

**DISCLOSURE DOCUMENT**  
**For**  
**Portfolio Management Services**  
**Being offered by**  
**INVESQ INVESTMENT MANAGERS LLP**

(As required under regulation 22 of SEBI (Portfolio Managers) Regulation, 2020)

- (i) The Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- (ii) The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging InvesQ Investment Managers LLP as a portfolio manager.
- (iii) The necessary information about the portfolio manager is required by an investor before investing, and the investor may also be advised to retain the document for future reference.
- (iv) The Disclosure Document shall be provided to the existing client as and when there is a material change in the contents of Disclosure Document and the same shall be available at the Website of the Company at <https://www.invesq.in>
- (v) Name of the Portfolio Manager: InvesQ Investment Managers LLP
- Registered Address: S N 135/1, PLOT H-2, Flat No B-302, Swarnavilas Building, Behind Ven Construction Office, Baner - Pashan Link Road, Bavdhan, Bavdhan Police Station, Haveli, Pune-411021, Maharashtra, India
- Place of Business: S N 270/1/20, 101, Harmony, Opp Mauli Petrol Pump, Baner Road, Baner, Pune – 411045, Maharashtra, India
- Telephone No: +91 9260147880
- Email ID: [saurabh@invesq.in](mailto:saurabh@invesq.in)
- (vi) Name of the Principal Officer so designated by the Portfolio Manager:
- Name of the Principal Officer: Aashish Jayant Urganlawar
- Email ID: [aashish@invesq.in](mailto:aashish@invesq.in)
- Telephone No: +91 9881525064

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## 1. Disclaimer Clause:

This disclosure document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended till the date and filed with SEBI. The information given in this offer document is true. 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:

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

- a) **“Act”** means the Securities and Exchange Board of India Act, 1992 as amended from time to time.
- b) **“Advisory Services”** means a portfolio investment management service where the portfolio manager advises the client for the construction and alterations in the stipulated portfolio of securities or the Funds of the clients. The client may or may not expect the portfolio manager to provide the service of execution of buy-sell transactions and maintenance of records & management of the portfolio.
- c) **“Agreement”** means the agreement executed between the Portfolio Manager and its Clients in terms of Regulation 22 and Schedule IV of SEBI (Portfolio Managers) Regulations, 2020 and any modifications or amendments thereto issued by SEBI.
- d) **“AUM”** means Asset Under Management
- e) **“Assets”** means the Securities (held either in dematerialized state or the physical state or both, if applicable) and includes bank and cash balance belonging to the Client and lying in the Bank Account managed by the Portfolio Manager or any other assets acquired by the Portfolio Manager on behalf of the client.
- f) **“Accredited Investor”** means any person who fulfills the eligibility criteria as specified by SEBI and is granted a certificate of accreditation by an accreditation agency.
- g) **“Board”** means 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.
- h) **“Client or Investor”** means any person who/which enters into the Agreement with the Portfolio Manager for availing Portfolio Management Services.
- i) **“Custodian”** means a custodian of securities, duly holding a certificate of registration under the SEBI (Custodian of Securities) Regulations, 1996.
- j) **“Disclosure Document”** means document prepared pursuant to Regulation 22 and in accordance with Schedule V of the SEBI (Portfolio Managers) Regulations, 2020 issued and amended on a timely basis, by the Company for offering portfolio management services.
- k) **“Discretionary Portfolio Management Services or DPMS”** Portfolio Management Service where the Portfolio Manager exercises or may exercise, under a contract relating to portfolio management, exercise any degree of discretion as to the investment or management of the Portfolio of securities or the Funds of the Client, as the case may be.
- l) **“Direct on-boarding of Client”** means the client who invests directly with the Portfolio Manager and not through any agent or sub-broker of the Portfolio Manager.
- m) **“FPI”** means Foreign Portfolio Investor registered with SEBI.

- n) **“Investment”** means the money or securities accepted by the Portfolio Manager from the Client in respect of which the investment of the Assets made and / or to be made by the Portfolio Manager in the Securities upon the terms and subject to the conditions set out in the Agreement.
- o) **“Investment Approach”** means 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 which shall inter-alia include but not limited to investment objective, description of type of securities, investment horizon and risks associated with the investment approach.
- p) **“Large Value Accredited Investor”** means an Accredited Investor investing minimum amount of Rs.10,00,00,000 (Rupees Ten Crore) or such other amount as prescribed by the Regulations.
- q) **“Long-term Capital Gains”** means the gains realized on the sale of listed shares or listed and unlisted equity oriented mutual funds, debentures, bonds or Government Securities which were held by the investor for a period of 12 month or more and which are defined in the Income tax Act 1961 as Long-term Capital gains. The gains on debt instruments will be termed as Long-term Capital gains under the Income tax Act 1961, if the instruments are sold after 3 years of holding. The gains on unlisted equity shares in a company will be termed as long term if the instruments are sold after 24 months.
- r) **“Non-Discretionary Portfolio Management Services or NDPMS”** Portfolio Management Services where a Portfolio Manager acts on the instructions received from the Client with regard to investment of Funds of the Client under a contract relating to portfolio management and will exercise no discretion as to the investment or management of the Client’s Portfolio viz, Pay-in and Pay-outs of funds & securities.
- s) **“Person”** means individual, Hindu Undivided Family, company, firm, limited liability partnership, association of persons or a body of individuals, local authority and every artificial judicial person not falling within any of the preceding categories.
- t) **“Portfolio”** means All the total holdings of securities and cash/cash equivalent managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes any securities mentioned in the Agreement, any further securities placed by the Client with the Portfolio Manager for the purposes of being managed pursuant to such Agreement, securities acquired by the Portfolio Manager through investment of Funds and securities (bonus and rights) on account of any corporate actions in respect of securities forming part of the Portfolio, so long as the same are managed by the Portfolio Manager pursuant to the Agreement.
- u) **“Portfolio manager”** means InvesQ Investment Managers LLP a body corporate incorporated as a Limited Liability Partnership (LLP) under the Limited Liability Partnership Act 2008 and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations 2020 vide registration number INP000008507. The registration granted by SEBI is perpetual.
- v) **“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.
- w) **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.
- x) **“Related Party”** in relation to a portfolio manager, means:
  - i. a director, partner or his relative.
  - ii. a Key managerial person or his relative

- iii. a firm, in which a director, partner, manager or his relative is a partner.
  - iv. a private company in which a director, partner or manager or his relative is a member or director.
  - v. a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital.
  - vi. anybody corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager.
  - vii. any person on whose advice, directions or instructions a director, partner or manager is accustomed to act
  - viii. anybody corporate which is:
    - a holding, subsidiary, or an associate company of the portfolio manager; or
    - a subsidiary of a holding company to which the portfolio manager is also a subsidiary; or
    - an investing company or the venturer of the portfolio manager
  - ix. a related party as defined under the applicable accounting standards.
  - x. such other person as may be specified by the Board.
- y) **“Rules”** means Securities and Exchange Board of India (Portfolio Managers) Rules, 2020 as amended from time to time.
- z) **“SEBI”** means 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.
- aa) **“Security”** or **“Securities”** means shares, scrips, stocks, bonds, debenture Stock, units issued by mutual fund, as defined in the Securities Contracts (Regulation) Act, 1956.
- bb) **“Short-term Capital Gains”** means the gains realized on the sale of shares or equity instruments, which were held by the investor for a period of 12 months or less and which are defined in the Income tax Act 1961 as Short-term Capital gains. The gains on debt instruments will be termed as Short-term Capital gains under the Income tax Act 1961, if the instruments are sold prior to 3 years of holding.

### 3. Description About the Portfolio Manager:

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

InvesQ Group is founded by Mr. Aashish Urganlawar who has had an extensive career in Equity Research and Investment Advisory.

