



To,  
Driv Drisht LLP  
5th Floor, 8/1/2 Dr. U.N. Brahmachari Street,  
Circus Avenue, Kolkata-700017  
West Bengal

I have examined the Disclosure Document dated February 13, 2024 f produced before me and prepared by the management of Driv Drisht LLP ("the LLP") having PMS Registration No. INP000008570 and its registered office at Surabhi, 5th Floor, 8/1/2 Dr. U.N. Brahmachari Street, Circus Avenue, Kolkata-700017, West Bengal. The Disclosure Document is prepared in accordance with the Schedule V of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 (updated from time to time). Based on the information and details produced before us, we certify that the disclosures made in the enclosed Disclosure Document for portfolio management are true, fair and adequate to enable the investors to make a well-informed decision except the following:

1. The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the management.
2. The Promoters, Designated Partner's & Key Managerial Personnel's qualification, experience, ownership details are as declared by them have been accepted without further verification.
3. I have relied on the representations given by the management of the LLP about the penalties or litigations against the LLP as mentioned in the Disclosure Document.





This certificate has been issued solely for submission to the Securities and Exchange Board of India for the sole purpose of certifying the contents of the Disclosure Document for the portfolio management and should not be used or referred to for any other purpose without our prior written consent.

**For Navin Lahoty & Co.**

Chartered Accountants

ICAI Firm Registration No: 0322798E

A handwritten signature in blue ink, appearing to read 'Navin', is written over the printed name.

**Navin Kumar Lahoty, FCA**

Proprietor

Membership No.: 056931

Place: Kolkata

Date: 13<sup>th</sup> February, 2024.

UDIN: 24056931BKEQCS3870





## FORM C

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

### DRIV DRISHT LLP

Regd. Office: Surabhi, 5<sup>th</sup> Floor, 8/1/2 Dr. U.N.Brahmachari Street, Kolkata – 700 017  
Contact No.: +91 33 22871016, Email: [ho@dhanvesttor.com](mailto:ho@dhanvesttor.com)

We confirm that:

- i) The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time.
- ii) The disclosures made in the document are true, fair and adequate to enable the Investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager.
- iii) The Disclosure Document has been duly certified by an Independent Chartered Accountant Mr. Nawin Kumar Lahoty having address at 20B, Dhirendranath Ghosh Road, Kolkata – 700025, Contact: +91 9830055601 on 13<sup>th</sup> February, 2024. A copy of the certificate of Chartered Accountant is enclosed herewith.



*Ishan Daga*

**Date:** 13<sup>th</sup> February, 2024

**Place:** Kolkata

**Name:** Mr. Ishan Daga  
**Designation:** Principal Officer  
**Address:** Driv Drisht LLP,  
Surabhi, 5<sup>th</sup> Floor, 8/1/2,  
Dr. U. N. Brahmachari Street,  
Kolkata – 700 017

## DRIV DRISHT LLP

(LLPI No. ACB - 0244 | GST No. 19AAVFD1527G1Z7)

Surabhi, 5<sup>th</sup> Floor, 8/1/2 Dr. U. N. Brahmachari Street, Kolkata 700017

☎ +91 33 2287 1016 ✉ [ho@dhanvesttor.com](mailto:ho@dhanvesttor.com)

## DISCLOSURE DOCUMENT

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

1. The Disclosure Document has been filed with Securities and Exchange Board of India (“SEBI”) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Manager) Regulations, 2020 (“PMS Regulations”).
2. The purpose of the Disclosure Document is to provide essential information about the discretionary portfolio management services (“Services”) in a manner to assist and enable the Clients in making informed decision for engaging Driv Drisht LLP as a Portfolio Manager.
3. The Disclosure Document contains necessary information about the Portfolio Manager required by a client before investing. The client is advised to retain the Disclosure Document for future reference.
4. The name, phone number, e-mail and address of the Principal Officer so designated by the Portfolio Manager is as follows:

Name of the Principal Officer: Mr. Ishan Daga

Phone: +91 33 2287 1016

E-mail: [ishandaga@dhanvesttor.com](mailto:ishandaga@dhanvesttor.com)

Address: Surabhi, 5<sup>th</sup> Floor, 8/1/2 Dr. U.N. Brahmachari Street, Kolkata - 700 017

Date: 13<sup>th</sup> February, 2024

Place: Kolkata

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## 1. Disclaimer

- 1.1. The particulars of this Disclosure Document have been prepared in accordance with the PMS Regulations, as amended till date and filed with SEBI.
- 1.2. This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Disclosure Document.
- 1.3. This Disclosure Document is not for public distribution and has been furnished to the Client solely for the Client's information and may not be reproduced or redistributed to any other person.
- 1.4. The distribution of this Disclosure Document may be restricted or prohibited in certain jurisdictions and accordingly, persons who come into possession of this Disclosure Document are required to inform themselves about and to observe any such restrictions.
- 1.5. The Portfolio Managers' decision (taken in good faith) in deployment of the Clients' Assets is absolute and final and cannot be called in question or be open to review at any time during the term of the Agreement or any time thereafter except on the ground of mala-fide, fraud, conflict of interest or gross negligence.

## 2. Definitions

- 2.1. "**Agreement**" means the Discretionary Portfolio Management Services Agreement between Portfolio Manager and its Client and shall include all schedules thereto;
- 2.2. "**Applicable Laws**" means any applicable statute, regulation, notification, circular, ordinance, requirement, directive, guideline, or announcement (including but not limited to the Rules and Regulations) issued by an Authority;
- 2.3. "**Application**" means the application form completed and signed by the Client for the purposes of applying for the Discretionary Portfolio Management Services under the Agreement. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail;
- 2.4. "**Assets**" means (i) the Portfolio and/or (ii) the Funds and all accruals, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and/or replacements or any other beneficial interest including dividend, interest, rights, bonus as well as residual cash balances, if any (represented by both quantity and monetary value) in relation to or arising out of Portfolio and/or the Funds;
- 2.5. "**Associate**" means (i) a body corporate in which a director or partner of the Portfolio Manager holds, either individually or collectively, more than 20% (twenty percent) of its

paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than 20% (twenty percent) of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager;

