% (without Indexation)
STCG on transfer of (i) listed Equity shares on a recognized stock exchange (ii) to be listed shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid	20%	20%	20%
Other STCG	As per IT Slabs applicable	As per IT Slabs applicable	As per IT Slabs applicable

*Plus, applicable surcharge and cess

Note 1: The Finance Act, 2018 has withdrawn exemption from tax on long-term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust, with effect from April 1, 2018. As per section 112A of the IT Act, the long-term capital gains above INR 0.125 million on following transfers shall be taxable at 12.5%:

- Listed Equity Shares (STT paid on acquisition and transfer); and
- Units of Equity Oriented Mutual Fund (STT paid on Transfer)

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

The CBDT has issued a notification on October 1, 2018, clarifying that condition of paying STT at the time of acquisition shall not apply for all transactions of acquisition of equity shares other than the following negative list:

- where the acquisition of existing listed equity shares in a company whose equity shares are not frequently traded on a recognised stock exchange of India is made through a preferential issue, other than specified preferential issues;
- where transactions for acquisition of existing listed equity shares in a company is not entered through a recognised stock exchange, except in specified circumstances; and

- acquisition of equity share during the period beginning from the date on which the company is delisted from a recognised stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognised stock exchange, in accordance with the Securities Contracts (Regulation) Act, 1956 (“SCRA”) read with Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules made thereunder.

Note 2: The Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures.

Deemed sale consideration on sale of unquoted shares (Section 50CA of IT Act):

As per Section 50CA of IT Act, 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 would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has issued rules for computation of Fair Market Value (“FMV”) for the purpose of section 50CA of the IT Act. The taxability of such gains would be as discussed above.

Proceeds on Buy-back of shares by the company

Buy-back of shares mean the situation when the company repurchases its own shares. Buy-back of shares is one way to distribute companies’ surplus profits, another way to distribute its surplus profits as dividend. Buy-back of shares by the Company is one of the preferred ways by which a company provides an exit route to the shareholders of the company i.e. the requisite number of shares are extinguished, agreed amount is paid to the shareholders.

As per the Section 10(34A) of the IT Act, gains arising on buyback of shares are exempt in the hands of investors as referred to in section 115QA.

However, as per section 115QA of the IT Act, The Company (both listed and unlisted) is liable to pay tax @ 20% plus surcharge and applicable cess on Distributed Income if the buyback is in accordance with the provisions of the Companies Act, 2013. For the purpose of this section: -

- “Buy-Back” means purchase by a company of its own shares in accordance with the provisions of any law for the time being in force relating to companies.
- “Distributed Income” means the consideration paid by the company on buy-back of shares as reduced by the amount, which was received by the company for issue of such shares, determined in the manner as may be prescribed.

In this regard, CBDT notified final buyback rules by inserting new Rule 40BB to IT Rules for determining the amount received by the Indian company in respect of issue of shares.

Deemed income on Investment in shares / securities of unlisted companies in India

Section 56(2)(x) of the IT Act, provides that any assessee receives any property (including shares, debentures, etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.

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

Accordingly, such Other Income would be chargeable to tax (i) at the rate of 30% (plus applicable surcharge cess) in case of Investors being resident companies (ii) at the rate of 30% (plus applicable surcharge cess) in case of firms; and (iii) as per applicable slab rates in case of individuals and others, maximum being 30% (plus applicable surcharge and cess).

Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax (“MAT”) on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act.

If MAT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Portfolio Entities shall also be included to determine the MAT liability.

The Ordinance has introduced a new Section 115BAA in the Income Tax Act, 1961 to provide for a lower or concessional rate of corporate tax of 25% or a domestic company irrespective of any turnover limit without allowing certain exemptions and deductions. Section 115JB was amended to provide that a domestic company opting section 115BAA are not required to pay MAT. Hence, such companies are exempt from MAT Provisions and shall not entitled to avail the brought forward MAT credit.

If income is categorised as business income

If the gains are categorised as business income, it shall be taxable at the rate of 30% or IT Slabs applicable as mentioned above plus applicable surcharge and cess in case of resident investors.

II. Taxation of non-resident investors

Section 115A to 115AD prescribes tax rates for various types of investment income of different Non-Resident Entities. However, if the non-resident is covered by a particular DTAA, he may apply the rates prescribed under that DTAA, if beneficial, without considering any surcharge and education cess.

A non-resident investor would be 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 IT Act.

Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management (“**POEM**”) is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from April 1, 2017. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

The CBDT had vide its circular dated January 24, 2017 issued guiding principles for determination of POEM of a company (“**POEM Guidelines**”). The POEM Guidelines lays 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 February 23, 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than Rs 500 million during the Financial Year.

Tax Treaty Benefits

As per Section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement (“**Tax Treaty**”) between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors. However, no assurance can be provided that the Tax Treaty benefits would be available to the offshore investor or the terms of the Tax Treaty would not be subject to amendment in the future.

Tax Residency Certificate (“TRC”)

Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain a TRC as issued by the foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.

The details required to be furnished are as follows:

- 1) Status (individual, company, firm, etc.) of the assessee;
- 2) Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- 3) 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;
- 4) Period for which the residential status, as mentioned in the TRC, is applicable; and
- 5) Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

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

The taxability of income of the offshore investor, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, would be as per the provisions of IT Act as discussed below:

Dividend Income:

Before April 1, 2020, Indian companies were required to pay Dividend Distribution Tax at an effective rate of 20.56 percent on dividends declared and distributed by them. Consequently, the dividend was exempt in the hands of the shareholder—residents as well as non-residents. From a compliance perspective, the government was able to collect dividend tax from one source i.e. companies and even for companies it was not a compliance burden at all.