InvesQ group started providing Equity Investment Advisory services first under the name and style Aashish Jayant Urganlawar from 24th November 2017. He held SEBI Registration Certificate bearing Number INA000009135 issued under Securities and Exchange Board of India (Investment Advisers) Regulations, 2013. From March 18, 2019, Aashish started operating under the trade name InvesQ Investment Advisors. In July 2021 Mr. Aashish Urganlawar surrendered the SEBI Registration Certificate. From April 2021, the Group started providing investment advisory through a corporate entity InvesQ Investment Advisors Private Limited under Registration Number INA000015808. Mr. Aashish Urganlawar is a founder director of InvesQ Investment Advisors Pvt Ltd and was the Principal Officer of the Advisory practice till March 2022. The Company now operates under the leadership of Mr. Siddharth Purohit who is the Principal Officer and Fund Manager for investment advisory.

There was an addition of an entity by name InvesQ Investment Managers LLP (IIM LLP) to the InvesQ Group to undertake Portfolio Management activity. InvesQ Investment Managers LLP was incorporated on 22nd February 2023 as Limited Liability Partnership (LLP) under the Limited Liability Partnership Act 2008. The Partners in the aforesaid LLP are Mr. Aashish Jayant Urganlawar, Mrs. Shital Chandrakant Mane and InvesQ Investment Advisors Private Limited. The LLP has registered as a Portfolio Manager under the SEBI (Portfolio

Managers) Regulations, 2020 to provide portfolio management services including advisory service to the Clients.

Our Principal Officer Mr. Aashish Uppanlawar is a Chartered Accountant. He has an illustrious career of over 18 years in Equity Fund Management and Institutional Equity Research. He has been a part of Fund management teams in leading Mutual funds, Insurance companies and Specialized Equity portfolio management outfits. He spent a good part of his career in Institutional Equity Research advising domestic and foreign institutional investors on their investments. His experience in Equity Research across market cycles has been instrumental in researching good businesses/ stocks listed on Indian stock exchanges. As mentioned earlier, Mr. Aashish has been providing investment advice to Clients for the last many years under the SEBI license initially in individual capacity and then as a Principal Officer of corporate entity InvesQ Investment Advisors Pvt Ltd.

**Our Philosophy:**

Our Research Philosophy consists of identifying companies for investment that can create significant value/returns from capital appreciation (plus dividends) over the near to medium term (3-5 years). Our Research endeavors to identify companies that can exhibit substantial growth in profits/ cash flows over the next 1-3 years and are available at valuations that leave significant room for capital appreciation in response to the ensuing growth in profits/ cash flows.

Identification of companies to spend research effort on is based on both approaches – 1) Top down – Where sectoral tailwinds indicate that growth is likely to be good over the near to medium term for the sector in general and hence for most companies in the sector. The idea is then to find the best possible stock in the sector in terms of risk reward. 2) Bottom up – Here we try to identify stock ideas for investment solely on happenings in/ for a company. Mostly it is about evaluating a company directly (not based on sector analysis) to see whether at the current price it offers an investment opportunity for reasonable capital appreciation. Typically, company specific turnarounds due to change in management or their strategies in business is a good example for bottom-up trigger of research on that company.

Our Research process is intended to identify companies based on following elements - 1) Analyzing strengths and weaknesses of business of the company under research 2) Analysis of capability, honesty and aggression of the management team of the company 3) Once the business and management aspects tick our check boxes the share price is evaluated based on absolute and relative analysis of ratios like Price/ earnings, Price / Book value, Enterprise value to operating cash flows to determine what is a good price to buy the stock considering the risk- reward opportunity it offers.

Our approach involves an endeavor to minimize possibilities of negative contributors to portfolio returns and we thoroughly believe in working by the mantra of ‘Avoid the losers, the winners will take care of themselves’.

**(ii) Promoters of the Portfolio Manager, Designated Partners and their background:**

**Background of Designated Partners:**

Sr. No.	Name of the director	Age	Qualification	Background in brief; Functions; Experience
1	AASHISH JAYANT UPGANLAWAR	44 Years	B.Com, Chartered Accountant NISM-Series - XXI-B: Portfolio Managers Certification Examination	Total 18 years' experience in Equity Research & Investment Advisory
2	SHITAL CHANDRAKANT MANE	39 years	Bachelor of Engineering (Computer Science & Engineering)	Total 17 years' Experience in Information Technology, Administration and Regulatory Compliance
3	INVESQ INVESTMENT ADVISORS PRIVATE LIMITED	Incorporated on October 27, 2020	SEBI Registered Investment Advisor with Registration number INA000015808	Equity Investment Advisor since April 2021

**(iii) Top 10 Group Companies/ Firms of the Portfolio Manager on turnover basis:**

Sr. No.	Name of the Group Company	Turnover (As per Audited Balance Sheet as of 31 <sup>st</sup> March 2024 in Rs.)
1	InvesQ Investment Advisors Private Limited	4,61,41,635

**(iv) Details of the services being offered:**

- a. Discretionary Portfolio Management Service (DPMS)** – The portfolio account of the Client is managed at the full discretion and liberty of the Portfolio Manager.
- Under these services, the discretion pertaining to investment/disinvestment decisions on an on-going basis rest solely with the Portfolio Manager. The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of Security as per the Agreement and make such changes in the investments and invest some or all of the Client's account in such a manner and in such markets as he deems fit. The securities invested/ disinvested by the Portfolio Manager for Clients in the same offering may differ from one Client to another Client based on investment objectives, risks, time of inflow, valuations, nature of mandate, etc. The Portfolio Manager's decision taken in good faith towards deployment of the Client's account is absolute and final and can never be called in question or to be open to review at any time during the currency of the Agreement or anytime thereafter except on the ground of mala fide intent, fraud, conflict of interest, or gross negligence. The rights of the Portfolio Manager shall be exercised strictly in accordance with the Regulations. Periodic statements in respect of the Client's portfolio shall be made available to the respective Clients as per SEBI regulations. Investment objective may vary from Client to Client. The Portfolio Manager will provide discretionary portfolio management services which shall be in the nature of investment management and may include the responsibility of managing, reviewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights, etc. and any other benefits which accrue to the Client's portfolio for an agreed fee structure and for a definite period as described in the Agreement from time to time, entirely at the Client's risk. The Portfolio Manager shall be acting in a fiduciary capacity, both as an agent as well as a trustee, with regard to the Client's assets and accretions thereto. A custodian is appointed in respect of securities managed or administered under DPMS.



- b. Non-Discretionary Portfolio Management Service (NDPMS)** –The Portfolio Manager manages the portfolio in accordance with the directions and permission of the Client.  
Portfolio Manager shall provide non-discretionary portfolio management and administrative services for the Funds/ Securities put in by the Client in accordance with the provisions of the Agreement and the terms and conditions mentioned. The Portfolio Manager shall be responsible for rendering such services in accordance with the Act, Rules, Regulations, Guidelines of SEBI and other regulators as may be applicable from time to time. The investments will be with the Client’s oral and/or written consent and the Client will be wholly responsible for the decisions on the investments. The Portfolio Manager shall provide non-discretionary portfolio management services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities with the Client’s oral and/or written consent. Additionally, the Portfolio Manager will keep the safe custody of the securities and monitor book closures, dividend, bonus, rights, etc. and any other benefits that accrue to the Client’s portfolio, for an agreed fee structure and for a definite period as described in the Agreement from time to time, entirely at the Client’s risk. The Portfolio Manager shall be acting in a fiduciary capacity, both as an agent as well as a trustee, with regard to the Client’s assets and accretions thereto. Account consisting of investments, accruals, and monetary and non-monetary corporate actions & benefits, if any. A custodian is appointed with respect to securities managed or administered under NDPMS.
- c. Advisory Service** – Under these services, the Portfolio Manager advises the Client on investments in general or any specific advice required by the Clients and agreed upon in the Client agreement. The Portfolio Manager will render the best possible advice to the client having regard to the client’s needs and the investment requirement, and his own professional skills. The same can be binding or non-binding in nature or in such terms as mentioned in the Client agreement. For such services, the Portfolio Manager charges the Client a fee for services rendered mentioned in the Client agreement. The advice may be either general or specific in nature and may pertain to a particular portfolio. Entry / exit timing, execution and settlement are solely the Client's responsibility. A custodian will not be appointed in respect of securities managed or administered under Advisory Service.
- (v) Structured Offerings** - The Portfolio Manager from time to time at its discretion might introduce various types of structured offerings as per the requirements of its clients. The funds would be invested and managed in accordance with the specifications provided by the Portfolio Manager to the Client. The Portfolio Manager can construct portfolios with different names in the form of series under any of the above-mentioned offerings/options from time to time. The terms of the tenure of the offerings/options subscription and redemption, etc. will be as per the Client agreement and other documents executed with the Client.
- (vi) Eligibility:**
1. Resident Individuals, proprietorship firms, HUFs, partnership firms, trusts, corporate, FPI and any other eligible investors.
  2. Non-residents are eligible to invest subject to prevailing RBI, SEBI and applicable regulatory guidelines and after completing the requisite paperwork with bank, custodian, broker.
  3. Minimum investment amount as per SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time. Currently the Minimum Investment Amount is Rs. 50 Lakhs.
  4. Additionally, for Clients whose portfolio value goes below the minimum threshold as provided in the Regulations, due to withdrawals from the account as per the aforementioned terms and conditions, then the Portfolio Manager shall have the discretion to close the Client’s account by liquidation of his/her positions and refunding the appropriate balance.
  5. InvesQ PMS may onboard accredited investors after following the directions as per the amendment in the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 regarding accredited investors and large value accredited investors and any other applicable procedures.