- 2.6. **“Authority”** means any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government including but not limited to the SEBI and the RBI;
- 2.7. **“Bank Account”** means one or more bank accounts opened in the name of the Client, and maintained and operated by the Portfolio Manager for the purposes of this Agreement and as permitted under the Applicable Laws;
- 2.8. **“Business Day”** means a day (other than a Saturday, Sunday, a public holiday, or a day on which SEBI is closed for transactions) on which the Portfolio Manager is open for business in the city in which it provides Services to its Clients;
- 2.9. **“Chartered Accountant”** means a chartered accountant as defined in Clause (b) of Sub-section (1) of Section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under Subsection (1) of Section 6 of that Act;
- 2.10. **“Client”** means the Person who enters into the Agreement with the Portfolio Manager for the Services;
- 2.11. **“Control”** means the power to direct or influence the direction of the management and policies of an entity whether by contract, ownership of shares, membership of the board of directors, agreement or otherwise. The terms “Controlling” and “Controlled” shall have a corresponding meaning;
- 2.12. **“Custodian”** means any custodian registered under the SEBI (Custodian of Securities) Regulations, 1996 acting as custodian of the Portfolio or any other custodian with whom the Portfolio Manager or the Client enters into agreement for the provision of the custodian services;
- 2.13. **“Disclosure Document”** means this disclosure document filed by the Portfolio Manager with SEBI and may be amended by the Portfolio Manager from time to time pursuant to the PMS Regulations;
- 2.14. **“Discretionary Portfolio Management Services”** or **“Services”** means the portfolio management services rendered to the Client, by the Portfolio Manager on the terms and conditions contained in this Agreement, whereby the Portfolio Manager exercises any degree of discretion while making decisions for the investments or management of Assets and/or advising and/or directing and/or undertaking and/or behalf of the Client in respect of investments or management or administration of the Client’s Assets;

- 2.15. **“Financial Year”** means the year starting from April 1 and ending on 31st March of the following year;
- 2.16. **“Funds”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the Application, any monies placed by the Client from time to time with the Portfolio Manager for the purposes of being managed pursuant to the Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividends and other monies arising from the Assets, so long as the same is managed by the Portfolio Manager. For clarification purposes, Funds shall mean the cash component of the Assets held/managed by the Portfolio Manager for and on behalf of the Client;
- 2.17. **“Portfolio”** means the total holdings of Securities 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 from time to time for the purposes of being managed pursuant to the Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares and 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;
- 2.18. **“Portfolio Manager”** means any person who pursuant to a contract or arrangement with a Client, advises or directs or undertakes on behalf of the Client, the management or administration of Portfolio or the Funds of the Client, as the case may be. For the purpose of this Disclosure Document, Portfolio Manager is Driv Drisht LLP (**“Dhanvestor”**);
- 2.19. **“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 or the Funds of the client, as the case may be; and (ii) all other operations of the Portfolio Manager;
- 2.20. **“Related Party”** shall mean (i) a director, partner or his relative; (ii) a key managerial personnel 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 percent of its paid-up share capital; (vi) any body 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; and (viii) any person defined as related party as per applicable accounting standard
- 2.21. **“Securities”** includes:
- a) Securities as defined under the Securities Contracts (Regulation) Act, 1956;



- b) shares, scrips, stocks, bonds, warrants, convertible and non-convertible debentures, fixed return investments, equity linked instruments, negotiable instruments (to the extent permitted by the Rules and Regulations), deposits, money market instruments, commercial paper, certificate of deposits, units issued by Unit Trust of India and/or by any mutual funds, mortgage backed or any other asset backed Securities, derivatives, derivative instruments, options, futures, foreign currency commitments, hedges, swaps, or netting of and any other Securities issued by any company or other body corporate, any trust, any entity, the Central Government, any State Government, or any local or statutory authority and all money rights or property that may at any time be offered or accrued (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialised form in respect of any of the foregoing or evidencing or representing rights or interest therein; and
- c) any other instruments or investments (including borrowing or lending of Securities) as may be permitted by applicable laws from time to time.

### **3. Description**

#### **3.1. History, present business, and background of the Portfolio Manager**

Driv Drisht LLP has been incorporated on 8 May 2023 as a limited liability partnership under the Limited Liability Partnership Act, 2008 having its LLP Identification Number: ACB-0244, to offer investment management, portfolio management services to high-net-worth individuals, institutional Clients, corporates, and other permissible class of Clients. Dhanvesttor aims at establishing an inclusive financial ecosystem which is designed by women for women. Dhanvesttor does not just provide portfolio management services but also focus on co-learning and community-building facilities where women can openly discuss and learn about finance, thereby helping them become finance confident individuals. It is presently registered as a Portfolio Manager with SEBI under the PMS Regulations bearing registration number INP000008570 dated 7<sup>th</sup> February, 2024 and provides discretionary portfolio management services to its Clients.

#### **3.2. Promoters of the Portfolio Manager, Designated Partners and their background**

##### **Designated Partners**

- a) Anooshka Soham Bathwal

The main founder and CEO is Mrs. Anooshka Soham Bathwal. Mrs. Anooshka Soham Bathwal has three master's degrees from The London School of Economics and Political Science (LSE). She has personal expertise in the finance domain and is on a mission to make women financially confident.

b) Soham Bathwal

Soham Bathwal has worked as a director in Penguin Trading & Agencies Limited for over 5 years as a director in the field of Strategy, Business Development, Exports, Operations and Logistics. He has played a critical role in decision making of the Company relating to exports, management of inventory and logistics as well as in financial advisory and business development.

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

Sr. No.	Name of the Group company of the Portfolio Manager	Turnover (based on the Audited Balance sheet as of 31.03.23) (Rupees in Lakhs)
1	Himadri Speciality Chemical Limited	4,17,184.13
2	Penguin Trading & Agencies Limited	48,590.23
3	Seven Star Steels Limited	18,404.20
4	Pengune Cowork LLP	197.44
5	S V Plaza Private Limited	61.20
6	Loucal Promoters Private Limited	45.55
7	Engee Datasoft Private Limited	30.00
8	Bathwal Plastics Limited	3.66
9	Floriba Estates Private Limited	3.50
10	Laxmi Fiscal Services Private Limited	1.20

3.4. **Details of services being offered:**

- **Type of services:** Discretionary Portfolio Management Services
- **Name of the Strategy:** Flexi Cap Approach
- **Fund Manager:** Mr. Ishan Daga
- **Minimum Investment:** INR 1 (One) crore with minimum tenure of one year.
- **Investment Objectives:** To invest the Client's Assets in any type of Securities as per the executed Agreement and make such changes in the investments and invest some or all of the Client's Funds in such manner and in such markets as it deems fit and would benefit the Client and in sync with the Client's investment objectives.
- **Allocation of portfolio across type of Securities:** The strategy seeks to primarily invest in a portfolio of equity and equity-related instruments of small, mid and large cap companies to optimise risk adjusted returns.
- **Benchmark:** BSE 500 index.
- **Indicative tenure or investment horizon:** Medium to long term.
- **Description of services to be provided:** The Services 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, keeping safe custody of the

Securities and monitoring book closures, dividend, bonus, rights etc. and any other benefits that accrues to the Client's Portfolio, for an agreed fee structure and for a definite period, entirely at the Client's risk.