However, Indian Finance Act 2020 has abolished Dividend Distribution Tax and, with effect from April 1, 2020, dividends declared by Indian companies would be taxable in the hands of shareholders. For non-resident shareholders—foreign shareholders, portfolio and institutional investors and even individuals (including NRIs)—the said dividend would be taxable in India either at the rates prescribed under the Indian tax laws or relevant tax treaties, whichever is beneficial to the taxpayer.

As per the current law, a tax rate of 20 percent (plus applicable surcharge and cess) is provided under the Indian local laws for dividends paid to non-residents or foreign companies. However, the tax treaties provide for lower rates, depending on the shareholding percentage and country of the investor.

The Indian Companies declaring dividend would be required to deduct tax at rates in force (in case of payment to non-resident).

Further, it is inserted that the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act if such income is offered to tax under the head ‘income from Other sources’ against such dividend income upto 20% of the dividend income.

Section 80M was introduced by the Finance Bill, 2020. As per Section 80M, in case any Indian company receives dividend from another Indian company and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing tax return under section 139 of the IT Act), then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company.

Accordingly, as per the amended provisions, the dividend income (net of deductions, if any) will be taxable at the rates mentioned above.

Interest Income

Interest income would be subject to tax at the rate of 40% (plus applicable surcharge and cess) for beneficiaries who are non-resident companies. For beneficiaries being non-resident firms / company, interest income would be subject to tax at the rate of 30% (plus applicable surcharge and cess). For other non-resident beneficiaries, interest income would be subject to tax at the rate of 30% (plus applicable surcharge and cess). The above rates would be subject to availability of Tax Treaty benefits, if any.

Non-resident Indian (“**NRI**”) Investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 20% (plus applicable surcharge and cess) on gross basis.

As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to Foreign Portfolio Investor (“**FPI**”) would be subject to tax at the rate of 5% (plus applicable surcharge and cess) if following conditions are satisfied:

1. Such interest is payable on or after 1 June 2013 and 1 July 2020; and
2. Rate of interest does not exceed the rate notified by Central Government

If the above concessional tax rate is not available, then then the interest income would be subject to tax rate at the rate of 20% (plus applicable surcharge and cess) for FPI investors.

CAPITAL GAIN:

Period of holding

Capital assets are classified as long-term assets (“**LTCA**”) or short-term assets (“**STCA**”), based on the period of holding of these assets. The period of holding of the asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the shares and securities are held, the gains would be taxable as short-term capital gains (“**STCG**”) or long-term capital gains (“**LTCG**”). This is discussed below:

Nature of asset	STCA	LTCA
For assets being shares in a company or any other security listed on a recognised stock exchange in India (i.e. equity shares, preference shares or debentures), or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero-coupon bonds	Held for not more than 12 months	Held for more than 12 months
For assets being shares of a company (other than shares listed on a recognised stock exchange in India)	Held for not more than 24 months	Held for more than 24 months

Depending on the classification of capital gains, the non-resident investors would be chargeable to tax as per the IT Act as under:

Nature of Income	Tax rate* for offshore investors being Foreign company	Tax rate* for offshore investors being Firms / LLPs/FPI	Tax rate* for any other offshore investors
	%	%	%
Short-term capital gains 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, and on which STT has been paid	15	15	15
Other short-term capital gains	40	30	30
Long-term capital gains 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 and on which STT has been paid (Refer Note 1)	10 (without indexation)	10 (without indexation)	10 (without indexation)
Long-term capital gains on transfer of listed bonds / listed debentures or other listed securities (other than units of mutual fund) on which STT has not been paid (Refer Note 2 & 3)	10 (without indexation)	10 (without indexation)	10 (without indexation)
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund	10 (without indexation)	10 (without indexation)	10 (without indexation)
Long-term capital gains on transfer of unlisted securities	10 (without indexation)	10 (without indexation)	10 (without indexation)

*Plus, applicable surcharge and cess

However, with effect from 23rd July 2024, the taxation rates are as under:

Nature of Income	Tax rate* for offshore investors being foreign company	Tax rate* for offshore investors being Firms / LLPs/FPI	Tax rate* for any other offshore investors
	%	%	%
Short-term capital gains 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, and on which STT has been paid	20	20	20
Other short-term capital gains	40	30	30
Long-term capital gains 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 and on which STT has been paid (Refer Note 1)	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)
Long-term capital gains on transfer of listed bonds / listed debentures or other listed securities (other than units of mutual fund) on which STT has not been paid (Refer Note 2 & 3)	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)
Long-term capital gains on transfer of unlisted securities	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)

Note 1: Based on judicial precedents, non-residents may avail the concessional tax rate (as mentioned above). However, the possibility of Indian Revenue Authorities disregarding the said position and applying a tax rate of 20% (plus applicable surcharge and cess) cannot be ruled out.

*The CBDT has issued a notification on October 1, 2018, clarifying that condition of paying STT at the time of acquisition shall not apply for all transactions of acquisition of equity shares other than the following negative list:

- where the acquisition of existing listed equity shares in a company whose equity shares are not frequently traded on a recognised stock exchange of India is made through a preferential issue, other than specified preferential issues;
- where transactions for acquisition of existing listed equity shares in a company is not entered through a recognised stock exchange, except in specified circumstances; and
- acquisition of equity share during the period beginning from the date on which the company is delisted from a recognised stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognised stock exchange, in accordance with the Securities Contracts (Regulation) Act, 1956 (“SCRA”) read with Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules made thereunder.