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

4.1 All cases of penalties imposed by SEBI, or the directions issued by SEBI under the SEBI Act, 1992 or Rules or Regulations made there under.

**None**

4.2 The nature of penalty / direction.

**None**

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

**None**

4.4 Any pending material litigation/legal proceedings against the portfolio manager /key personnel with separate disclosure regarding pending criminal cases, if any.

**None**

4.5 Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency.

**None**

4.6 Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.

**None**

4.7 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, 1992 or Rules or Regulations made thereunder.

4.7.1 For Portfolio Manager

**None**

4.7.2 For any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee.

**None**

**5. Investment Approach**

**1. Description**

The Portfolio Manager under its Discretionary Portfolio Management Services offers the following Investment Approach to cater to the requirements of Client. The Portfolio Manager shall deploy the securities and/ or funds of the Client in accordance with the investment objectives, investment policy and investment approach at the time of Investment.

<b>Name of Investment Approach</b>	InvesQ Multicap Opportunities Portfolio
<b>Strategy</b>	Equity
<b>Investment Objective</b>	The investment objective is to generate capital appreciation predominantly through investments in equities with a medium to long-term perspective.

<p><b>Investment Strategy &amp; Philosophy</b></p>	<p>The portfolio strategy is to pick stocks for being a part of the portfolio on a top-down and bottom-up basis to optimize returns and yet achieve an appropriate risk reward balance to the best extent possible. The strategy is long only, and selection of stocks is sector and Market cap agnostic. However, to achieve a proper risk balance and relatively lower volatility, the portfolio manager may endeavor to have a good proportion of portfolio exposure to large caps and midcaps.</p>
<p><b>Description of types of securities for Investment Approach</b></p>	<p>Investment would be made primarily in equity shares and equity linked instruments issued by companies operating in India. In a situation where we do not find sufficiently attractive opportunities or at times to temporarily preserve the portfolio value, funds would be invested in bank deposits or money market / bond mutual fund / liquid mutual funds. The Portfolio Manager might transact in derivatives in case it deems it necessary to protect the value of client's portfolios in periods of market instability. If the client does not want the Portfolio Manager to use derivatives at all in his/her portfolio, then, he/she can mention Derivatives as negative security in relevant declaration and the Portfolio Manager would be barred from using derivatives in the client's portfolio.</p>
<p><b>Basis of selection of such types of securities as part of the Investment Approach</b></p>	<p>a. The investment approach being multicap; market capitalization shall not be the primary restrictive factor to include a stock in probables for constructing the portfolio. Though the portfolio manager would look to balance the weightages of portfolio holdings so as not to skew it too much towards either large caps, mid caps or small caps to balance risk; primary objective is to maximize capital appreciation while adjusting weightages amongst holdings to achieve a proper risk reward balance.</p> <p>b. The portfolio manager believes in investing in fairly limited number of stocks in the portfolio (though an ample amount of diversification shall be ensured to avoid drastic volatility and overconcentration risk). Thus, the endeavor shall be to have a reasonably concentrated portfolio so that the benefits of following a focused approach to investing comes through. The identification and tracking of these stocks shall be based on in-depth research by the portfolio manager and research team.</p> <p>c. Basis of stock selection shall be finding attractiveness of investment opportunities/ companies in equity shares and equity linked instruments issued by companies operating in India, based on a mix of these criteria's a) reasonably good fundamentals and b) company in a growth phase/ expected to enter growth phase and c) there is potential for good capital appreciation with the belief that market price will move up to factor in the growth in earnings/ cash flows and/ or possible appreciation in valuation multiples of the business.</p>

	<p>d. The portfolio managers' research typically involves understanding of the quality of the business and management of a company based on financials of past many years (ideally 7-10 years). Analysis of the business financials over at least this time frame gives a good understanding of the strengths/weaknesses of the business and management both. This business understanding is then supplemented with scuttlebutt method/ primary research/ independent checks to better understand the ground situation of the business and its prospects. Based on this overall understanding, a rough outlook on the expected performance over coming years is developed and valuation exercise is performed based on multiple parameters Price to Earnings, EV/ Operating cash flow, FCF yield, Dividend yield etc. to check whether investing at current price of the stock makes sense to achieve good capital appreciation over the coming years.</p> <p>e. Typically (but not limited to), stocks identified for investment would fall under the falling baskets a) High growth compounders where one could buy these stocks at a reasonable price and hold on to reap the benefits of price appreciation as the company keeps growing at a high rate b) step up in business cycle due to which the company's profit/ cash flow growth would expedite sharply vs recent history and the same is not fully factored in the stock price c) Turnaround of financial performance either already happening or expected to happened, either due to reversal of business cycle, change in management, new products/ change in strategy etc. d) Companies where operating leverage kicks in due to increase in scale and hence profits expand at a highly disproportionate rate vs sales growth e) value creation due to special situations i.e. merger/ demerger/ acquisition etc. d) new to market companies (IPOs) where the issue price/ listing price does not fully factor prospects as the company is less understood/ researched by the market participants.</p>											
<p><b>Allocation of portfolio across types of securities</b></p>	<table border="1"> <thead> <tr> <th rowspan="2">Type</th> <th colspan="2">% of AUM</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Equity &amp; Equity Linked Instruments</td> <td>0%</td> <td>100%</td> </tr> <tr> <td>Other investible securities</td> <td>0%</td> <td>100%</td> </tr> </tbody> </table>	Type	% of AUM		Minimum	Maximum	Equity & Equity Linked Instruments	0%	100%	Other investible securities	0%	100%
Type	% of AUM											
	Minimum	Maximum										
Equity & Equity Linked Instruments	0%	100%										
Other investible securities	0%	100%										
<p><b>Performance Benchmark and Basis Of its selection</b></p>	<p>Strategy is a long only, sector agnostic and Multicap strategy. SEBI has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&amp;P BSE 500 TRI and MSCI SX 40 TRI. Out of the options available under regulations, S&amp;P BSE 500 TRI was considered to be most appropriate.</p>											