**4. Penalties, pending litigation or proceedings, findings of inspection or investigations 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 and Regulations made thereunder- None
- 4.2. Nature of Penalty/Direction- Not Applicable
- 4.3. Penalties imposed for any economic offence and/ or for violation of any Securities laws- None
- 4.4. Any pending material litigations/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 enquiry/adjudication proceedings have ever been 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 Act or Rules and Regulations made there under- None

**5. Services Offered**

- 5.1. The Portfolio Manager will provide Discretionary Portfolio Management Services having a Flexi Cap Approach. The investment objective of the Portfolio Manager is to generate better returns than the benchmark index with regular performance tracking and comparison. The Portfolio Manager shall predominantly invest in listed equities. The BSE 500 Index would serve as the benchmark. The Securities and benchmark shall be selected keeping in mind the intention of the Portfolio Manager to invest across small, mid and large caps to optimise risk adjusted returns. The minimum investment amount shall be INR 1 crores with a minimum tenure of one year. The exit load shall be 1.5% and partial withdrawal shall be allowed subject to Clients meeting the minimum investment amount. The Portfolio Manager shall not use derivatives. The Portfolio Manager shall be subject to systematic risk and market risks.
- 5.2. **Policy for investment in Associate or Related Party or group company of the Portfolio Manager**

The Portfolio Manager will, before investing in the Securities of Associates or Related Party or group companies, evaluate such investments, the criteria for the evaluation being the

same as is applied to other similar investments to be made under the Portfolio. Investments under the Portfolio in the Securities of the Associates or Related Parties or group companies will be subject to the limits prescribed under Agreement executed with the respective Client and the same would be subject to the Applicable Laws from time to time.

## 6. Risk Factors

- 6.1. Securities investments are subject to market and other risks and the Portfolio Manager provides no guarantee or assurance that the objectives set out in this Disclosure Document and/or the Agreement shall be accomplished.
- 6.2. The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as delisting of Securities, market closure, relatively small number of scrips accounting for large proportion of trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.
- 6.3. Past performances of the Portfolio Manager do not guarantee its future performance.
- 6.4. The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and demat, in the Client's name, while price risk may arise on account of availability of share price from stock exchanges during the day and at the close of the day.
- 6.5. Investment decisions made by the Portfolio Manager may not always be profitable.
- 6.6. Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and Asset allocation.
- 6.7. The market prices of the Securities in the Portfolio may be volatile and may not truly reflect its fundamental or intrinsic value due to the lack of sufficient liquidity for those Securities.
- 6.8. **Equity and Equity Related Risks:** Equity risk is the risk that one's investments will depreciate because of stock market dynamics causing one to lose money. Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the Funds in a prudent manner in such Securities, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.
- 6.9. **Derivative Instruments Related Risks:** Derivative products can provide disproportionate gains as well as disproportionate losses to the client. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and

decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies. Derivative products are specialised instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Other risks include risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price.

- 6.10. **Macro-Economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.
- 6.11. **Liquidity Risk:** These are considered to be safe in terms of protecting the capital as compared to other type of investment. But there is an inflation risk associated with these types of investments. If the rate of returns doesn't match or beat the inflation rate, there is no use in investing in debts funds or instruments. Liquidity of investments in equity and equity related Securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market Securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of such Securities thereby resulting in a loss to the Portfolio until such Securities are finally sold. This risk is higher under the Services since the Portfolio Manager may invest in unlisted Securities. Even upon termination of the Agreement, the Client may receive illiquid Securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different settlement periods, and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the Assets are uninvested, and no return is earned thereon. The inability of the Portfolio Manager to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.
- 6.12. **Credit Risk:** Debt Securities are subject to the risk of the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.
- 6.13. **Interest Rate Risk:** This is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate or depreciate if the interest rates fall or rise. Fixed

income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a Portfolio of fixed income Securities can be expected to rise. Conversely, when interest rates rise, the value of a Portfolio of fixed income Securities can be expected to decline.

- 6.14. Acts of State, or sovereign action, acts of nature, acts of war, civil disturbance are extraneous factors which can impact the Portfolio.
- 6.15. **Non-Diversification Risk:** This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. As mentioned above, the Portfolio Manager will attempt to maintain a diversified Portfolio in order to minimize this risk.
- 6.16. **Mutual fund risk:** The level of risk in a mutual fund depends on what it invests in. Usually, the higher the potential returns, the higher the risk will be.
- 6.17. In case of investments in mutual fund units, the Client shall bear the recurring expenses of the 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.
- 6.18. After accepting the Funds for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.
- 6.19. **Volatility risk:** Volatility refers to the dynamic changes in price that Securities undergo when trading activity continues on the stock exchange. Generally, higher the volatility of Security, greater is its price swings. There may be normally greater volatility in thinly traded Securities than in active Securities. As a result of volatility, orders may only be partially executed or not executed at all or the price at which the order gets executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.
- 6.20. **Risk of wider spreads:** Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a Security and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid Securities. This in turn will hamper better price formation.
- 6.21. **System risk:** High value trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution on confirmation. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.

6.22. **System or network congestion:** Trading on exchange is in electronic mode, based on satellite or leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such other problem whereby not being able to establish access to the trading system/ network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. The Client is cautioned to note that although these problems may be temporary in nature, but when the Client has outstanding open positions or unexecuted orders, these represent a risk because of obligations to settle all executed transactions.

6.23. The Portfolio Manager is a newly incorporated entity and does not have any prior experience

6.24. The Group Companies of the Portfolio Manager do not have any conflict of interest

6.25. All transactions of purchase and sale of Securities by portfolio manager and its employees who are directly involved in investment operations will be disclosed if found having conflict of interest with the transactions in any of the client's portfolio.

## 7. Client representation

Category of Clients	No. of Clients	Funds Managed	Nature of Service
Associates/Group Companies	-	-	-
Others	-	-	-
-	-	-	-
	-	-	-
	-	-	-

Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India- NIL

## 8. Financial Performance

Not Applicable since the Applicant was incorporated on 8<sup>th</sup> May, 2023.

## 9. Performance of Portfolio Manager

Since there are no Client dealings, the performance of the Portfolio Manager of last 3 (three) Financial Years is not applicable till the date of signing and filing of the Disclosure Document.

## 10. Audit Observation

The Portfolio Manager is a newly incorporate entity and accordingly this is not applicable.

## 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 or expenses relating to each of the services shall be annexed to the Agreement. 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.

- a) **Investment Management Fee:** The fees relate to the Services offered to Clients. The fees may be in the form of a percentage of the Assets Under Management ("AUM") or linked to Portfolio returns achieved or a combination of both. In case of fees linked to Portfolio returns the basic principles for calculation of the fees are as under:
- i. The fees are charged upon exceeding a hurdle rate or a benchmark rate as specified in the Agreement.
  - ii. The fee shall be computed on the basis of high water mark principle over the life of the investment.
  - iii. High water mark shall be the highest value that the Portfolio has reached. Value of Portfolio for the computation of high water mark shall be taken to be the value on the date on which performance fees are charged.
  - iv. Performance based fee would be only on increase in Portfolio value in excess of the previously achieved high water mark.

