



S.K. Bharti & Co.
Chartered Accountants

AUDITORS CERTIFICATE

We were appointed by FE Securities Private Limited to examine and certify the information provided in the Disclosure Document for the month of September 2025 to be submitted by the Company to Securities and Exchange Board of India (SEBI) under regulation 14 of SEBI (Portfolio Managers) Rules and Regulations, 1993. We have verified the attached Disclosure Documents of even date; of the Portfolio Management Services of the Company based on the books of accounts and other financial records maintained by the Company.

On the basis of our verification and information provided by the management, we certify that disclosures made in the attached document are fair and adequate for the investors to take informed decision.

This certificate is prepared solely for the purpose of submitting the same to Securities Exchange Board of India and sharing with clients.

Place: New Delhi

Date: 07-10-2025

UDIN: 25080048BMIDPJ3071



For S.K. BHARTI & CO.
Chartered Accountants

S.K. Bharti
S.K. BHARTI
M.S.No. 80048 Partner



FE SECURITIES PRIVATE LIMITED
DISCLOSURE DOCUMENT
PORTFOLIO MANAGEMENT SERVICES
Updated as on September 30, 2025

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



**F E SECURITIES PRIVATE LIMITED
DISCLOSURE DOCUMENT
PORTFOLIO MANAGEMENT SERVICES**

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

DECLARATION:

- a) The Disclosure Document (hereinafter referred as the "Document") has been filed with the Securities and Exchange Board of India ("SEBI") along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 ("Regulations").
- b. The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging F E Securities Private Limited (hereinafter referred as the "Portfolio Manager") as the portfolio manager.
- c. The Document contains the necessary information about the Portfolio Manager required by an investor before investing and the investor may also be advised to retain the Document for future reference.

d. Details of Portfolio Manager

a) **Details of Portfolio Manager**

Name of the Portfolio Manager	F E SECURITIES PRIVATE LIMITED
SEBI Registration Number	INP000009269
Registered office address	814 Arunachal Building, 19 Barakhamba Road, New Delhi-110001
Phone	+91 11 23350670
Website	https://www.fesecurities.in/

b) **The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:**

Name of the Principal Officer	SANJAY KAUL
Phone	+91 11 23350670
Email	fes@fesecurities.in
Registered office address	814 Arunachal Building, 19 Barakhamba Road, New Delhi-110001



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PART-I- Static Section

1. Disclaimer Clause

This Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

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

2. Definitions

In this Disclosure Document, unless the context otherwise requires, the following words and expressions shall have the meaning assigned to them:

1. "Act" means the Securities and Exchange Board of India Act, 1992.
2. "Accreditation Agency" means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by SEBI from time to time.
3. "Accredited Investor" means any person who is granted a certificate of accreditation by an accreditation agency who:

(i) in case of an individual, HUF, family trust or sole proprietorship has:

(a) annual income of at least two crore rupees; or

(b) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or

(c) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.

(ii) in case of a body corporate, has net worth of at least fifty crore rupees;

(iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;

(iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

4. "Advisory Services" means advising on the portfolio approach, investment and divestment of individual Securities in the Client's Portfolio, entirely at the Client's risk, in terms of the Regulations and the Agreement.