<b>Indicative Tenure or investment horizon</b>	We expect the client to stay invested in the portfolio for atleast a 3-5 year period.
<b>Risks associated with the Investment Approach</b>	<p>1) By definition, the Multicap approach is intended to have a non-restricted play across market capitalizations. Thus, the selection of stocks for the portfolio would be more from the prospect of making highest risk adjusted returns without giving much heed to fixed proportions of large cap, mid cap and small cap stocks. Though the portfolio manager intends to control portfolio volatility by having an appropriate mix of large, mid and small caps; the stock selection will have a large element of absolute return bias. By nature, small caps in the portfolio though might be seen by the portfolio manager to be intended to give much higher absolute returns versus large caps and midcaps; these tend to have lower liquidity and lesser participation of mutual funds and larger money management outfits. Thus, one cannot rule out volatility risk in small caps as the price moves in small caps could be very sharp in a short span of time both on upside and downside based on market liquidity conditions and business performance of small caps. Similarly, midcaps though might be much lower in volatility and more stable vs small caps as they are bigger companies having significant holding by institutions and better researched than small caps; price impact of incremental news flow on financial performance/ market liquidity factors can lead to volatility in stock price and construed as a risk factor.</p> <p>2) A good part of the portfolio may get invested in relatively smaller companies commonly referred to as mid cap and small cap stocks. Such investment calls are typically a bet on the strong industry tailwinds and/ or company entering a high growth phase due to change in internal factors like some of its products getting higher acceptance by customers/ market share gains and/ or its a call to invest in an aggressive, smart owner who can make the company grow at a very high rate over a period of time or a turnaround in financial performance due to some reasons internal or external to the company. In most cases it is a call to make outsized returns though these companies may not be large organizations with solid organization/ management structure and may not be leaders in their categories and have strong competitors. Thus, these companies may not be the best and biggest companies but make sense to invest to reap outsized gains. These may turn out to be vulnerable if business cycles go adverse or during weaker economic cycles. These factors are live risks in mid and small cap companies.</p> <p>3) The portfolio manager may raise cash holdings when a) he/ she cannot immediately find good ideas offering potential for good appreciation b) in times of Euphoria when valuations based on prevailing prices do not make sense to hold on/ buy stocks for lack of reasonable valuations of c) in anticipation of</p>

	price correction based on his/ her knowledge and skills so that stocks can be bought cheap on price correction. While the intent is good to protect capital / avoid mistake of paying too high a price/ time entry at lower price; they may tactically go wrong. Thus, such calls between equities & cash could affect the performance of the portfolio in the interim if stock prices keep going higher whilst the tactical call of having cash is taken.
<b>Other salient features</b>	None

### 2.1. Minimum Investment Amount

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities, including Equities, provided they are immediately liquid and /or funds of an amount prescribed by Portfolio Manager for a Portfolio, subject to minimum amount as specified under SEBI Regulations, as amended from time to time. Currently the minimum investment amount is Rs. 50 Lakhs. The Client may on one or more occasion(s) or on a continual basis, make further placement of Securities and / or funds with the Portfolio Manager.

### 2.2. Policy for investment in Associates/ Group Companies of the Portfolio Manager

Portfolio Manager shall not make investment of client's funds in associate / group companies of the Portfolio Manager.

### 2.3. Transactions (other than Investment) with Associates/ Group Companies

The Portfolio Manager may utilize the services of its Associates/ Group Companies for activities like Software Services, Depository Participant, broking, distribution etc. relating to Portfolio Management Services. Such utilization will be purely on arms' length and commercial basis and on mutually agreed terms and conditions as permissible under the Regulations.

### 2.4. Direct on-boarding of clients by Portfolio Managers

The Portfolio Manager provides an option for the clients to be on-boarded directly, without intermediation of persons engaged in distribution services. At the time of on-boarding of clients directly, no distributor commission shall be levied. The Client can sign up for our services by writing to us at email: [pmsadmin@invesq.in](mailto:pmsadmin@invesq.in)

### 2.5. Custody and Safe-Keeping

The Portfolio Manager has arranged for the custody of the Investments by appointing a Custodian, details are as follows:

- Name of the Custodian: Nuvama Custodial Services Limited
- Address: 3<sup>rd</sup> Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirod Road, Kurla (W), Mumbai - 400070.
- Registration No.: IN/CUS/027

Custodian shall be holding investments in dematerialized form in the Client Depository Account and/or Client Mutual Fund Investment Account and/or Pooled Depository Account. The Portfolio Manager shall use all reasonable care and due diligence for the safe custody of the Investments and extend the same degree of care and due diligence as a Portfolio Manager would extend in case of his own portfolio.

## 6. Risk Factors:

1. Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved the Portfolio Services do not amount to a warranty or guarantee of the Portfolio Manager to pay / generate any returns to the Client on the Clients Assets. Investments in the securities are subject to various other risks associated with it. It is expressly understood by the Client that no representation or warranties are held out by the Portfolio Manager about the soundness of an investment suggested to the Client and the Portfolio Manager shall not carry liability for any suggestion or failure to act if the Portfolio Manager exercises due care and diligence in this regard. It is further expressly understood by the Client that the Portfolio Manager shall not carry liability for any errors in Judgment or acts of other intermediaries, brokers, except for negligence or willful misfeasance in connection with discharge of duties.
2. The equity markets pass through various cycles of up-turns and down turns. The Portfolio Manager will stick to the underlying investment objectives and use diversification techniques, but still cannot assure the client about eliminating the risks associated with equity investing.
3. The Portfolio Manager will stick to the basic principle of diversification as stipulated in the Portfolio, but still the portfolio is exposed to a sector concentration risk as the organization's philosophy is investing with meaningful and appropriate bet size for optimizing returns.
4. General Risk factors are as follows:
  - The past performance of the Portfolio Manager does not indicate its future performance.
  - Investors are not being offered any guaranteed or assured returns i.e. either of principal or appreciation on the Portfolio.
  - The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.
  - The investments made are subject to external risks such as war, natural calamities, and policy changes of local/international markets which affect stock markets.
5. Specific risk factors: The portfolios offered by the Portfolio Manager are subject to the following risk factors:
  - The valuation of the Portfolio's investments may be affected generally by factors affecting the 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 other 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 value of the Portfolio may fluctuate and can go up or down.
  - Mutual fund risk: This risk arises from investing in units of mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. Further, scheme specific risk factors of each such underlying scheme, including performance of their underlying stocks, derivatives instruments, stock lending, offshore investments etc., will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, takeover, Mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units. In SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019, subject to stipulated conditions, mutual funds can create segregated portfolio in mutual fund schemes which results in loss of liquidity for that portion of the portfolio.
  - Investors may note that the Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.
  - The liquidity of the investments in Portfolio is inherently restricted by trading volumes in the invested securities, settlement periods and transfer procedures in the equity and debt markets. The inability of a Portfolio Manager to purchase the intended securities due to settlement problems may cause

the Portfolio to miss certain investment opportunities. Similarly, the inability to sell securities held in the portfolio due to absence of a well-developed and liquid secondary market would at times result in potential losses in the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.

- The Government of India imposes various taxes, duties, and levies from time to time. Any increase in the present tax rates or imposition of new taxes may affect the performance of the investee companies as well as the portfolio. Prospective clients are requested to consult their tax advisors.
- In case of investments in mutual fund units, the Client shall bear the recurring expenses of the portfolio management services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.
- The portfolio of the client can be subject to the risk of conflict of interest related to the Portfolio Manager and its directors and employees. The Portfolio Manager will ensure that any such conflict of interest will be managed by complying with the applicable law in force and implementing the process to reduce the possibilities.
- Risk arising from the investment approach, investment objective, and investment strategy and asset allocation.
- Risk arising out of non-diversification, if any.
- If the portfolio manager has group companies, disclosure of conflict of interest related to services offered by group companies of the portfolio manager if any.
- Risk factors associated with investing in equities and equity related instruments.
  - Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Approach unless they can afford to take the risks.
  - While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Approach incurring losses till the security is finally sold.
  - Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Approach. Different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The valuation of securities can go up or down because of various factors that affect the capital markets in general. As the liquidity of the investments made by the Approach could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Approach. In view of the above, the Trustee has the right, in its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described under section Right to Restrict Redemption and / or Suspend Redemption of the units.
  - At times, due to the forces and factors affecting the capital market, the Approach may not be able to invest in securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible securities / investments amounting to substantial reduction in the earning capability of the Approach. The Approach may retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.
  - Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The portfolio manager may choose to invest in permitted unlisted securities that offer attractive returns. This may increase the risk of the portfolio.
  - The investment strategy to be adopted by the Approach may carry the risk of significant variance between the portfolio allocation of the Approach and the Benchmark particularly over a short to medium term period.