An indicative table of the Portfolio Management and fees that may be charged by the Portfolio Manager is given hereunder:

Sl. No.	Nature of Fees	Particulars
1.	Fixed Management Fee	Upto 2% per annum on daily average market value of the Portfolio.
2.	Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement
3.	Upfront fees	NIL

The actual fees charged by the Portfolio Manager for each Client shall be determined separately and the fees may vary from Client to Client. Further, the fees chargeable for new portfolio introduced by the Portfolio Manager shall be given separately.

- b) **Other Operating 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:



- i. Custodian/Depository Fees: The charges relate to opening and operation of Securities Accounts, custody and transfer charges for Securities, dematerialization and rematerialisation and other charges in connection with the operation and management of the Securities Account.
  - ii. Registrar and Transfer Agent Fees: Charges payable to registrars and transfer agents in connection with transfer of Securities including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges and other related charges.
  - iii. Audit Fees, Certification and Professional Charges: Charges payable for outsourced professional services like accounting, auditing, taxation, and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory Authorities including legal fees etc.
  - iv. Transaction/Brokerage charge: The transaction charges, brokerage and other charges like stamp duty, transaction cost and statutory levies such as service tax, Securities transaction tax, turnover fees and such other levies as may be imposed from time to time.
  - v. All the operational expenses excluding brokerage and related transaction costs, over and above the fees charged for Services shall not exceed 0.50 (zero point five zero percent) % per annum of the Client's average daily AUM. All or some of the operational expenses mentioned above excluding brokerage and related transaction costs, may be clubbed under a single expense head.
  - vi. At the time of on-boarding of Clients directly, no charges except statutory charges shall be levied.
  - vii. All expenses not covered above but incurred by the Portfolio Manager on behalf of the Client for the Services and expenses incurred by the Portfolio Manager in terms of the Agreement shall be charged to the Client.
- c) **Exit Load:** In case Client Portfolio is redeemed in part or full, the Portfolio Manager may charge exit load as follows:
- i. In the first year of investment, 1.5 (one and a half percent) % of the amount redeemed.

## 12. Taxation

- 12.1. The information furnished below briefly outlines the tax regulations which may be relevant to the Clients and is based on relevant provisions of the Income Tax Act, 1961 ("IT Act").

The Finance Act, 2023, has provided an option to individuals and HUF for payment of taxes at the following reduced rates from assessment year 2024-2025 and onwards:

Type	Old Regime			New Regime	
Age Bracket	<60 Yrs	60 – 80 Yrs	>80 Yrs	All Age Groups of Individuals	
Total Income (INR)	Rate*	Rate*	Rate*	Total Income (INR)	Rate
Up to 250000	NIL	NIL	NIL	Up to 300000	NIL
From 250,001 to 300000	5%	NIL	NIL	From 300001 to 600000	5%
From 300,001 to 500000	5%	5%	NIL	From 600001 to 900000	10%
From 500,001 to 10,00,000	20%	20%	20%	From 900001 to 1200000	15%
Above 10,00,001	30%	30%	30%	From 1200001 to 1500000	20%
				Above 1500000	30%

- 12.2. The summary provides general information on Indian income tax implications but is neither intended to be a complete discussion of all tax implications, nor does it purport to be a complete description of all potential tax costs, tax incidence and risks inherent on the acquisition, ownership, and sale of Indian Securities.
- 12.3. In addition, the comments herein are not binding on the Indian tax authorities and there can be no assurance that the authorities will not take a position contrary to any of the comments herein. It is emphasized that neither the Portfolio Manager nor any other Person involved in the preparation of this Disclosure Document accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership, or disposition of the Indian Securities. Prospective Clients should consult their own tax advisors concerning their individual tax consequences of their particular situations.
- 12.4. The Portfolio Manager does not make any representation regarding any legal interpretations. Since the information below is based on relevant provisions as of February 2023, any subsequent changes in the said provisions could affect the tax benefits.
- 12.5. General Taxation: The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year, as well as the nature of the income earned. The Indian tax year runs from April 1 until March 31. A Person who is an Indian tax resident is liable to taxation in India on his worldwide income, subject to certain tax exemptions, which are afforded under the provisions of the IT Act. A Person who is treated as non-resident for Indian income-tax purposes is generally subject to tax in India only on such Person's India sourced income.

- 12.6. Section 90(2) of the IT Act provides that where the Government of India has entered into an agreement with the Government of any country outside India or specified territory outside India (where the taxpayer is a resident) for granting relief of tax or avoidance of double taxation, the taxpayer may opt to be taxed as per provisions of the IT Act or the tax treaty or Double Taxation Avoidance Agreement (“DTAA”), whichever is more beneficial.
- 12.7. This Disclosure document does not discuss the tax implications applicable to the non-resident Clients under a beneficial DTAA (Section 90(2) of the IT Act), which would need to be analysed separately based on the specific facts.
- 12.8. The Indian Government has deposited the ratified Multilateral Instrument (“MLI”) to implement tax treaty related measures to prevent Base Erosion and Profit Shifting (“BEPS”) on 25 June 2019 with Organisation for Economic Co-operation and Development (“OECD”). India has notified 93 (ninety three) tax treaties in its ratification and accordingly, India’s tax treaties with such countries will include MLI provisions with effect from 1 April 2020.
- 12.9. This chapter does not discuss the impact of MLI on the claim of beneficial tax treatment under DTAA by a non-resident Client. The same would need to be analysed separately based on the specific facts, where applicable. Further, the tax rates mentioned herein are exclusive of applicable surcharge and cess, unless specified otherwise.
- 12.10. Taxation of individual income component: Tax implications of the following income received by certain categories of Clients from investments in Securities as per IT Act are discussed as follows:

a) Dividend Income:

For Financial Year 2023-2024 dividend will be taxed in the hands of shareholder at effective slab rates applicable to the client.

- i. For resident shareholder: 10% (ten per cent) (no surcharge and cess applicable) (TDS withholding under Section 194/194K);
- ii. For non-resident shareholder: 20% (twenty per cent) (plus surcharge and cess) under Section 115A subject to any beneficial rate available under the applicable tax treaty.

The new regime also proposes to levy TDS at the rate of 10% (ten per cent) on the income paid by a specified company or mutual funds units to its resident shareholders or resident unitholders if the amount of such income exceeds five thousand rupees in a Financial Year. However, no tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gains.

Deduction under Section 57: The Finance Act, 2020 allowed deduction of interest expense incurred while earning the dividend income. The expense allowance is restricted to 20% (twenty per cent) of the dividend income without deduction under Section 57. The expense allowance is not a standard deduction per se and the shareholder or unitholder would need to establish and demonstrate that interest expense was actually incurred for the purpose of earning the dividend income. Further, it may be noted that interest expenditure is not likely to be allowable in the year when no dividend income is received by the shareholder or unitholder. Hence, in case of NIL dividend income, the expenditure may not be allowable.