Note 2: Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

Further, the CBDT has clarified by way of FAQs that long-term capital gains in case of FPIs will be determined in the same manner as in the case of resident taxpayers.

NRI Clients/Investors are entitled to be governed by special tax provisions under Chapter XII-A of the ITA and if the NRI investors opt to be governed by these provisions under the ITA, (i) any long-term capital gains should be taxable at the rate of 10% (plus applicable surcharge and cess) and (ii) any investment income should be taxable at 20% (plus applicable surcharge and cess).

Deemed sale consideration on sale of unquoted shares (Section 50CA of IT Act):

As per Section 50CA of IT Act, 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 would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has issued rules for computation of Fair Market Value (“FMV”) for the purpose of section 50CA of the IT Act. The taxability of such gains would be as discussed above.

Proceeds on Buy-back of shares by the company

Buy-back of shares mean the situation when the company repurchases its own shares. Buy-back of shares is one way to distribute companies’ surplus profits, another way to distribute its surplus profits as dividend. Buy-back of shares by the Company is one of the preferred ways by which a company provides an exit route to the shareholders of the company i.e. the requisite number of shares are extinguished, agreed amount is paid to the shareholders.

As per the Section 10(34A) of the IT Act, gains arising on buyback of shares are exempt in the hands of investors as referred to in section 115QA.

However, as per section 115QA of the IT Act, The Company (both listed and unlisted) is liable to pay tax @ 20% plus surcharge and applicable cess on Distributed Income if the buyback is in accordance with the provisions of the Companies Act, 2013. For the purpose of this section: -

- “Buy-Back” means purchase by a company of its own shares in accordance with the provisions of any law for the time being in force relating to companies.
- “Distributed Income” means the consideration paid by the company on buy-back of shares as reduced by the amount, which was received by the company for issue of such shares, determined in the manner as may be prescribed.

In this regard, CBDT notified final buyback rules by inserting new Rule 40BB to IT Rules for determining the amount received by the Indian company in respect of issue of shares.

Deemed income on Investment in shares / securities of unlisted companies in India

Section 56(2)(x) of the IT Act, provides that any assessee receives any property (including shares, debentures, etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.

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

The shortfall in consideration is taxable in the hands of the acquirer as Other Income earned by a foreign company would be chargeable to tax (i) at the rate of 40% (plus applicable surcharge and cess) in case of offshore investors being foreign companies; (ii) at the rate of 30% (plus applicable surcharge and cess) in case of offshore firms / LLPs; and (iii) as per applicable slab rates in case of non-resident individuals and others, maximum being 30% (plus applicable surcharge and cess).

Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax (“MAT”) on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act.

If MAT is held to be applicable to the Client/Investors, then income receivable by such Clients/Investors from their investment in the Portfolio Entities shall also be included to determine the MAT liability.

However, the MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

Other Provisions

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 IT Act, short-term capital loss arising during a year can be set-off against short-term as well as long-term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-

term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, shall be carried forward and set-off against long-term capital gains arising during the subsequent 8 assessment years.

Securities Transaction Tax (“STT”):

Delivery based purchases and sales of equity shares traded on recognised Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of the purchase or sale. Further, STT at the rate of 0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a stock exchange. STT is levied on the seller at the rate of 0.025% on the sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery.

General Anti Avoidance Rule (“GAAR”):

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

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

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 unless 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:

1. Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause (‘LOB’) in a Tax Treaty, GAAR should not be invoked.
2. GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
3. 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.

Multilateral Instrument to implement Tax Treaty Related Measures to prevent base erosion and profit shifting (“MLI”):

The Organisation of Economic Co-operation and Development (“OECD”) released the MLI. The MLI, amongst others, includes a "principal purpose test", wherein treaty benefits can be denied if one of the principal purposes of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit.

The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive.

Further, treaty benefits availed under various tax treaties with India will also be subject to provisions of MLI. MLI will enter into effect for the tax treaty signed between India and various countries from financial year beginning 1 April 2020.

Disclaimer: The tax information provided above is generic in nature and the actual tax implications for each client could vary substantially from what is mentioned above, depending on residential status, the facts and circumstances of each case. The Client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his income or loss and the expenses incurred by him as a result of his investment as offered by the Portfolio Manager.

13. Accounting policies

Following key accounting policies shall be followed:

- All listed securities will be marked to market. Separate valuation to be carried out for fixed income securities. Independent valuation shall be carried out for unlisted securities.
- In determining the holding cost of investments and the gains or loss on sale of investments, the ‘first in first out’ method shall be followed.
- The cost of investments acquired or purchased would include brokerage, exchange transaction charges, securities transaction tax, stamp charges and any charge customarily included in the broker’s contract note.
- Accounting norms prevalent in the portfolio management services industry and as may be prescribed/applicable from time to time.
- Any regulations, circulars and guidelines issued by APMI with respect to valuation and accounting policy for securities shall be followed by the Portfolio Manager.

14. Investors services

The Portfolio Manager seeks to provide the Clients a high standard of service. The Portfolio Manager is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Client servicing essentially involves:

- (a) Reporting Portfolio actions and Client's statement of accounts at pre-defined frequency;
- (b) Attending to and addressing any Client query with least lead time;
- (c) Ensuring Portfolio reviews at predefined frequency.