5. **"Agreement" or "Portfolio Management Services Agreement" or "PMS Agreement"** means agreement executed between the Portfolio Manager and its Client for providing portfolio management services and shall include all schedules and annexures attached thereto and any amendments made to this agreement by the parties in writing, in terms of Regulation 22 and Schedule IV of the Regulations.
6. **"Applicable Law/s"** means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.
7. **"Assets Under Management" or "AUM"** means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.
8. **"Associate"** means (i) a body corporate in which a director or partner of the Portfolio Manager holds either individually or collectively, more than 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 twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.
9. **"Benchmark"** means an index selected by the Portfolio Manager in accordance with the Regulations, in respect of each Investment Approach to enable the Clients to evaluate the relative performance of the Portfolio Manager.
10. **"Board" or "SEBI"** means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
11. **"Business Day"** means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Portfolio Manager may specify from time to time.
12. **"Client(s)" / "Investor(s)"** means any person who enters into an Agreement with the Portfolio Manager for availing the services of portfolio management as provided by the Portfolio Manager.
13. **"Custodian(s)"** means an entity registered with the SEBI as a custodian under the Applicable Laws and appointed by the Portfolio Manager, from time to time, primarily for custody of Securities of the Client.
14. **"Depository"** means the depository as defined in the Depositories Act, 1996 (22 of 1996).
15. **"Depository Account"** means an account of the Client or for the Client with an entity registered as a depository participant under the SEBI (Depositories and Participants) Regulations, 1996.
16. **"Direct on-boarding"** means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.
17. **"Disclosure Document" or "Document"** means the disclosure document for offering portfolio management services prepared in accordance with the Regulations.
18. **"Distributor"** means a person/entity who may refer a Client to avail services of Portfolio Manager in lieu of commission/charges (whether known as channel partners, agents, referral interfaces or by any other name).
19. **"Eligible Investors"** means a Person who: (i) complies with the Applicable Laws, and (ii) is willing to execute necessary documentation as stipulated by the Portfolio Manager.
20. **"Fair Market Value"** means the price that the Security would ordinarily fetch on sale in the open market on the particular date.
21. **"Foreign Portfolio Investors" or "FPI"** means a person registered with SEBI as a foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.
22. **"Financial Year"** means the year starting from April 1 and ending on March 31 in the following year.
23. **"Funds" or "Capital Contribution"** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of sale or other realization of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the Portfolio Manager.
24. **"Group Company"** shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary.
25. **"HUF"** means the Hindu Undivided Family as defined in Section 2(31) of the IT Act.
26. **"Investment Approach"** is a broad outlay of the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and Securities and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.



27. **"IT Act"** means the Income Tax Act, 1961, as amended and restated from time to time along with the rules prescribed thereunder.
28. **"Large Value Accredited Investor"** means an Accredited Investor who has entered into an Agreement with the Portfolio Manager for a minimum investment amount of ten crore rupees.
29. **"Non-resident Investors" or "NRI(s)"** shall mean non-resident Indian as defined in Section 2 (30) of the IT Act.
30. **"NAV"** shall mean Net Asset Value, which is the price; that the investment would ordinarily fetch on sale in the open market on the relevant date, less any receivables and fees due.
31. **"NISM"** means the National Institute of Securities Markets, established by the Board.
32. **"Person"** includes an individual, a HUF, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
33. **"Portfolio"** means the total holdings of all investments, Securities and Funds belonging to the Client.
34. **"Portfolio Manager"** means FE Securities Pvt Ltd, a company incorporated under [the Companies Act, [2013/1956] / the Limited Liability Partnership Act, 2008], registered with SEBI as a portfolio manager bearing registration number **INP000009269** and having its registered office at 814 Arunachal Building 19 Barakhamba Road New Delhi-110001
35. **"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

36. **"Regulations" or "SEBI Regulations"** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended/modified and reinstated from time to time and including the circulars/notifications issued pursuant thereto.

37. **"Related Party"** means –

- (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 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: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) anybody corporate which is— (A) a holding, subsidiary or an associate company of the Portfolio Manager; or (B) a subsidiary of a holding company to which the Portfolio Manager is also a subsidiary; (C) an investing company or the venturer of the Portfolio Manager— The investing company or the venturer of the Portfolio Manager means a body corporate whose investment in the Portfolio Manager would result in the Portfolio Manager becoming an associate of the body corporate;
- (ix) a related party as defined under the applicable accounting standards;
- (x) such other person as may be specified by the Board: Provided that,

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or



(ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding Financial Year; shall be deemed to be a related party;

38. "Securities" means security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other law for the time being in force.

3. Description

i. History, Present Business and Background of the Portfolio Manager

FE Securities Pvt Ltd was established in 1995 in New Delhi, India by Sh. Sanjay Kaul, a chartered accountant and former Vice President of the Delhi Stock Exchange and Sh. Ajai Bahadur, a chartered accountant. Both of them have had a vast experience in the field of finance. Sh Ajai Bahadur took voluntary retirement in 2021 but Sh. Sanjay Kaul's son Divij Kaul who has a vast array of experience having worked across multiple industries in his career joined the company in early 2020. Divij Kaul has a double masters degree in Marketing and looks after areas such as customer relationship management, business development, administrative work and coordination of front and back office. Sh. Sanjay Kaul continues to head the front office for the firm. The company has a vast domain of expertise within the financial markets spanning over 28 years.

ii. Promoters of the Portfolio Manager, Directors and their background:

A. Mr. Sanjay Kaul - Promoter & Director

Principal Officer and Chief Investment Officer

Qualification: Chartered Accountant

Experience:

Mr. Kaul possesses more than 33 years of rich experience in securities market and allied functions. He was selected as a member of Delhi Stock Exchange in year 1990 and subsequently expanded the trading business operations by promoting FE Securities Pvt. Ltd. in year 1995 and acquiring the membership of NSE, further in September 2005 the membership of BSE was acquired and in September 2006 became the Depository participant of the Depository CDSL. It is imperative to note that Mr. Kaul has been successfully leading the management of FE Securities Pvt. Ltd. since its inception. Further, having rich professional experience of over 44 years Mr. Kaul has also acquired skills and expertise in technical analysis, study of charts and market trends as well as financial management

B. Mr. Divij Kaul – Director

- **Qualification:** MBA (Marketing) and MSc (Marketing)
- **Experience:** Over 12 years in Marketing and Management.
- Mr. Kaul has been actively managing the overall affairs of the Company for more than 5 years.
- He possesses expertise in Technical Analysis, Market Trends, and Client Relationship Management.

C. Mr. Ajai Bahadur – Director

- **Qualification:** Chartered Accountant
- **Experience:**

Mr. Ajai Bahadur qualified as a Chartered Accountant in 1974. He has served in various organizations in the Finance sector, both in India and abroad, for approximately 17 years.

In July 1992, he joined M/s Kaul & Co. (DSE Member) and has since been associated with the group for over 27 years.

He has also actively contributed towards Investor Grievance Redressal, serving as an Arbitrator on the NSE (Delhi Centre) Arbitrators Panel.



D. Mrs. Nishi Kaul – Director

- **Qualification:** B.A.
- **Experience:** Associated with FE Securities Pvt. Ltd. since 2001.

Key Managerial Personnel of Portfolio Manager

a) Mr. Divij Kaul – Fund Manager

Currently serves as Head of Operations, Client Relationship Management, and Business Development. He has diverse experience across capital markets including equity research, fund management, risk management, and client dealing.

b) Mr. Anil Kumar – Compliance Officer

Responsible for back-office operations, preparation and submission of mandatory monthly, quarterly, and annual regulatory reports to SEBI and other authorities. Ensures timely reporting of compliance matters and conducts training/awareness programs for staff on compliance policies.

c) Ms. Anju Saxena – Key Front Office Personnel

With over 25 years of experience, she has developed expertise in front-office operations, client dealing, market trend analysis, and technical analysis including charting.

d) Ms. Neelam Kumari – Dealer (PMS Services)

Responsible for executing trades and sharing trade-related reports with clients under the PMS vertical.

4. Details of the Services Being Offered

The Portfolio Manager offers **Discretionary Portfolio Management Services (PMS)** to eligible clients.

Client Categories Covered:

- Indian resident individuals, Non-Resident Indians (NRIs), bodies corporate, partnership firms, trusts, societies, associations of persons, LLPs, and other persons deemed eligible.
- Foreign Portfolio Investors (FPIs) and their sub-accounts.

Key Features – Discretionary Portfolio Management Services

Under Discretionary PMS, the Portfolio Manager manages client assets with full discretion to invest/divest in securities, subject to applicable laws and the Portfolio Management Agreement (PMA).

- Acts in fiduciary capacity as a trustee with respect to the client's portfolio.
- Investment scope covers equity, debt, mutual funds, ETFs, structured products, derivatives, and other permissible instruments.
- Portfolio Manager may rebalance, buy/sell securities, manage corporate actions (dividends, rights, bonus, etc.), and ensure safekeeping of securities.
- Decisions of the Portfolio Manager (taken in good faith) are final and binding, subject only to malafide, fraud, conflict of interest, or gross negligence.
- For Large Value Accredited Investors, up to 100% of AUM may be invested in unlisted securities as per the executed agreement.



5. Services Offered

Investment Objective

The investment objective of the Portfolio Manager is to generate alpha, capital appreciation, capital preservation, regular returns, or risk-adjusted returns for clients.

The Portfolio Manager may invest capital contributions in:

- Equity and equity-related securities
- Debt instruments and fixed-income products
- Mutual fund units and ETFs
- Structured products and derivatives
- Other permissible instruments under applicable laws

Uninvested amounts may be temporarily deployed in liquid funds, ETFs, gilt funds, short-term debt products, or kept as cash/bank deposits.