Roll over benefit: Section 80M of the IT Act provides for benefit of roll-over of deduction for the dividend received by a domestic company from another domestic/overseas company or a business trust (Real Estate Investment Trust/Infrastructure Investment Trust). Accordingly, where a corporate domestic client is receiving dividend from a domestic/overseas company or a business trust, such client shall be eligible for deduction of tax paid on dividend income received ('roll-over benefit under Section 80M') on further dividend distributed by them to their shareholders. This is done to avoid cascading effect of taxation on the same dividend income.

- b) Gains from sale of Securities- Characterization of income: Gains arising from the sale of Securities in India (shares, derivatives etc.) may be taxed as Capital Gains ("CG") or Business Income ("BI") under the provisions of the IT Act, depending on the facts and circumstances of the case.

Characterization of income arising from the sale of Indian Securities has been the subject of legal debate. The CBDT issued circular No. 4/2007 dated 15 June 2007 outlining certain judicial principles pronounced by various courts on the determination of whether shares are held as stock-in-trade or held as investments. The circular states that no single principle is determinative and that the specific facts and circumstances of each case are required to be considered in order to make a determination of whether the shares held would be regarded as stock-in-trade or investment.

The nature of income from the disposal of Securities will be classified as CG or BI depending on whether the investments are held as assets, investments with the object of capital appreciation or stock in trade for the purpose of trade or adventure.

The following conditions are to be generally considered for determining the nature of such income:

- i. The motive of the entity is to earn profits through dividends, or from capital appreciations.

- ii. The substantial nature of transactions, the manner of maintaining books of accounts, the magnitude of purchases and sales and the ratio between purchases and sales.
  - iii. Intent of the assessee as is evidenced by the documents/records.
  - iv. Whether the charter documents authorize any such activity.
  - v. Volume, frequency, continuity, and regularity of transactions of purchase and sale.
- c) While the above discussion is predominantly in the context of transactions related to shares, on principles it could equally apply even to derivatives. Therefore, in the context of derivative transactions, given the short duration and nature of the transactions it is likely that the transaction would be considered as giving rise to BI rather than income from CG.

Furthermore, the CBDT has provided further guidance on the matter vide circular No. 6/2016 dated 29 February 2016 as follows:

- i. Where the taxpayer opts to treat listed shares and Securities as stock in trade, the income arising from transfer of such shares/Securities would be treated as its BI.
  - ii. If the taxpayer desires to treat income arising from the transfer of listed shares and Securities held for more than 12 (twelve) months as CG, the same shall not be disputed by the tax officer. However, such a stand adopted by the assessee will remain applicable in subsequent assessment years also and cannot be altered.
  - iii. In all other cases the nature of the transaction shall continue to be decided basis the facts of each particular case.
- d) The above referred circular applied to listed shares and Securities. Therefore, in order to bring parity in taxability of income/loss arising from transfer of unlisted shares the CBDT issued circular No.225/12/2016 dated 2 May 2016 determining the tax treatment of income arising from transfer of unlisted shares for which no formal market exists for trading.

CBDT vide this circular clarifies that income arising from transfer of unlisted shares would be considered under the head CG, irrespective of period of holding with a view to avoid disputes/litigation and to maintain a uniform approach.

However, CBDT carves out three exceptions wherein this clarification shall not apply, namely:

- i. genuineness of transactions in unlisted shares itself is questionable;
- ii. transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; and
- iii. transfer of unlisted shares is made along with the control and management of underlying business.

Thus, it is important to clearly understand the intent of issue of the aforesaid circulars by CBDT from time-to-time and to interpret in a rational manner where gain arising from the sale of Securities should be classified under the head CG or BI.

- e) **Capital Gains:** As per Section 45 of the IT Act, any profits or gains arising from the transfer of capital assets are chargeable to income-tax under the head 'capital gains'. Section 48 of the IT Act provides that income chargeable as CG is the difference between the full value of the consideration received or accrued on the transfer and the cost of acquisition of such asset plus expenditure in relation to such transfer (indexed in case the shares, being listed shares are held for more than 12 (twelve) months and purchased in INR). Unlisted shares if not held for more than 24 (twenty four) months will be a short term capital asset and therefore not eligible for indexation.

The sale of Securities would be taxed as under in the case of resident Clients.

Type of gain	Period of Holding	Tax rate
Short term	12 (twelve) months or less for listed shares and 24 (twenty four) months or less for unlisted shares.	15% (fifteen per cent) in case of equity shares or units of an equity-oriented fund listed on any recognized stock exchange in India and the sale is chargeable to Securities Transaction Tax ("STT").  Ordinary rate of tax applicable to the respective Clients i.e. at the rate up to 30% (thirty per cent) for corporate Clients, 30% (thirty per cent) for partnership and limited liability partnerships and at the applicable slab rates for individual Clients in case of shares that are not listed on any recognised stock exchange in India and in case of listed

Type of gain	Period of Holding	Tax rate
		shares being sold/ transferred in a transaction not chargeable to STT.
Long term	More than 12 (twelve) months for listed shares and more than 24 (twenty four) months for unlisted shares	10% (ten per cent) in case equity shares are listed on any recognised stock exchange in India and the purchase and sale transaction of such equity shares is chargeable to STT. Further, LTCG shall be chargeable only in case where the capital gain exceeds INR 1,00,000 (Indian Rupees One Lakh only).  20% (twenty per cent) (after considering indexation) for equity shares which are not listed on any recognised stock exchange in India.

Gains on sale of Securities would be taxed as under in the case of non-resident Clients

Type of gain	Period of Holding	Tax rate
Short term	12 (twelve) months or less for listed shares and 24 (twenty four) months or less for unlisted shares.	15% (fifteen per cent) in case of equity shares or units of an equity-oriented fund listed on any recognized stock exchange in India and the sale is chargeable to STT.  Ordinary rate of tax applicable to the respective Clients i.e. at the rate of 40% (forty per cent) for corporate Clients, 30% (thirty per cent) for partnerships and at the applicable slab rates for other non-corporate Clients in case of shares that are not listed on any recognized stock exchange in India and in case of listed shares being sold/ transferred in a transaction not chargeable to STT.
Long term	More than 12 (twelve) months for listed shares and more than 24 (twenty four) months for unlisted shares	10% (ten per cent) in case equity shares are listed on any recognized stock exchange in India and the purchase and sale transaction of such equity shares is chargeable to STT.  10% (ten per cent) (in case equity shares listed on any recognised stock exchange but transaction of sale/transfer not chargeable

Type of gain	Period of Holding	Tax rate
		<p>to STT (without giving effect to first and second proviso to Section 48)</p> <p>Gains on the sale of shares of unlisted companies are subject to tax 10% (ten per cent) (without giving effect to first and second proviso to Section 48)</p>

- f) **Business Income:** As discussed above, the gains on sale of derivative contracts in the futures segment should generally be characterized as BI and the same would be taxable at the rate up to 30% (thirty per cent) or other ordinary applicable rate.