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

Name	Ms. Simran Samanta
Designation	Investor Relation Officer
Address	Unit 318, Lodha Supremus, Road No. 11, Off Mahakali Caves Road, Chakala MIDC, Andheri East, Mumbai – 400093, Maharashtra, India
Telephone No.	+ 919970073697
Email id	investorrelations@fident.in , support@fident.in

(ii) Grievance redressal and dispute settlement mechanism:

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query/concern/grievance at the earliest. The Portfolio Manager will ensure that this official is vested with the necessary authority and independence to handle Client complaints. The aforesaid official will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the Client. Effective grievance management would be an essential element of the Portfolio Manager's portfolio management services and the aforesaid official may adopt the following approach to manage grievance effectively and expeditiously:

1. **Quick action** – As soon as any grievance comes to the knowledge of the aforesaid personnel, it would be identified and resolved. This will lower the detrimental effects of the grievance.
2. **Acknowledging grievance** – The aforesaid officer shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
3. **Gathering facts** – The aforesaid official shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
4. **Examining the causes of grievance** – The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.
5. **Decision making** – After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analysed and accordingly decision should be taken by the aforesaid official. The aforesaid official would execute the decision quickly.
6. **Review** – After implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

Grievances/concerns, if any, which may not be resolved/satisfactorily addressed in aforesaid manner shall be redressed through the administrative mechanism by the designated Compliance Officer, namely **Ms. Rinkal Mistry** subject to the Regulations. The Compliance Officer will

endeavor to address such grievance in a reasonable manner and time. The coordinates of the Compliance Officer are provided as under:

Name	Ms. Rinkal Mistry
Address	Unit 318, Lodha Supremus, Road No. 11, Off Mahakali Caves Road, Chakala MIDC, Andheri East, Mumbai – 400093, Maharashtra, India
Telephone No.	+919324175205
Email id	investorrelations@fident.in

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

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to mediation / conciliation/arbitration under online dispute resolution as specified by SEBI vide its circular no. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 updated as on December 20, 2023 and further amendments thereto.

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints REDress System), post which the complaint will be either routed to the Portfolio Manager or to SEBI (as applicable), which may then forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same. SCORES is available at <http://scores.gov.in>.

15. Details of investments in the securities of related parties of the portfolio manager

Not applicable.

16. Details of diversification policy for portfolio manager:

This policy has been laid down to ensure the risk is spread across different asset classes, issuers and time horizon within the framework laid down in the specific Investment Approach. The Portfolio Manager follows a rule-based approach to investments. In this approach, Securities are eliminated by analyzing past data and selected based on rules / bottom-up or top-down research approach. This results in a well diversified portfolio with broad based caps for weightages on individual stocks as well as sector. The Portfolio Manager shall periodically review the portfolios to maintain appropriate portfolio mix depending upon investment goals, market conditions, risk tolerance and liquidity requirement to ensure diversification and meet long term goals. However, the Clients need to understand that too much diversification require large capital investment and may also lead to losses. Further, portfolio churning for achieving diversification may not be effective on a long term basis in achievement of investment goals. Accordingly, diversification shall be undertaken while balancing risk and return to achieve desired results in achieving investment goals.

17. General

Prevention of Money Laundering

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other Applicable Law in force and the investor is duly entitled to invest the said funds.

To ensure appropriate identification of the Client(s) under its Know Your Client (“**KYC**”) policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under Applicable Laws) reserves the right to seek information, record Investor’s telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc.

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

The Portfolio Manager will not seek fresh KYC from the Clients who are already KYC Registration Agency (“**KRA**”) compliant except the information required under any new KYC requirement. The Clients who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

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

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

For and on behalf of Fident Asset Management Private Limited

Aishvarya Dadheech DIN: 10212165 Director	:	
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Bhavin Jatania DIN: 10764297 Director	:	
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Place: _____

Date: _____

Annexure I

Investment Approaches

Investment Approach 1: Fident All-Season India Resilient Portfolio (FAIR) – a flexi cap strategy

Fund Manager

Aishvarya Dadheech

Strategy

Equity

Investment objective

The objective is to generate long term capital appreciation for Investors predominantly through investment in equity and equity related securities.

The investment strategy is to invest in a portfolio of equity and equity related securities through a combination of bottom-up and top-down analysis.

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

Under this Investment Approach, the Portfolio Manager would primarily invest in equity and equity related securities. The Portfolio Manager may additionally deploy funds in mutual funds, ETFs and/or other permissible securities/products in accordance with the Applicable Laws.

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

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks. The Portfolio Manager will generally invest in companies looking at their prospects from a long term horizon. This Investment Approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a long-term focus. In certain scenarios, Portfolio Manager may also assess broader market environment (top-down approach) during the portfolio construction. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. The approach will be market cap and sector agnostic and aims to generate returns by investing in permissible securities/products in accordance with the Applicable Laws.

Allocation of portfolio across types of securities – The allocation shall be as follows:

Allocation Limits (in %)

Equity: Upto 100% of Client Portfolio

Liquid schemes of mutual funds/other permissible securities: at the discretion of the Portfolio Manager

Appropriate benchmark to compare performance and basis for choice of benchmark – S&P BSE 500 TRI

S&P BSE 500 TRI Index is a broad-based diversified index and its composition broadly represents the strategy's investment universe.

Indicative tenure or investment horizon

Recommended time horizon for effective portfolio returns as envisaged by the Portfolio Manager is minimum 36 months.