- Performance of the Approach may be affected by political, social, and economic developments, which may include changes in government policies, diplomatic conditions, and taxation policies. Risk factors associated with processing of transaction through Stock Exchange Mechanism The trading mechanism introduced by the stock exchange(s) is configured to accept and process transactions for mutual fund units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other recognized stock exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing/settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized stock exchange(s).
- Risk factors associated with investing in Fixed Income Securities including sovereign Gold Bonds and Debt Mutual funds.
  - The Net Asset Value (NAV) of the Approach, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The NAV of the Approach 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.
  - Money market instruments, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Approach and may lead to the Approach incurring losses till the security is finally sold.
  - Investments in money market instruments involve credit risk commensurate with short term rating of the issuers.
  - Investment in Debt instruments are subject to varying degree of credit risk or default (i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations) or any other issues, which may have their credit ratings downgraded. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on an issuer's credit quality and security values. This may increase the risk of the portfolio. The Investment Manager will endeavor to manage credit risk through in-house credit analysis.
  - 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 the 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 the 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.
  - Different types of fixed income securities in which the Approach would invest as given in the Approach Information Document carry different levels and types of risk. Accordingly, the Approach risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, AAA rated bonds are comparatively less risky than AA rated bonds.
  - The Portfolio Manager 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 portfolio.

- As zero-coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates and are subject to issuer default risk. Therefore, the interest rate risk of zero-coupon securities is higher. The Portfolio Manager may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio. Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero-coupon securities are generally more volatile than the market prices of securities that pay interest periodically.
- The approach's performance may differ from the benchmark index to the extent of the investments held in the debt segment, as per the investment pattern indicated under normal circumstances.
- Prepayment 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 Approach to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Approach.
- Risk Factors Associated with Investing in Derivatives
  - Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
  - Engaging in Securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party. The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.
  - Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself.
  - Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "Counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates, and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

**7. Client Representation:**

(i) The history of the performance of the Portfolio Manager based on client representation is given below: -

Financial Year ending on	Category of Clients	Discretionary/ Non-Discretionary / Advisory	No. Of Clients	Funds Managed (Rs. in Cr)
31st March, 2024	Associates /group companies	No group Company	Nil	Nil
	Others	Discretionary	Nil	Nil
		Non-Discretionary	Nil	Nil
		Advisory	Nil	Nil
<b>Total</b>		Nil	Nil	
31st March, 2023	Associates /group companies	No group Company	Nil	Nil
	Others	Discretionary	Nil	Nil
		Non-Discretionary	Nil	Nil
		Advisory	Nil	Nil
<b>Total</b>		Nil	Nil	
31st March, 2022	Associates /group companies	No group Company	Nil	Nil
	Others	Discretionary	Nil	Nil
		Non-Discretionary	Nil	Nil
		Advisory	Nil	Nil
<b>Total</b>		Nil	Nil	

(ii) Disclosure in respect of related party transactions:

Sr No	Name of the Related Party	Particulars	Up to March 31, 2024 in Rs.
1	AASHISH JAYANT UPGANLAWAR	Profit Sharing	2,30,872
2.	SHITAL CHANDRAKANT MANE	Profit Sharing	2,30,872
3.	INVESQ INVESTMENT ADVISORS PRIVATE LIMITED	Profit Sharing	9,423

## 8. Financial Performance:

### 1. Capital Structure

Particulars	As on March 31, 2024
(a) Partners' Capital Accounts	5,24,71,167
(b) Free Reserves (excluding revaluation reserve)	-
<b>Total (a+b)</b>	<b>5,24,71,167</b>

### 2. Net-worth Details

Particulars	As on March 31, 2024
<b>Net Worth</b>	<b>5,24,71,167</b>

### 3. Deployment of Resources

Sr. No	Particulars	As on March 31, 2024
I	<b>Non-Current Assets</b>	<b>4,62,58,831</b>
a)	Fixed Assets	7,31,276
b)	Other Non-Current Assets	4,55,27,555
II	<b>Current Assets</b>	<b>64,58,327</b>
a)	Current Investments	-
b)	Cash & Cash Equivalent	19,16,951
c)	Other Current Assets	45,41,376
	<b>Total</b>	<b>5,27,17,158</b>

### 4. Details of Profitability

Sr. No	Particulars	As on March 31, 2024
I	Total Income	21,32,182
II	Profit / (Loss) Before Tax	5,64,872
III	Profit/ (Loss) After Tax	4,71,167

**9. Performance of Portfolio Manager for last 3 years:**

The Portfolio Manager has no previous track record in the field of portfolio management services.

Portfolio manager shall ensure compliance with computation of performance of portfolio in terms of SEBI (PMS) Regulations, 2020 and SEBI Circular no. SEBI/HO/IMD/DF1/P/2020/26 dated February 13, 2020.

**10. Audit Observation:**

There are no audit observations in relation to portfolio management activities.

**11. Nature of Expenses:**

The following are the broad types of costs and expenses chargeable to Clients availing the Portfolio Management Services. The exact quantum of fees / expenses relating to each of the services shall be annexed to the Agreement executed between the Client and the Portfolio Manager. The expense charged may vary from Client to Client. The expenses incurred shall be directly debited on actual expense incurred basis to the Client's Portfolio as and when the same becomes due for payment or on a monthly basis.

**1. Investment Management fees**

- **Portfolio Management Fees**

The Portfolio Management Fee may be a fixed fee or a return-based fee or a combination of both as detailed in the schedule to the Portfolio Management Services Agreement. The detailed description of the fees, expenses and compliance with the SEBI Circular No. IMD/DF/13/2010 dated October 05, 2010, and any updates thereto relating to fixed fees and performance fees including high water mark principle is given in "Schedule – III: Fees and Charges" of the Portfolio Management Services Agreement.

The actual fees charged by the Portfolio Manager for each Client shall be determined separately as per the fee terms agreed with client in the Portfolio Management Services Agreement and such fees terms/ fees may vary from Client to Client.

- **Goods and Services tax (GST)**

Goods and Services tax and statutory levies would be levied separately as per the prevailing rates from time to time.

- **Exit Load**

Exit Load Upon early termination of Portfolio Management Services, the Portfolio Manager shall be entitled to charge the client an Exit Load as mentioned in the Agreement executed between Client and Portfolio Manager. The exact quantum of exit load relating to such early termination shall be annexed to the Agreement executed between the Client and the Portfolio Manager. The exit load charged may vary from Client to Client. The exit load charged shall not exceed SEBI permissible limits. Present permissible exit load vide SEBI Circular no. SEBI/HO/IMD/DF1/P/2020/26 dated February 13, 2020, is:

- If redeemed in full or part in the first year, maximum of 3% of the amount redeemed.
- If redeemed in full or part in the second year, maximum of 2% of the amount redeemed.
- If redeemed in full or part in the third year, maximum of 1% of the amount redeemed.
- If redeemed in full or part after a period of three years from the date of investment, no exit load.

## 2. Other Expenses

Apart from Portfolio Management Fees, the following are the general costs and expenses to be borne by the Client availing the Portfolio Management Services of the Portfolio Manager on actual basis, which shall not exceed the limits prescribed in the SEBI Regulations.

- **Custodian and Depository Charges**

The charges relate to opening and operation of depository accounts, custody and transfer charges for securities, dematerialization and re-materialization, fund accounting services and other charges in connection with the operation and management of the depository accounts. These charges are as may be decided between the Portfolio Manager and the custodian, charged at actuals as mentioned in the Portfolio Management Services Agreement and as revised from time to time.

- **Registrar and Transfer Agent fees**

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 stamps, courier charges, etc. as may apply. These charges will be charged at actuals.

- **Brokerage and Transaction costs**

The brokerage charges, and other charges like Goods and Services Tax, stamp duty, transaction costs including bank charges, turnover tax, securities transaction tax or any other tax levied by statutory authorities on the purchase and sale of securities and exit load (if any) on units of Mutual Funds shall be charged at actuals and revised from time to time.

- **Certification and professional charges**

Charges payable for outsourced professional services like order management charges, fund accounting services, auditing, taxation and legal services, etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees, etc.