However, where the derivative contracts are entered into by a person, are settled otherwise than by delivery of transfer of the shares, it may be classified as speculative income, which is a special class of BI (this class of BI cannot set off losses from nonspeculative income streams and loss can be carried forward only for 4 (four) years).

However, where the derivative contracts are entered into electronically through a broker/sub broker on a stock exchange, where the broker provides a time stamped contract note, with the PAN of the client thereon, then the income will not be considered as speculative income.

Where the Portfolio Manager adopts certain strategies (say 'Long Short') which involves simultaneous purchase/sale of Securities and derivative products, it might be possible that the tax authorities could construe the same as "trading income" and tax it as business income (i.e., at higher tax rates).

- g) **Interest Income:** Classification of interest income is a matter of dispute with contradicting judicial precedents. Whether interest income would be assessable as business income or income from other sources would depend upon the nexus it has with the assessee's business. Interest income is taxable at the ordinary rate of tax applicable to the respective Clients i.e., up to the rate of 30% for Indian resident corporate Clients, 30% (thirty per cent) for partnerships and at the applicable slab rates for individual Clients.

In case where the listed debt Securities (including zero coupon bonds) are transferred, any gains derived from such transfer shall be taxed up to the rate of 30% (thirty per cent) as short-term capital gains where the period of holding is 12 (twelve) months or less and at the rate of 10% (ten per cent) as long-term capital gains where the period of holding is more than 12 (twelve) months.

Income-tax provisions applicable to Non-residents in respect of receipt of income from fixed Income products are summarized below:



In terms of Section 115A of the IT Act, interest on monies borrowed in foreign currency (other than interest referred to in subsequent paragraphs) is taxable at 20% (twenty per cent) (subject to any tax treaty).

- i. In terms of Section 115AB of the IT Act, income of an assessee, being an overseas financial organization (Offshore Fund) by way of income received in respect of units purchased in foreign currency or income by way of long term capital gains arising on transfer of units purchased in foreign currency, tax is charged at 10% (ten per cent) subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes. No deduction shall be allowed against this income under Section 28 to Section 44C or Section 57(i) or 57(iii) or Chapter VI-A. No indexation shall be allowed on long term capital gain arising on transfer of units.
- ii. In terms of Section 115AC of the IT Act, income of non-resident by way of interest on bonds of an Indian Company issued in accordance with the notified scheme i.e. 'Issue of Foreign Currency Exchangeable Bonds Scheme, 2008'/'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993/ Depository Receipts Scheme 2014' or on bonds of public sector company sold by the government and purchased by the client in foreign currency or income by way of dividends on GDR or income by way of long term capital gains arising on transfer of above bonds or GDR's, will be taxed at the rate of 10% (plus applicable surcharge health and education cess) subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes.
- iii. In terms of Section 115AD of the IT Act, income of a Foreign Institutional Client received in respect of Securities (other than units referred in Section 115AB) as defined under the Securities Contracts (Regulations) Act, 1956 is taxed @ 20% (plus applicable surcharge and Health and Education cess) subject to tax treaty benefit, if any. The payor is required to withhold the applicable taxes.
- iv. Similar provision is available for other than FII Clients who invest in Long-term Bonds of Indian company in foreign currency, withholding shall be done under Section 194LC of the IT Act at 5% (plus applicable surcharge and Health and Education cess) subject to satisfaction of certain conditions (interest to be calculated at the rate approved by Central Government, having regards to the terms of the bonds and its repayment), subject to tax treaty benefit, if any. The payor shall withhold applicable taxes.
- v. Any interest (other than above) on loan received in India currency is taxable at 40% (subject to tax treaty benefit, if any).

### Rate of surcharge

The above rates of income-tax in this document shall be increased by the following surcharge on income-tax and education cess on income-tax and surcharge.

As per the Finance Act, 2021 with effect from 1 April 2021	Surcharge on income-tax	Education Cess on income-tax and surcharge
Rate of surcharge on Indian companies with income exceeding INR 10 million but less than INR 100 million	7%	4%
Rate of surcharge on Indian companies with income exceeding INR 100 million	12%	4%
Resident companies opting for taxation under section 115BAA and section 115BAB	10%	4%
Rate of surcharge on Foreign companies with income exceeding INR 10 million but less than INR 100 million	2%	4%
Rate of surcharge on Foreign companies with income exceeding INR 100 million	5%	4%
Rate of surcharge on Partnership firm/LLP with income exceeding INR 10 million	12%	4%
Individuals/HUF/AOP/BOI: where the total income exceeds INR 5 Million/10 Million/20 Million/50 Million (Please refer to the note below)	10%/15%/25%/37%	4%

Note: The enhanced rates of surcharge (essentially the 25% (twenty five per cent) and 37% (thirty seven per cent) rate of surcharge applicable for income greater than INR 20 million and INR 50 million respectively), shall not apply for dividend income, capital gain arising to FII on transfer of any Securities and in case of capital gains arising on an on-market transfer of the following Securities (where applicable Securities transaction tax has been paid) as referred to in section 111A and 112A of the IT Act:

- i. Equity shares
- ii. Units of an equity-oriented fund
- iii. Units of a Real Estate Investment Trust (REIT) or Infrastructure Investment Trust (InvIT)

Further, as per the Finance Bill, 2022, the surcharge for tax on all form of long term capital gain shall be capped to 15% (fifteen percent).

The Finance Act, 2023 has mentioned that the rate of surcharge shall be capped @ 25% (twenty five percent) for persons opting for the new tax regime.

### **Tax Collected at Source**

With effect from 1 October 2020, where the seller of goods receives any amount as consideration for sale of goods of the value exceeding INR 5 million, such Seller is required to collect from Buyer a sum equal to 0.1% of the sale consideration, exceeding INR 5 million. This shall not be applicable in case Buyer is liable to deduct taxes at source from the payments made to the Seller and has deducted such amount.

Seller for the purpose of TCS provisions under Section 206C(1H) of the ITA has been defined to mean a person whose total sales, turnover or gross receipts exceeds INR 100 million during the financial year immediately preceding the financial year in which sale of goods is carried out.

‘Goods’ for the purpose of TCS provisions could include shares and Securities. There are currently alternative interpretations of the applicability of TCS to transactions in Securities including qualifying criteria for a seller.

The CBDT, vide circular no. 17 of 2020 (dated 29 September 2020), has carved out certain transactions wherein the provisions of section 206C(1H) of the ITA shall not apply. This inter alia includes transactions in Securities and commodities which are traded through various recognized stock exchanges or cleared and settled by the recognized clearing corporation, including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre.