Investment Philosophy: The Portfolio Manager's investment philosophy is to build a high-conviction portfolio of businesses which display the following 4 characteristics (4 pillars/legs):

1st Leg: Capital Efficiency

2nd Leg: Management competence

3rd Leg: Long growth runway

4th Leg: Valuation comfort

1. Capital Efficiency: Businesses with high Return on Capital/Equity

- Looking for businesses with strong moats/competitive advantages. Examples of advantages may include cost advantages, pricing power, high entry barriers, high switching costs, economies of scale etc.
- The presence of these moats should help businesses generate high return of capital on a sustainable basis. The Portfolio Manager would prefer to invest in businesses with an improving trajectory of return on capital employed ("ROCE").
- Businesses with plans for future investments/capital outlay should be focused on maintaining ROCE/ROE in line with historical rates is critical to maintain value creation.
- Last but not the least, the capital efficiency/ROCE should translate to favourable shareholder economics as well (return on equity, ROE). The important thing to know is what shareholders get out of the business profits.

2. Competitive management

- Assessing managements is the most crucial part of investing. The Portfolio Manager looks out for businesses that are run by executives/managements with high integrity and ability.
- One of the best tests of management quality is to assess their treatment of minority shareholders. Firms/managements that consider shareholders as a vital stakeholder in their growth journey end up creating maximum long-term value.
- As part of the due diligence, the Portfolio Manager also looks for a variety of other factors to assess management integrity and competence. These factors include history/track record, delivery, vision, strategy, alignment and communications etc.

3. Long growth runway

- In the long term, stock prices reflect growth in earnings and cash flows over all other factors/sentiments.
- The Portfolio Manager aspires to invest in businesses with a high growth earnings potential or the ability to significantly improve their current earnings trajectory.
- A combination of earnings growth/visibility and efficient capital allocation is a key determinant of long-term value creation.

4. Valuation comfort – growth at reasonable valuations

- In a predominantly growth-driven economy like India, it's important to ensure that valuations are considered along with the above 3 factors to ensure a favourable risk-reward.
- The Portfolio Manager always exercises a pragmatic approach with when it comes to the assessment of valuation and consider both risk and reward with equal importance.
- The Portfolio Manager opines that, the assumption that exceptional businesses can be acquired at any price is a big pitfall in investing. The Portfolio Manager carefully assess entry valuations and prefer to invest when they are in our favour or in line with long-term averages. If the valuations do not align with our expectations, the Portfolio Manager is patient and willing to wait for a more favourable opportunity.
- The Portfolio Manager firmly believe that entry valuations significantly influence Portfolio return outcomes, and thus, the Portfolio Manager carefully assesses and considers them in its investment decisions.
- The Portfolio Manager uses multiple valuation approaches such as Discounted Cash Flow (DCF) and earnings-related multiples including price earnings growth (PEG) as appropriate based on the industry structure, growth and business dynamics.

The Portfolio Manager will endeavor to follow the outlined investment philosophy; however, Portfolio Manager retains the discretion to deviate from it, if deemed necessary, based on prevailing market conditions and in the best interest of the Client.

Risks associated with the investment approach

Below are select risks associated with this Investment Approach apart from those disclosed in Clause 6 of this Document. The risks may affect Portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

Company risk: The performance of this Investment Approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet and numbers will help the Portfolio Manager in mitigating these sector or company risks.

Valuation risk: Portfolio Manager will assess the Portfolio Entities from varied valuation number, Portfolio Manager is definitely wary of overpaying and will consider various parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

Concentration Risk: Endeavor to have adequately diversified portfolio of up to 40 stocks across market capitalization.

Other salient features, if any: *Not applicable*

Hurdle Rate of Return: Fixed IRR or performance above broad equity market benchmark (BSE 500, 200 or similar indices) as agreed with the Client in the Agreement.

The name of the Investment Approach does not in any manner indicate either the quality of the Investment Approach or its future

Investment Approach 2: Fident Unlisted and Listed Large Value Portfolio (FULL) – a Large Value PMS

Fund Manager

Aishvarya Dadheech

Strategy

Multi-Asset

Investment objective

The objective is to generate long-term capital appreciation for investors predominantly through investment across a broad spectrum of unlisted and listed equity and equity-related securities.

The investment strategy is to invest in a portfolio of equity and equity-related securities through a combination of bottom-up and top-down analysis. This Investment Approach is available to Large Value Accredited Investors investing at least INR 10 Crore (Indian Rupees Ten Crore).

The Investment Approach may be launched in several series or tranches or folios depending on the availability of opportunities in the market.

There is a potential for intermediate exit, but the same can happen at the available quote from the market which may be less than the fair value of the security. In any case for intermediate exits, strategy returns may be impacted.

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

Under this Investment Approach, the Portfolio Manager would primarily invest in equity and equity related securities (both listed and unlisted), fixed-income securities (both listed and unlisted) and liquid schemes of mutual funds and such other securities at the discretion of the Portfolio Manager in accordance with the Applicable Laws.

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

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks. The Portfolio Manager will generally invest in companies looking at their prospects from a long term horizon. This Investment Approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a long-term focus. In certain scenarios, Portfolio Manager may also assess broader market environment (top-down approach) during the portfolio construction. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken.

Selection approach for debt instrument would be based on the credit profile of capital entity issuing debt instrument, liquidity of the instrument in the market, promoters of the capital entity which is issuing debt, leverage of the entity, regulations relating to investing in sector and industry or any other factor as deemed appropriate by the Portfolio Manager.