- **Incidental expenses**

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

Portfolio Manager shall not charge any fees to clients at the time of onboarding except for the specific charges applicable for execution of the agreement and related documents for account opening.

**Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed limit as prescribed by SEBI from time to time. Presently SEBI has prescribed limit of 0.50% per annum of the client's average daily Assets under Management (AUM) vide SEBI Circular no. SEBI/HO/IMD/DF1/P/2020/26 dated February 13, 2020.**

## 12. Taxation

### (a) Disclaimer :

The summary of tax provisions is mainly related to the direct taxes in India i.e. Income Tax Act, 1961 as amended from time to time and Income Tax Rules 1962 (IT Act) , as amended time to time along with various circulars, notifications issued by Central Board of Direct Taxes (CBDT) from time to time.

**Clients are advised to take independent opinion from their tax advisors/ experts for any income earned from such investments. Clients should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. Considering the residential status of the client, the nature of transaction, each client is advised to consult their respective tax advisor with respect to the tax consequences arising from the participation in the investment approaches. The Portfolio Manager is not responsible for any loss suffered by any client as a result of current taxation law and practice or any changes thereto.**

Further, the summary of provisions of Income tax acts, rules are just in the nature of compilation of applicable provisions as per current statute. The statements with regard to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes of the Portfolio Manager.

### (b) Tax implications for clients.

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

### 12.1 General

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

A Portfolio of client may have:

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

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

All the Tax Rates contained in this clause are applicable for the financial year 2024-25, in accordance with Finance Act, 2024.



## **12.2 Resident and Non- Resident Taxation**

### **12.2.1 Resident Taxation**

A resident investor will be subject to income tax on his / her global income. In the case of a resident but not ordinarily resident, any income which accrues/ arises outside India will not be subject to tax in India, unless it is derived from a business/ profession controlled from India. Every other person is said to be resident in India during the year under consideration except where the control and management of affairs is situated wholly outside India. In the case of an individual, the residential status would be determined based upon the physical presence of that person in India. The threshold limit in terms of physical presence of such individual in India has been prescribed under the Act.

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

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

### **12.2.2 Non-resident Taxation**

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

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

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

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

## **12.3 Tax deduction at source**

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

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

The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in

each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

#### 12.4 Linking of PAN and Aadhar

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

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

#### 12.5 Advance tax installment obligations

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

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

#### 12.6 Securities Transaction Tax

Securities Transaction Tax ("STT") is applicable on transactions of purchase or sale of equity shares in a company or Exchange Traded fund ("ETF"), or a derivative or units of Equity Oriented Fund or units of Business Trust entered into on a recognized stock exchange and sale of units of Equity Oriented Fund to the Mutual Fund.

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

Taxable securities transaction	STT Rate	Person responsible to pay STT	Value on which STT is required to be paid
Delivery based purchase and sell of equity share	0.1%	Purchaser/Seller	Price at which equity share is purchased/sold
Delivery based sale of a unit of oriented mutual fund	0.001%	Seller	Price at which unit is sold
Sale of equity share or unit of equity oriented mutual fund in recognized stock exchange otherwise than by actual delivery or transfer and intra-day traded shares	0.025%	Seller	Price at which equity share or unit is sold
Derivative – Sale of an option in securities	0.062%	Seller	Option premium
Derivative – Sale of an option in securities where option is exercised	0.125%	Purchaser	Settlement Price
Derivative – Sale of futures in securities	0.0125 %	Seller	Price at which such futures is traded

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

### 12.7 Characterization of Income on transfer of securities of companies.

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

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

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

Any single factor discussed above in isolation cannot be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously. Further, the background of the investor (Professional vs. a trader in shares) would also be a relevant factor in determining the nature of the shares.

CBDT has clarified that, it is possible for a taxpayer to have two portfolios, i.e., an investment portfolio comprising of securities which are to be treated as capital assets and a trading portfolio comprising of stock-in-trade which are to be treated as trading assets. Where an assessee has two portfolios, the assessee may have income under both heads i.e., capital gains as well as business income.

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

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

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

**12.8 Tax on dividend and income from units of mutual funds**

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

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

**12.9 Buy back taxation**

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

**12.10 Long term capital gains**

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

**12.10.1 Period of Holding**

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

Sr. No	Securities	Period of Holding	Characterization
1	Listed Share & Securities (other than Units) and units of equity oriented Mutual Funds, units of UTI, Zero Coupon Bonds	More than twelve (12) months	Long-term Capital Asset
		Twelve (12) months or less	Short-term Capital Asset
2	Unlisted shares , debenture & bonds	More than twenty-four (24) months	Long-term Capital Asset
		Twenty-four (24) or less	Short-term Capital Asset

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

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

As per section 112A of the Act, long term capital gains exceeding INR 1.25 lakh arising on transfer of listed equity shares in a company or units of equity-oriented fund or units of a business trust is taxable at 20% till 22<sup>nd</sup> July 2024 thereafter the tax rate will be 12.5% plus applicable surcharge and education cess, as applicable, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition of listed equity shares, unless the listed equity shares have been

acquired through any of the notified modes not requiring to fulfil the pre-condition of chargeability to STT.

Long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or payable in foreign currency, where STT is not chargeable, will be chargeable to tax as per the Income Tax Act.

The long-term capital gains arising from the transfer of such securities shall be calculated without indexation. In computing long-term capital gains, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued up to 31 January 2018, a mechanism has been provided to “step up” the COA of securities. Under this mechanism, COA is substituted with FMV, where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV as on 31/01/2018, the sale value is deemed as the COA.

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

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

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

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

Long-term Capital Gains in respect of capital assets (other than listed securities and units of equity oriented mutual funds) will be chargeable to tax at the rate of 20% plus applicable surcharge and education cess, as applicable (The indexation benefit and tax rate of 20% was applicable till 22nd July, 2024). Capital gains would be computed after taking into account cost of acquisition as adjusted by Cost Inflation Index notified by the Central Government and expenditure incurred wholly & exclusively in connection with such transfer.

Any other capital assets acquired on or after 23rd July, 2024, the tax rate will be 12.5% without indexation which are qualified as long-term assets.

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

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

Long term capital gains, arising on sale of debt securities, debt-oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by Offshore Funds referred to in section 115AB) will be chargeable to tax as per the Income Tax Act. Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

Long term capital gains, arising on sale of listed shares in the company or units of equity-oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at will be

chargeable to tax as per the Income Tax Act as mentioned in para 12.10.2 above.

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

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

#### 12.11 **Short Term Capital Gains**

Section 111A of the Act provides that short-term capital gains arising on sale of Equity Shares of a company or units of Equity Oriented Fund or units of a business trust entered on a recognized stock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund are chargeable to income tax at a concessional rate of 15% upto 22<sup>nd</sup> July 2024 thereafter tax rate will be 20% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to STT. However, the above condition of STT shall not be applicable to transactions undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. The Market linked debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the Act. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

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

Short term capital gains, arising on transfer of securities, being equity shares or units of equity-oriented mutual funds that are subject to Securities Transaction Tax ('STT') are taxable at the rate of 15% upto 22<sup>nd</sup> July 2024 thereafter tax rate will be 20% plus applicable surcharge and education cess, as applicable under Income Tax Act.

Other Short term capital gains, arising on transfer of off-market securities, being equity shares, bonds, debentures, derivatives, which are not subject to Securities Transaction Tax ('STT'), are taxable at the slab rate plus applicable surcharge and education cess, as applicable under Income Tax Act.

#### 12.12 **Profits and Gains of Business or Profession**

12.12.1 If the investment under the Portfolio Management Services is regarded as "Business / Trading Asset" then the gain / loss arising there from is likely to be taxed as income from business as per slab rates i.e. in the case of resident individual and HUF and at the rate of 30% or 25% or 22% plus applicable surcharge and cess, (as the case may be, in case of resident other than individual and HUF (as the case may be) and also for non-residents other than a foreign company (assuming the highest slab rate for individual). It shall be taxable at the rate of 40% (plus applicable surcharge and cess) in the case of a foreign company. The above rates would be subject to availability of benefits under the DTAA, if any in case of non-resident assessee.