Accordingly, where transactions in Securities and commodities are traded through recognized stock exchanges, the provisions of section 206C(1H) shall not apply.

### **Tax Deducted at Source (TDS) under section 194Q**

With effect from 1 July 2021, a buyer while making payment to resident seller on purchase of goods having value exceeding INR 5 million during the financial year is required to withhold tax at the rate of 0.1% under Section 194Q of the ITA.

‘Buyer’ for the purpose of Section 194Q is defined as a person whose total sales, gross receipts or turnover from the business carried on exceeds INR 100 million during immediately preceding financial year in which the purchase of goods is carried out.

'Goods' for the purpose of section 194Q could include shares and Securities. There are currently alternative interpretations of the applicability to transactions in Securities including qualifying criteria for a "Buyer".

CBDT has also issued a clarificatory circular no. 13/2021 dated 30 June 2021 to address various issues in relation to the applicability of Section 194Q. As per the said circular, no TDS u/s 194Q shall apply in case of transactions in Securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in IFSC. This is in line with the CBDT circular issued in the context of Section 206C(1H).

Accordingly, where transactions in Securities and commodities are traded through recognized stock exchanges, the provisions of section 194Q shall not apply in the hands of buyer.

Further, TDS under Section 194Q shall not be applicable where the buyer is a non-resident and the purchase of goods is not effectively connected to its permanent establishment in India (if any).

#### **Withholding of tax at higher rate**

As per Section 206AA of the IT Act, where a recipient of income (which is subject to withholding tax) does not furnish its Permanent Account Number ("PAN"), then tax is required to be deducted by the payer at the higher of the following i.e., (i) rates specified in the relevant provisions of the IT Act; (ii) rates in force; or (iii) at 20% (twenty per cent) or 5% (five per cent) in case of withholding of tax under Section 194Q. In case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate shall not apply if they furnish certain prescribed information/documents (including their tax residency certificate).

Accordingly, in case of recipient who do not have a PAN, tax shall be withheld at a minimum rate of 20% (twenty per cent) or 5% (five per cent) for TDS under Section 194Q, except in case of non-resident Clients who furnishes certain prescribed information or documents (including their tax residency certificate) are provided by such Clients being non-residents.

Separately, under Section 206AB of the IT Act, where the recipient (other than a non-resident not having a permanent establishment in India) has not filed its income tax return for two financial years preceding the relevant financial year and such recipient has suffered withholding tax or tax has been collected from such recipient of an amount aggregating to INR 50,000 (Indian Rupees Fifty Thousand) or more in each of the last two financial years, then except in case of certain specified payments, tax shall be withheld at higher of the following rates:

- i. twice the rate provided under the IT Act; or
- ii. twice the rate or rates in force; or
- iii. the rate of 5%.

Further, where the recipient has neither furnished its PAN (which entails withholding of tax at minimum of 20% (twenty per cent) or 5% (five per cent), as the case may be, under Section 206AA) nor filed its tax return for last two Financial Years, tax shall be withheld at higher of the rates under both the provisions.

Under the Finance Bill 2022, it is proposed to amend the provisions of Section 206AB to provide that higher withholding tax rate shall apply only in case of persons (other than a non-resident not having a permanent establishment in India) who has not filed its income tax return for the immediately preceding Financial Year for which the time limit under Section 139(1) has expired, and such recipient has suffered withholding tax or tax has been collected from such recipient of an amount aggregating to INR 50,000 (Indian Rupees Fifty Thousand) or more in the relevant preceding year.

### **Deemed income on investment in Securities**

In terms of Section 56(2)(x) of the IT Act, if Securities are received for less than the fair market value of the Securities (computed as per prescribed rules), the difference between the price paid and fair value if above Rs 50,000 (Indian Rupees Fifty Thousand) then it shall be deemed as ordinary income of the recipient.

Separately, if shares other than quoted shares are transferred for less than the fair value of the shares (computed as per prescribed rules), the fair value of such unquoted shares shall be deemed to be the sale consideration for the seller, for computing its capital gains for Indian tax purposes.

“**Quoted share**” means the share quoted on any recognised stock exchange with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business.

### **Bonus Stripping**

According to Section 94(8), in case of units purchased within a period of 3 (three) months prior to the record date (for entitlement of bonus units) and sold or transferred or redeemed within 9 (nine) months after such date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be deemed as cost of acquisition of such bonus units.

### **General Anti-Avoidance Rules (GAAR)**

The Finance Act, 2012 had introduced General Anti-Avoidance Rules (“**GAAR**”) into Act, which, subsequent to the amendments introduced by the Finance Act, 2015, has come into effect from April 1, 2017.

As per the provisions of IT Act, Indian tax authorities have been granted wide powers to tax ‘impermissible avoidance arrangements’ including the power to disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence

of such entities and the legal situs of assets involved, treat debt as equity and vice versa. The GAAR provisions are potentially applicable to any transaction or any part thereof.

The term 'impermissible avoidance arrangement' has been defined to mean an arrangement where the main purpose is to obtain a tax benefit, and it:

- a. Creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
- b. Results, directly or indirectly, in the misuse, or abuse, of the provisions of the IT Act;
- c. Lacks commercial substance or is deemed to lack commercial substance; or
- d. Is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

Further, an arrangement shall be presumed, unless it is proved to the contrary by the taxpayer, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

In case the GAAR is applied to any transaction pertaining to the Fund, it could have an adverse impact on the taxability of the Fund and/ or its Clients and hence, impact the returns to the Clients.

It is provided that GAAR shall not apply, inter alia, to arrangements where the aggregate tax benefit in a relevant year, to all the parties involved, does not exceed INR 3,00,00,000 (Indian Rupees Three Crores).

### **Other applicable taxes**

Wealth tax has been abolished by the Finance Act, 2015.

Securities Transaction Tax ("**STT**") - As discussed above the concessional rate for short term capital gains and long term capital gains would be applicable only if the sale/transfer of the equity shares takes place on a recognized stock exchange in India. All transactions entered on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates.