The approach will be market cap and sector agnostic and aims to generate returns by investing in permissible securities/products in accordance with the Applicable Laws.

Allocation of portfolio across types of securities – The allocation shall be as follows:

Allocation Limits (in %)

Equity: Upto 100% of Client Portfolio

Debt: Upto 100% of Client Portfolio

Liquid schemes of mutual funds/other permissible securities: at the discretion of the portfolio manager

Appropriate benchmark to compare performance and basis for choice of benchmark –

NSE Multi Asset Index 2

NSE Multi Asset Index 2 and its composition broadly represents the strategy's investment universe.

Indicative tenure or investment horizon

Recommended time horizon for effective portfolio returns as envisaged by the Portfolio Manager is minimum 36 months.

Investment Philosophy: The Portfolio Manager's investment philosophy is to build a high-conviction portfolio of businesses which display the following 4 characteristics (4 pillars/legs):

1st Leg: Capital Efficiency

2nd Leg: Management competence

3rd Leg: Long growth runway

4th Leg: Valuation comfort

1. Capital Efficiency: Businesses with high Return on Capital/Equity

- Looking for businesses with strong moats/competitive advantages. Examples of advantages may include cost advantages, pricing power, high entry barriers, high switching costs, economies of scale etc.
- The presence of these moats should help businesses generate high return of capital on a sustainable basis. The Portfolio Manager would prefer to invest in businesses with an improving trajectory of return on capital employed ("ROCE").
- Businesses with plans for future investments/capital outlay should be focused on maintaining ROCE/ROE in line with historical rates is critical to maintain value creation.
- Last but not the least, the capital efficiency/ROCE should translate to favourable shareholder economics as well (return on equity, ROE). The important thing to know is what shareholders get out of the business profits.

2. Competitive Management

- Assessing managements is the most crucial part of investing. The Portfolio Manager looks out for businesses that are run by executives/managements with high integrity and ability.
- One of the best tests of management quality is to assess their treatment of minority shareholders. Firms/managements that consider shareholders as a vital stakeholder in their growth journey end up creating maximum long-term value.
- As part of the due diligence, the Portfolio Manager also looks for a variety of other factors to assess management integrity and competence. These factors include history/track record, delivery, vision, strategy, alignment and communications etc.

3. Long growth runway

- In the long term, stock prices reflect growth in earnings and cash flows over all other factors/sentiments.
- The Portfolio Manager aspires to invest in businesses with a high growth earnings potential or the ability to significantly improve their current earnings trajectory.
- A combination of earnings growth/visibility and efficient capital allocation is a key determinant of long-term value creation.

4. Valuation comfort – growth at reasonable valuations

- In a predominantly growth-driven economy like India, it's important to ensure that valuations are considered along with the above 3 factors to ensure a favourable risk-reward.
- The Portfolio Manager always exercises a pragmatic approach with when it comes to the assessment of valuation and consider both risk and reward with equal importance.
- The Portfolio Manager opines that, the assumption that exceptional businesses can be acquired at any price is a big pitfall in investing. The Portfolio Manager carefully assess entry valuations and prefer to invest when they are in our favour or in line with long-term averages. If the valuations do not align with our expectations, the Portfolio Manager is patient and willing to wait for a more favourable opportunity.
- The Portfolio Manager firmly believe that entry valuations significantly influence Portfolio return outcomes, and thus, the Portfolio Manager carefully assess and consider them in its investment decisions.
- The Portfolio Manager uses multiple valuation approaches such as Discounted Cash Flow (DCF) and earnings-related multiples including price earnings growth (PEG) as appropriate based on the industry structure, growth and business dynamics.

The Portfolio Manager will endeavor to follow the outlined investment philosophy; however, Portfolio Manager retains the discretion to deviate from it, if deemed necessary, based on prevailing market conditions and in the best interest of the Client.

Risks associated with the investment approach

Below are select risks associated with this Investment Approach apart from those disclosed in Clause 6 of this Document. The risks may affect Portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

Company risk: The performance of this Investment Approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet and numbers will help the Portfolio Manager in mitigating these sector or company risks.

Valuation risk: Portfolio Manager will assess the Portfolio Entities from varied valuation number, Portfolio Manager is definitely wary of overpaying and will consider various parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

Concentration Risk: Endeavor to have adequately diversified portfolio however a significant portion of the Portfolio may be allocated to a limited number of unlisted companies or sectors.

Unlisted Securities investment risk: Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed

on the exchanges or offer other exit options to the investors, including put options. The Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. This may, however, increase the risk of the portfolio. Additionally, the liquidity and valuation of the portfolio investments due to its holdings of unlisted securities may be affected if they have to be sold prior to the target date of disinvestment.

Other salient features, if any: *Not applicable*

Hurdle Rate of Return: Fixed IRR of or performance above broad equity market benchmark (BSE 500, 200 or similar indices) as agreed with the Client in the Agreement.

The name of this Investment Approach does not in any manner indicate either the quality of the Investment Approach or its future

Investment Approach 3: **Fident India Builder Equity Portfolio (FIBER)**

Fund Manager

Aishvarya Dadheech

Strategy

Equity

Investment objective

The objective is to generate long term capital appreciation for Investors predominantly through investment in equity and equity related securities of companies which are poised to benefit from long term government reforms across sectors.

The investment strategy is to invest in a portfolio of equity and equity related securities in specific companies and sectors that align with the investment philosophy through a combination of bottom-up and top-down analysis.