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

<u>Name</u>	<u>Turnover(F.Y 2024-25)</u>
Anmol Finpro Private Limited	67,282
Aura Properties Private Limited	1,75,000

iv. Details of the services being offered: Discretionary

The Portfolio Manager currently offers Discretionary Portfolio Management Services,

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

No penalties, pending litigation, proceedings, or findings of Inspection/investigation have been taken or initiated against the Portfolio Manager by any regulatory authority as on the date of this Document.

5. Services offered

The Portfolio Manager offers the following services:

- Discretionary Portfolio Management Services: Where the Portfolio Manager exercises discretion in investments or management of the Client's assets.
- Non-Discretionary Portfolio Management Services: Where the Portfolio Manager provides advice but invests only after Client approval.
- Advisory Services: Advising on portfolio approach, investment, and divestment at the Client's risk.



Investment Approaches Philosophy:

The investment objective to provide appropriate risk adjusted returns for the Client shall be driven by following philosophies:

- Alpha generators: Growth companies, Value companies, Micro/small & Mid-cap companies.
- Fundamentals for investment: Bottom up research with focus on balance sheet/Profit & Loss/Cash flow.
- Independent investment process: Follows a proficient and responsive process.
- Agile and flexible: Each opportunity evaluated on merit.
- Distinctive style of investing: Prefer to be first/early investors, not momentum chasers.
- Long term investor: Buy and hold, think like a partner.
- Risk reward equation: Expected returns justify risk.

Investment framework includes deep analysis of: Management, Business Model, Earnings, Disruptions, Timing, Moat and TAM.

Asset classes: Equities, ETFs, Mutual Funds, Debt instruments, Derivatives, Government securities, etc., subject to Agreement and Regulations.

Investment Approaches of the Portfolio Manager :

Strategy: Equity Name: FE Securities Focused Approach (FOCUS)

Investment Objective: Generating alpha and risk adjusted returns in a focused micro and small cap portfolio benchmarked against BSE 500 TRI.

Description of types of securities: Primarily equity in micro, small, and mid-cap companies.

Basis of selection: Rigid stock selection with medium to long term focus, preferring Delhi/NCR companies.

Allocation: Focused on equity, diversified across sectors and market caps. Indicative tenure: 3-5 years.

Risks: Company risk, Valuation risk, Market risk, Liquidity risk, Concentration risk.

6. Risk factors

A. General Risks Factors

(1) Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.

(2) The Portfolio Manager does not assure that the objectives of any of the Investment Approach will be achieved and investors are not being offered any guaranteed returns. The investments may not be suitable to all the investors.

(3) [Past performance of the Portfolio Manager does not indicate the future performance of the same or any other Investment Approach in future or any other future Investment Approach of the Portfolio Manager. [OR] The Portfolio Manager has no previous experience/track record in the field of portfolio management services. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich individual experience.]

(4) The names of the Investment Approach do not in any manner indicate their prospects or returns.



(5) Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.

(6) When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.

(7) Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.

(8) The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.

(9) The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.

B. Risk associated with equity and equity related instruments

(10) Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws, political, economic or other developments, which may have an adverse impact on individual Securities, a specific sector or all sectors. Consequently, the value of the Client's Portfolio may be adversely affected.

(11) Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.

(12) Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.

C. Risk associated with debt and money market securities

(13) Interest Rate Risk

Fixed income and money market Securities run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income Securities fall and when interest rate falls, the prices increase. In case of floating rate Securities, an additional risk could arise because of the changes in the spreads of floating rate Securities. With the increase in the spread of floating rate Securities, the price can fall and with decrease in spread of floating rate Securities, the prices can rise.



(14) Liquidity or Marketability Risk

The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The Securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these Securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.

(15) Credit Risk

Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

(16) Reinvestment Risk

This refers to the interest rate risk at which the intermediate cash flows received from the Securities in the Portfolio including maturity proceeds are reinvested. Investments in fixed income Securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

D. Risk associated with derivatives instruments

(17) The use of derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. 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.

(18) Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. 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 of interest rate movements correctly. 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 settlement risk, 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.

E. Risk associated with investments in mutual fund schemes

(19) Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.



(20) As with any securities investment, the NAV of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.

(21) Past performance of the sponsors, asset management company (AMC)/fund does not indicate the future performance of the schemes of the fund.

(22) The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the schemes.

(23) The Portfolio Manager shall not be responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/scheme information document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

(24) The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC/the fund.