The rates of STT are as follows:

Sr. No.	Nature of taxable Securities	STT Rates %	Payable by
1(a)	Purchase of an equity share in a company where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such shares.	0.1	Purchaser
1(b)	Purchaser of a unit of an equity-oriented fund where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such units.	NIL	Purchaser
2(a)	Sale of an equity share in a company where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such shares.	0.1	Seller
2(b)	Sale of unit of an equity-oriented fund where the transaction is entered into in a recognized stock exchange and the contract is settled by actual delivery or transfer of such units.	0.001	Seller
3	Sale of an equity share in a company/unit of an equity-oriented fund where the transaction is entered into in a recognized stock exchange and the contract is settled otherwise than by actual delivery or transfer of shares/units.	0.025	Seller
4(a)	Sale of an option in Securities (STT will be payable on the option premium)	0.0625	Seller
4(b)	Sale of an option in Securities where the option is exercised (STT will be payable on the settlement price)	0.125	Purchaser
4(c)	Sale of a future in Securities	0.0125	Seller
5	Sale of units of an equity-oriented fund to the Mutual Fund	0.001	Seller
6	Sale of unlisted equity shares by any holder of such shares under an offer for sale to the public including in an IPO and where such shares are subsequently listed on a recognized stock exchange.	0.2	Seller

The amount of STT paid in respect of the taxable Securities transactions entered into in the course of a business during the previous year can be claimed as deduction, if the income arising from such taxable Securities transactions is included in the income computed under the head Profits and gains from business and profession (Section 36(1)(xv)).

## Stamp Duty and Transfer Tax

The Finance Act, 2019 has amended the above law to provide that stamp duty shall be levied uniformly throughout the country on transfer of Securities in physical as well as dematerialized form.

Applicable stamp duty under various scenarios are tabulated below:

Particulars	Rate	Leviable on
<b>1. Issue of Securities</b>		
Share	0.005%	Issuer
Debentures	0.005%	Issuer
<b>2. Transfer of Securities</b>		
<b>A. Shares</b>		
On delivery basis	0.015%	Buyer
On non-delivery basis	0.003%	Buyer
In physical form	0.015%	Seller/transferor
<b>B. Debentures</b>		
Marketable	0.0001%	Buyer
Non-marketable	0.0001%	Seller/transferor

A stamp duty will be imposed on purchase of mutual funds- equity and debt funds -from July 1, 2020. As per SEBI, 0.005% stamp duty will be levied on purchase of mutual funds, including lump sum, SIP, STP, and dividend reinvestment. It is, however, not applicable on redemption of units. Meanwhile, a stamp duty of 0.15% will also be imposed in case of transfer of units between demat accounts.

There can be no guarantee that the above position regarding taxation of the Client would necessarily be accepted by the income-tax authorities under the IT Act. No representation is made either by the Portfolio Manager or any employee, partner, or agent of the Portfolio Manager in regard to the acceptability or otherwise of the above position regarding taxation of the Client by the income tax authorities under the IT Act. Prospective Clients are urged to consult their own tax advisers in this regard.

### 13. Accounting Policy

The following accounting policy will be applied for the investments of Clients:

- a) Investments in equities, mutual funds, exchange traded funds and debt instruments will be valued at closing market prices of the exchanges (BSE or NSE as the case may be) or the repurchase net asset value declared for the relevant scheme on the date of the report or any cut-off date or the market value of the debt instrument at the cut-off date. Alternatively, the last available prices on the exchange or the most recent net asset value



will be reckoned. In case of structured products, the portfolio will be valued at the face value of the product until the expiry of the tenure.

- b) Realized gains/ losses will be calculated by applying the first in / first out principle. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- c) For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- d) Unrealised gains/losses are the differences in between the current market values/NAV and the historical cost of the Securities.
- e) Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further Mutual Fund dividend shall be accounted on receipt basis. Other income like bank interest, interest on FD, etc. shall also be accounted on receipt basis.
- f) 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.
- g) Right entitlement shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- h) The cost of investment acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the brokers cost note/bought note.
- i) The selling price of investments sold shall be net of brokerage, stamp duty and any charge customarily deducted in the brokers cost note/sold note.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the PMS Regulations.

## **14. Client Services**

### **14.1. Contact Information**

Name, address, and telephone number of the client relation officer who shall attend to the client queries and complaints are as follows:

Name: Ms. Beas Moitra  
Address: Surabhi, 5th Floor, 8/1/2 Dr. U.N. Brahmachari Street, Kolkata - 700 017  
Telephone: +91 33 2287 1016  
E-mail: cs@dhanvesttor.com

### **14.2. Grievance Redressal and Dispute Settlement Mechanism**

- a) The investment relation officer(s) will be the interface between the Portfolio Manager and the Client. The details of the client relation officer who shall attend the client queries and complaints is mentioned hereinbelow:

Name: Ms. Beas Moitra

Designation: Compliance Officer

Address: Surabhi, 5<sup>th</sup> Floor, 8/1/2 Dr. U.N. Brahmachari Street, Kolkata - 700 017

Email: cs@dhanvesttor.com

Telephone: +91 33 2287 1016

- b) In case the Client is not satisfied with the solution offered by the Compliance Officer, then he/she may approach the Principal Officer and then the CEO- Mrs. AnooShka Soham Bathwal for redressal of the grievance.
- c) In case the Client is still not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI's web based complaints redress system ('SCORES').
- d) Grievances, if any, that may arise pursuant to the Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to PMS Regulations and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Kolkata only and are governed by Indian laws.
- e) The Portfolio Manager will endeavour to address all complaints regarding Service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and within 10 working days from receiving the grievance. If the client remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the client and the Portfolio Manager shall abide by the following mechanisms: - All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through arbitration process as described in the Agreement or any supplemental agreement thereto.

#### 15. Investments in the Securities of Associates/Related Parties of Portfolio Manager

Sl. No.	Investment Approach, if any	Name of Associate/Related Party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
NIL					

## 16. Diversification Policy

16.1. Portfolio diversification is a strategy of risk management used in investing, which allows to reduce risks by allocating the Funds in multiple asset types. It helps to mitigate the associated risks on the overall investment portfolio. The Portfolio Manager shall invest in equity and equity related Securities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, exchange traded funds or other permissible Securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible Securities/instruments as per applicable laws.

16.2. For investments in Securities of associates/related Parties, the Portfolio Manager shall comply with the following:

The Portfolio Manager shall invest up to a maximum of 30% of the Client's AUM in the Securities of its Associates or Related Parties. The Portfolio Manager shall ensure compliance with the following limits:

Security	Limit for investment in single associate/related party (as percentage of Client's AUM)	Limit for investment across multiple associates/related parties (as percentage of Client's AUM)
Equity	15%	25%
Debt and hybrid Securities	15%	25%
Equity + Debt + Hybrid Securities*	30%	


\* Hybrid Securities includes units of Real Estate Investment Trusts (REITs), units of Infrastructure Investment Trusts (InvITs), convertible debt Securities and other Securities of like nature.

The aforementioned limits shall be applicable only to direct investments by Portfolio Manager in equity and debt/hybrid Securities of its associates/related parties and not to any investments in the Mutual Funds. The Portfolio Manager shall not make any investment in unrated and below investment grade Securities.



Anoo Shka Soham Bathwal  
Designated Partner  
DPIN: 09506378  
Place: Kolkata  
Date: 13<sup>th</sup> February, 2024





Ishan Daga  
Principal Officer

Place: Kolkata  
Date: 13<sup>th</sup> February, 2024