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

Under this Investment Approach, the Portfolio Manager would primarily invest in equity and equity related securities. The Portfolio Manager may additionally deploy funds in mutual funds, ETFs and/or other permissible securities/products in accordance with the Applicable Laws.

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

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks. The Portfolio Manager will generally invest in companies looking at their prospects from a long term horizon. This Investment Approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a long-term focus. In certain scenarios, Portfolio Manager may also assess broader market environment (top-down approach) during the portfolio construction. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken. The approach will be market cap and sector agnostic and aims to generate returns by investing in permissible securities/products in accordance with the Applicable Laws.

Allocation of portfolio across types of securities - The allocation shall be as follows:

Allocation Limits (in %)

Equity: Upto 100% of Client Portfolio

Liquid schemes of mutual funds/other permissible securities: at the discretion of the portfolio manager

Appropriate benchmark to compare performance and basis for choice of benchmark - S&P BSE 500 TRI

S&P BSE 500 TRI Index is a broad-based diversified index and its composition broadly represents the strategy's investment universe.

Indicative tenure or investment horizon

Recommended time horizon for effective portfolio returns as envisaged by the Portfolio Manager is minimum 36 months.

Investment Philosophy:

Over the past decade, there has been a strong emphasis placed by the government on investing and reforms across few key sectors. This has resulted in notable growth and development across these priority sectors.

The Portfolio Manager expects this trend of central policy and reform to continue over the next decade resulting in considerable growth opportunities across the following sectors/themes:

1. **Utilities & Infrastructure** (includes Roads, Railways & Ports, Power & Gas, Transmission and distribution and Water)
2. **Renewable Energy** (such as Solar, Wind, Hydrogen and Nuclear)
3. **Manufacturing and PLI** (Defense, EMS, Battery, EV, Semiconductors)
4. **Housing** (Housing, Sanitation, Materials, Credit)
5. **Start ups and New Age Businesses** (New Age tech- Businesses, Platforms etc)
6. **Efficiency Improvement at Public Sector Enterprises (PSUs)** – (such as PSU Banks, Oil Marketing companies, Power Companies etc).

The Portfolio Manager envisages that reforms across the above mentioned sectors would result in significant growth and value creation opportunities across these sectors. The Portfolio Manager intends to create a portfolio of equity and equity related securities through a combination of bottom-up and top-down analysis.

The Portfolio Manager will endeavor to follow the outlined investment philosophy; however, Portfolio Manager retains the discretion to deviate from it, if deemed necessary, based on prevailing market conditions and in the best interest of the Client.

Risks associated with the investment approach

Below are select risks associated with this Investment Approach apart from those disclosed in Clause 6 of this Document. The risks may affect Portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

Company risk: The performance of this Investment Approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet and numbers will help the Portfolio Manager in mitigating these sector or company risks.

Valuation risk: Portfolio Manager will assess the Portfolio Entities from varied valuation number, Portfolio Manager is definitely wary of overpaying and will consider various parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

Concentration Risk: Endeavor to have adequately diversified portfolio of up to 15 to 20 stocks across market capitalization.

Liquidity Risk: There are liquidity risks due to the fluctuating nature of market conditions and the potential for sudden changes in asset values. Portfolio Manager will employ prudent measures to identify, assess and mitigate liquidity risks in the Portfolio.

Other salient features, if any: *Not applicable*

Hurdle Rate of Return: Fixed IRR of or performance above broad equity market benchmark (BSE 500, 200 or similar indices) as agreed with the Client in the Agreement.

The name of the Investment Approach does not in any manner indicate either the quality of the Investment Approach or its future.

Investment Approach 4: **FIDENT Liquid Execution Portfolio (FLEX)**

Fund Manager

Aishvarya Dadheech

Strategy

Debt

Investment objective

The objective is to make investments in debt and money market mutual fund schemes (including Exchange Traded Funds). This Investment Approach aims to generate optimal returns consistent with low levels of risk and higher liquidity by investing in debt and money market mutual funds (including debt oriented Exchange Traded Funds).

Investment Strategy

The strategy is to identify securities/mutual funds which provide optimum levels of returns commensurate with low risk and provide a high level of liquidity.

Description of types of securities

Under this Investment Approach, the Portfolio Manager would invest in debt mutual funds (including Exchange Traded Funds), TREPS or any other money market and debt instruments (including floating rate debt instruments and securitized debt) or any other security permissible as per applicable laws

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

The Portfolio Manager shall select the underlying mutual fund schemes with an aim to park the funds for short term or for defensive consideration. The Portfolio Manager shall select the mutual fund schemes basis the liquidity and the asset allocation of the mutual fund schemes or any other factor as decided by the Portfolio Manager.

Allocation of portfolio across types of securities:

Allocation Limits (in %)

Debt and money market mutual fund schemes (including debt oriented Exchange Traded Funds): Upto 100% of Client Portfolio

Money market and debt instruments: Upto 100% of Client Portfolio

Appropriate benchmark to compare performance and basis for choice of benchmark -

The performance of this Investment Approach shall be benchmarked to CRISIL Composite Bond Fund Index.

Justification for benchmark

The composition of the benchmark is such that it is most suited for comparing performance of this Investment Approach out of the three indices prescribed by APMI.

Indicative tenure or investment horizon

Recommended time horizon for effective portfolio returns as envisaged by the Portfolio Manager is 1 year.

Other Salient Features: Based on the allocation opted by the Investor, the Portfolio Manager will deploy/invest into other Investment Approaches by switching partial/all investments. It is hereby clarified the investment allocation of this Investment Approach will not be impacted by such switch.