12.12.2 Interest income arising on securities / Dividend could be characterized as 'Income from Other Sources' or 'business income' depending on facts of the case. Any expenses incurred to earn such interest income should be available as a deduction, subject to the provisions of the Act.



12.12.3 Where income referred to above is treated as Business Income, the person will be entitled for deduction under section 36(1)(xv), for the amount of STT paid.

## 12.13 Tax Rates

### 12.13.1 Individuals, HUF, AOP & BOI:

The Finance Minister introduced a new tax regime in Finance Act, 2020 wherein an option for individuals and HUF (Hindu Undivided Family) to pay taxes at lower rates without claiming deductions under various sections. This new tax regime has now been extended to Association of Person (AOP) (other than Co-Op Society) and Body of Individual (BOI) by the Finance Act, 2023. The option for the new tax regime can be exercised only once by specified persons having business/professional income and once exercised it will remain the same for the subsequent years as well. Income Tax slab rates notified in new tax regime and old tax regime (upto 60 years of age) for the Financial Year 2024-25 are as under:

Income Tax Slab (INR)	Tax rates as per new regime	Tax rates as per old regime
0 – 2,50,000	Nil	Nil
2,50,001 – 3,00,000	Nil	5%
3,00,001 – 5,00,000	5%	INR 2,500+5% of total income exceeding INR 3,00,000
5,00,001 - 7,00,000	INR 10,000 + 5% of total income exceeding INR 5,00,000	INR 12,500 + 20% of total income exceeding INR 5,00,000
7,00,001 – 10,00,000	INR 20,000+10% of total income exceeding INR 7,00,000	INR 52,500 + 20% of total income exceeding INR 7,00,000
10,00,001 - 12,00,000	INR 50,000+ 15% of total income exceeding INR 10,00,000	INR 1,12,500 +30%of total income exceeding INR 10,00,000
12,00,001 - 15,00,000	INR 80,000 + 20% of total income exceeding INR 12,00,000	INR 1,72,500 +30% of total income exceeding INR 12,50,000
Above 15,00,000	INR 1,40,000 + 30% of total income exceeding INR 15,00,000	INR 2,62,500 +30% of total Income exceeding INR 15,00,000

Tax rates as per old tax regime for Resident Individual whose age is 60 years or more but less than 80 years and Resident Individual whose age is 80 years or more for Financial Year 2024-25 are as under:

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



Surcharge for the Financial Year 2024-25 are as under:

Nature of Income	Upto INR 50 lakh	More than INR 50 lakh but upto INR1crore	More than INR 1 crore but less than INR 2 crore	More than INR 2 crore but upto INR 5crore	More than INR 5 crore
<ul style="list-style-type: none"> <li>Short-term capital gains and long-term capital gains which are subject to STT.</li> <li>Short-term or long-term capital gains under section115AD(1)(b)</li> </ul>	NIL	10%	15%	15%	15%
Any other Income (*)	NIL	10%	15%	25%	37%

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

#### 12.13.2 Partnership Firm (Including LLP's):

A partnership firm (including LLP) is taxable at 30% plus applicable surcharge and cess, as applicable of such tax where total income exceeds INR 1 crore.

#### 12.13.3 Domestic Company/Foreign Company:

**Tax Rates for domestic companies for Financial Year 2024-25 are as under:**

Particulars	Tax rates	If Opted for Sec 115BA	If Opted for Sec 115BAA	If Opted for Sec 115BAB
Gross turnover upto INR 400 crore in the FY2020-21	25%	25%	22%	15%
Domestic Company other than above	30%	25%	22%	15%
MAT tax rate	15%	15%	NA	NA

**Tax Rates for Foreign companies for Financial Year 2024-25:**

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

Surcharge for domestic companies and foreign companies for FY 2024-25 is as under:

Total Income (INR)	Domestic Companies				Foreign Companies
	Tax Rates	If Opted for Sec. 115BA	If Opted for Sec. 115BAA	If Opted for Sec. 115BAB	
Upto 1 crore	Nil	Nil	10%	10%	Nil
1 crore – 10 crores	7%	7%	10%	10%	2%
Above 10 crores	12%	12%	10%	10%	5%

#### 12.13.4 **Health and Education Cess**

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

#### 12.14 **Losses under the head Capital Gains/Business Income**

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

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

#### 12.15 **Dividend Stripping**

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

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

#### 12.16 **Bonus Stripping**

Where any person buys or acquires any securities; or units of a mutual fund or the Unit Trust of India or business trust or Alternate Investment Fund within a period of three months prior to the record date (i.e., the date that may be fixed by a company or a Mutual Fund or the Administrator of the specified undertaking or the business trust or Alternate Investment Fund or the specified company, for the purposes of entitlement of the holder of the securities or units to receive additional security or unit, as the case may be, without any consideration) and such person is allotted additional securities or units (without any payment) on the basis of holding of the aforesaid securities or units on the record date, and if such person sells or transfers all or any of the original securities or units within a period of nine months after the record date while continuing to hold all or any of the additional securities or units, then any loss arising to him on account of such purchase and sale of all or any of the securities or units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional securities or units as are held by him on the date of sale or transfer of original securities or units.

#### 12.17 **Deemed Gift**

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

#### 12.18 **Fair market value deemed to be full value of consideration in certain cases**

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

**12.19 Tax neutrality on merger of different plans in a scheme of mutual fund and merger of different scheme of mutual fund**

The consolidation/ merger of different plans in a mutual fund scheme of a fund as well as the consolidation/ merger of mutual fund schemes of two or more schemes of equity-oriented fund or two or more schemes of a fund other than equity-oriented fund under the SEBI (Mutual Fund) Regulations, 1996, shall be tax neutral to the investors. Thus, such consolidation/ merger will not result in transfer and will not be liable to capital gains.

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

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

**12.20 Segregated Portfolios**

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

The Finance Act, 2020 amended the relevant section to provide that the period of holding of the units in the segregated portfolio is to include the earlier period of holding of the units in the main scheme. Further, for computing the “cost of acquisition” of the units in the segregated portfolio, the “cost of acquisition” of the units in the main scheme will be pro-rated in the ratio of the NAV of the assets transferred to the segregated portfolio. The “cost of acquisition” of the units in the main scheme will simultaneously be reduced by the “cost of acquisition” of the units in segregated portfolio.

**12.21 Goods and Services Tax**

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

**13. Accounting Policies:**

- A. The Portfolio Manager shall maintain a separate Portfolio record in the name of the Client in its book for accounting the assets of the Client and any receipt, income in connection therewith as provided under SEBI (Portfolio Managers) Regulations, 2020.
- B. For every Client Portfolio, the Portfolio Manager shall keep and maintain proper books of accounts, records, and documents, for the Client, on mercantile system of accounting, so as to explain its transactions and to disclose at any point of time the financial position of the Client’s Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.
- C. Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts & records of the Client.
  1. Investments are stated at the cost of acquisition by the Portfolio Manager.
  2. Dividend income earned shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income shall be recognized on the date of receipt.

3. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
4. In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.
5. Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.
6. Bonus shares shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
7. Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
8. The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's bought note.
9. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
10. All other expenses payable by the Client shall be accrued as and when Liability is incurred.
11. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange (NSE). If the securities are not traded on the NSE on the valuation day, the closing price of the security on the Bombay Stock Exchange or other exchange will be used for valuation of securities. In case the securities are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of Mutual Funds shall be valued at the repurchase price of the previous day declared for the relevant Scheme on the date of the report.
12. Open positions in derivative transactions will be marked to market on the valuation day.
13. Private equity/Pre IPO placements will be valued at cost or at a last deal publicly available price at which company has placed shares to other investors till it is listed.
14. Unrealized gain/losses are the differences between the current market value/ Net Asset Value and the historical cost of the securities.
15. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

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

#### D. Execution:

##### D.1. Appointment of custodian

We have appointed Nuvama Custodial Services Limited as custodian for our PMS Service and use the depository services of Nuvama who is depository participant of NSDL/ CDSL, as the case may be. The purchase and sale operations shall be operated on "Client level" basis for domestic investors. All investors' assets will be in the pooled account of the custodian and depository account for domestic investors. The Portfolio Manager may at its discretion ordinarily purchase or sell securities in aggregate for economies of scale and thereafter inter se allocate the same amongst its clients on pro-rata basis under pooled custodian method. The custodian shall purchase shares or sell them as the case may be in their account using their PAN number and pay STT and later allocate the trades undertaken to

various clients. In the case of NRI clients all buying and selling would be done through non-pooled by custodian basis using client's PAN number and STT would be reflected in their individual name.