This Investment Approach can invest up to 100% in single mutual fund scheme (including ETF).

Risks associated with the investment approach

Below are select risks associated with this Investment Approach apart from those disclosed in Clause 6 of this Document. The risks may affect Portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

- As the investors are incurring expenditure at both the Investment Approach level and the underlying mutual fund schemes into which the Portfolio shall be invested, the returns that they may obtain may be materially impacted or may at times be lower than the returns that investors directly investing in such mutual fund schemes obtain.
- The expenses charged being dependent on the structure of the mutual fund schemes (being different) may lead to a non- uniform charging of expenses over a period of time.
- The Investment Approach disclosures of the portfolio will be limited by the particulars provided by the mutual fund schemes invested at Investment Approach level, investors may not be able to obtain specific details of the investments of the underlying mutual fund schemes.
- While it would be the endeavour of the Portfolio Manager of the Investment Approach to invest in the target mutual fund schemes in a manner, which will seek to lower risk and provide higher liquidity, the performance of the mutual fund schemes may vary which may lead to the returns of the Investment Approach being adversely impacted.
- The underlying mutual fund schemes are subject to market risks and there is no assurance or guarantee that the objectives of the mutual fund schemes will be achieved. The various factors which impact the value of the mutual fund schemes' investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes etc.

- As with any securities investment, the Net Asset Value (“NAV”) of the Units issued under the Mutual fund schemes can go up or down, depending on the factors and forces affecting the capital markets. This will impact the value of the portfolio investments.

- Past performance of the mutual fund and its respective sponsors, asset management companies do not indicate the future performance of the mutual fund schemes of the mutual fund.

- The Portfolio Manager shall not be responsible for liquidity of the mutual fund schemes’ investments which at times, be restricted by trading volumes and settlement periods. The time taken by the mutual fund schemes for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the mutual fund schemes’ portfolio.

- The Portfolio Manager shall not be liable for any changes in the offer document(s) / scheme information document(s) of the mutual fund schemes, which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

- The Portfolio Manager does not offer any guaranteed or assured returns to the investors.

- The mutual fund scheme specific risk factors of each of the mutual fund schemes become applicable where the Portfolio Manager invests in any mutual fund scheme. Copies of the Scheme Information Documents pertaining to the various mutual fund schemes which disclose the relevant risk factors, may be accessed on the respective asset manager’s website.

- Risks associated with investing in mutual funds scheme

- Market Risk/ Interest rate risk: The NAV of the mutual funds scheme, to the extent invested in fixed income securities, will be affected by changes in the general level of interest rates. The NAV of the Mutual fund scheme(s) is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. The movements in interest rate, which depend on various factors such as government borrowing, inflation, economic performance etc.

- Liquidity Risk: The liquidity of a security may change depending on market conditions leading to changes in the liquidity premium linked to the price of the security. At the time of selling the security, the security can become illiquid leading to loss in the value of the portfolio.

- Credit Risk: Investments in fixed income securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.

- Price Risk: Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall

and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.

- **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Mutual fund scheme are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

- **Settlement Risk:** The inability of the Mutual fund schemes to make intended securities purchases due to settlement problems could cause the Mutual fund schemes to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Mutual fund schemes' portfolio due to extraneous factors that may impact liquidity would result, at times, in potential losses to the Mutual fund scheme, in case of a subsequent decline in the value of securities held in the Mutual fund schemes' portfolio.

- **Regulatory Risk:** Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Mutual fund scheme.

- **Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.

- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

- Different types of fixed income securities in which the Mutual fund scheme(s) would invest as given in the Mutual fund scheme Information Document carry different levels and types of risk. Accordingly, the Mutual fund scheme(s) risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities.

- The mutual fund scheme may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the mutual fund scheme.

- The Mutual fund scheme(s) at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.
- The Mutual fund schemes may use various derivative products as permitted by the Regulations. Use of derivatives requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include the risk of mis-pricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

The name of the Investment Approach does not in any manner indicate either the quality of the Strategy or its future.

FORM C

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

[Regulation 22]

Name	Fident Asset Management Private Limited
Address	Unit 318, Lodha Supremus, Road No. 11, Off Mahakali Caves Road, Chakala MIDC, Andheri East, Mumbai – 400093, Maharashtra, India
Phone Number	+91 98191 97479
Fax Number	-
Mobile Number	+91 98191 97479
Email	aishvarya@fident.in , compliance@fident.in

We confirm that:

- (i) the Disclosure Document forwarded to SEBI is in accordance with the SEBI (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 Portfolio Manager;
- (iii) the Disclosure Document has been duly certified by an independent Chartered Accountant, as on 3rd February'25. The details of the Chartered Accountants are as follows:

Name of the Firm : Nikhil D Shah & Co
Registration Number : **137750W**
Proprietor : Nikhil Dilip Shah
Membership Number : 143293
Address: : Office No. 111, Parshwa Chamber, 17/21 Issaji Street, Vadgadi Masjid (W), Mumbai - 400003
Telephone Number : 9920863218

(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 Fident Asset Management Private Limited

Date: 3rd February'25

Signature of the Principal Officer:

Aishvarya Dadheech
Digitally signed by
Aishvarya Dadheech
Date: 2025.02.03
17:05:46 +05'30'

Place: Mumbai

Aishvarya Dadheech

Registered Address: Unit 318, Lodha Supremus,
Road No. 11, Off Mahakali Caves Road, Chakala
MIDC, Andheri East, Mumbai – 400093, Maharashtra,
India