Additionally, through this Agreement the Client shall provide a Power of Attorney authorizing the Portfolio Manager to perform all his investment decisions and all other obligations and take fees and pay statutory dues and obligations in due course of regulatory and market requirements. Additionally, through this Agreement the Client shall provide a Power of Attorney authorizing the custodian to keep custody of assets and execute trades as advised by the Portfolio Manager from time to time and take fees and pay statutory dues and obligations in due course of regulatory and market requirements.

#### D.2. Prevention of money laundering and Know Your Client (KYC)

The Government of India has put a policy framework to combat money laundering through the Prevention of Money Laundering Act (PMLA 2002). The Portfolio manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources/ manner and the Client is duly entitled to invest the said funds. The Portfolio Manager may stop all the trading activities for such Client/ s and take actions as may be required under the Regulations and the Agreement, including the closure of the Account. Notwithstanding anything contained in this Disclosure Document, the provisions of the Regulations, PML Laws and the guidelines thereunder shall be applicable. Clients are advised to read the Disclosure Document carefully before entering into an agreement with the Portfolio Manager.

#### 14. Investors Services:

1. InvesQ provides an option for clients to be on-boarded directly, without intermediation of persons engaged in distribution services.
2. Details of the Investor Relationship Officer who shall attend to the Client's queries and complaints:

Name:	Mr. Saurabh Lele
Designation:	Compliance Officer
Contact Nos:	+91 9260147880
Email:	saurabh@invesq.in
Office Address:	S N 270/1/20, 101, Harmony, Opp Mauli Petrol Pump, Baner Road, Baner, Pune – 411045, Maharashtra, India

3. Grievance redressal and dispute settlement mechanism

14.3.1. All disputes, differences, claims and questions whatsoever arising from or in connection with or in relation to (i) the Agreement between the Client and the Portfolio Manager and (ii) the services to be rendered by the Portfolio Manager and/or their respective representatives (hereinafter referred to as 'Dispute(s)') shall be attempted to be resolved by discussions between the Parties, in good faith, with the intention of resolving such Disputes amicably at the earliest.

14.3.2. Without prejudice to anything contained in Clause 14.3.1. above, in case the Client has any grievance/complaint, the Client shall foremost lodge such grievance/complaint through a written complaint by email or otherwise addressed to the Investor Relation Officer. In case a written complaint is to be sent by email, the Client may address such email to [saurabh@invesq.in](mailto:saurabh@invesq.in). On receipt of the complaint, the Portfolio Manager, on a best effort basis, may resolve the complaint, within timelines as prescribed under the applicable laws.



- 14.3.3. In case the Client is not satisfied with the redressal by the Portfolio Manager as per Clause 14.3.2. above, the Client may raise its grievance/complaint on SEBI's web-based complaints redressal system (SCORES), on <https://scores.sebi.gov.in/>.
- 14.3.4. In addition to seeking redressal through the SCORES platform as mentioned in Clause 14.3.3. above and/or if the Client is not satisfied with the disposal of its grievance/complaint on the SCORES platform, the Client may approach the Online Dispute Resolution mechanism framework specified by SEBI vide its Master Circular for Online Dispute Resolution bearing no. SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/145 dated July 31, 2023 (and any amendment or modification or corrigendum / clarificatory circulars that may be issued by SEBI in this regard, from time to time) ("ODR Circular").
- 14.3.5. Notwithstanding anything contained herein, the Client and the Portfolio Manager shall, at all times, have the right to seek appropriate civil remedies available to them as per applicable laws and refer any such Dispute to the courts and tribunals of competent jurisdiction. Provided however that the courts and tribunals at Pune shall have the jurisdiction to deal with any such Dispute. Further provided that nothing herein shall restrict the Portfolio Manager from referring any such Disputes to any other court or tribunal of competent jurisdiction.
- 14.3.6. It is further clarified that in the event the Client chooses to initiate any other proceedings, whether under the ODR Circular or otherwise in terms of Clause 14.3.5. above, whilst the Client's complaint is still pending resolution on SCORES platform, the complaint on SCORES platform shall be dealt with in the manner set out under the ODR Circular.
- 14.3.7. Governing Law:

The Disclosure Document and the Client Agreement shall be construed and interpreted in accordance with the laws of Republic of India.

**15. Transactions having conflict of Interest with Client's Portfolio:**

There are no transactions of purchase and sale of securities by portfolio manager and its Employees, who are directly involved in investment operations, having conflict of interest with the transactions of any of the client's portfolio.

**16. Details of investments in the securities of related parties of the portfolio manager**

There are no investments in the securities of related parties of the portfolio manager.

**17. Details of the diversification policy of the portfolio manager**

The portfolio manager considers optimum diversification of investment strategy at its best possible way to mitigate the concentration risk of the portfolio.

For InvesQ Investment Managers LLP



**Aashish Jayant Urganlawar**

Principal Officer & Designated Partner

Place: Pune

Date: December 31, 2024

FORM C

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

Name of Portfolio Manager: InvesQ Investment Managers LLP  
Registered Office: S N 135/1, PLOT H-2, Flat No B-302, Swarnavilas Building, Behind Ven Construction Office, Baner - Pashan Link Road, Bavdhan, Bavdhan Police Station, Haveli, Pune - 411021, Maharashtra, India  
Place of Business: S N 270/1/20, 101, Harmony, Opp Mauli Petrol Pump, Baner Road, Baner, Pune – 411045, Maharashtra, India  
Phone No: +91 9260147880  
Email: [pmsadmin@invesq.in](mailto:pmsadmin@invesq.in)

We confirm that,

- i. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time.
- ii. The disclosures made in the Disclosure Document are true, fair, and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us/investment through Portfolio Manager.
- iii. The Disclosure Document has been duly verified by an Independent Chartered Accountant – *Bagdia & Company Chartered Accountants*, having office at *Block No. 63 & 69, Rajat Sankul, Opp. ST Stand, Ganeshpeth, Nagpur – 440018*, having phone number *07126632401* and having firm registered number *128256W* on *December 31, 2024*.

For and on behalf of **InvesQ Investment Managers LLP**



**Aashish Jayant Urganlawar**  
Principal Officer & Designated Partner  
Date: December 31, 2024  
Place: Pune





To  
The Designated Partner  
InvesQ Investment Mangers LLP  
S N 135/1, PLOT H-2, Flat No. B-302,  
Swarnavilas Building,  
Behind Ven Construction Office,  
Baner - Pashan Link Road, Bavdhan,  
Bavdhan Police Station, Haveli,  
Pune - 411021

## CERTIFICATE

This is to certify that the Disclosure Document for Portfolio Management Services of **M/s. InvesQ Investment Managers LLP** having its registered office at **S N 135/1, PLOT H-2, Flat No. B-302, Swarnavilas Building, Behind Ven Construction Office, Baner - Pashan Link Road, Bavdhan, Bavdhan Police Station, Haveli, Pune - 411021, Maharashtra** has been prepared in accordance with SEBI (Portfolio Managers) Regulations, 2020 as amended till date and the contents of the document are true and fair on the basis of the relevant information and explanations given to our satisfaction.

For Bagdia & Company,  
Chartered Accountants  
Firm Regn. No.: 128256W

CA Saket Bagdia  
Partner  
Membership No.: 111021



Place: Nagpur  
Date: 31.12.2024  
UDIN: 25111021BMJAHH2363