(25) While it would be the endeavor of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.

(26) The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.

F. Risk arising out of Non-diversification

(27) The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry. Similarly, the portfolios with investment objective to have larger exposure to certain market capitalization buckets, would be exposed to risk associated with underperformance of those relevant market capitalization buckets. Moreover, from the style orientation perspective, concentrated exposure to value or growth stocks based on the requirement of the mandate/strategy may also result in risk associated with this factor.

G. Risk arising out of investment in Associate and Related Party transactions

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

(29) The Portfolio Manager may utilize the services of its group companies or associates for managing the portfolios of the client. In such scenarios, the Portfolio Manager shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates by ensuring that such dealings are at arm's length basis.



(30) The Portfolios may invest in its Associates/ Related Parties relating to portfolio management services and thus conflict of interest may arise while investing in securities of the Associates/Related Parties of the Portfolio Manager. Portfolio Manager shall ensure that such transactions shall be purely on arms' length basis and to the extent and limits permitted under the Regulations. Accordingly, all market risk and investment risk as applicable to securities may also be applicable while investing in securities of the Associates/Related Parties of the Portfolio Manager.

7. Nature of Expenses

A. Management Fee

1) Portfolio Management Fees

Portfolio Management Fees are payable by the Client for the Portfolio Management Services offered by the Portfolio Manager. This fee is levied (as a percentage) on the **Net Realizable Value (NRV)** of the Portfolio under management and may be **fixed, variable, or a combination of both**, as set out in the Client Agreement.

Applicable Fee-

Fixed Fee Only

- Fixed fee: 2% annual fee on average AUM, charged on 30th June/30th September/31st Dec/31st March, no performance fee.

Variable Fee Only

- Performance Fee of 20% on returns above applicable hurdle rate subject to high watermark principle, charged on 31st March every year regardless of when account has been opened, no fixed fee .
- Hurdle rate: 9% Per Annum.

Hybrid Fee structure

- Fixed Fee: __ * % on average AUM, charged on 30th June/30th September/31st Dec/31st March.
- Variable Fees __ *% on returns above applicable hurdle charged on 31st March every year regardless of when account has been opened.
- Hurdle rate: 9% Per Annum.

Note: The percentages shall be based on consent of both the parties i.e. Client and Portfolio Manager



Other Charges

S. No.	Particulars	Basis of Calculations	Billing Frequency
1	Exit Load	Exit before completion of one year- 1% of exit value of portfolio Exit post completion of one year- Nil	On exit
2	Other Costs and Expenses such as custodian charges, taxes etc. except brokerage expenses	As actuals (subject to a cap of 0.5% p.a. of the Assets Under Management* or as may be provided under the SEBI Regulations). Calculated on the basis of the average value of the daily Assets Under Management for the previous quarter	As actuals
2	Brokerage expenses	As actuals	As actuals

2). Depository & Custodian Charges

- Relate to opening and maintaining depository accounts, dematerialization, transfer charges, and other services for managing the Client's Portfolio.
- Charged to Clients **at actuals**, on a **monthly basis**.
- Custodian charges are negotiated by the Portfolio Manager and recovered from Clients.
- **Indicative rates** are provided in the table annexed to the Agreement.

3). Brokerage and Transaction Costs

- Payable to brokers for execution of transactions on stock exchanges or otherwise (purchase/sale of shares, bonds, debentures, units, and other instruments).
- Charged **at actuals**, as levied by the broker.
- Passed on to Clients as part of transaction costs, included in the cost of investment.
- **Indicative rates** are provided in the table annexed to the Agreement.
- Currently we are not charging brokerage.

4). Registrar and Transfer Agent Fee

NIL

F. Miscellaneous Expenses

Expenses relating to the operation of bank accounts, documentation, audit and certification (e.g., stamp duty, attestation, notary, legal services), Goods and Services Tax (GST), insurance charges, outsourcing, and other administrative costs.

- Charged to Clients **at actual**.
- **Indicative rates** are provided in the table annexed to the Agreement.



Expenses relating to the operation of bank accounts, documentation, audit and certification (e.g., stamp duty, attestation, notary, legal services), Goods and Services Tax (GST), insurance charges, outsourcing, and other administrative costs.

- Charged to Clients **at actual**.
- **Indicative rates** are provided in the table annexed to the Agreement.

8. Taxation

12.1 General

1. This summary on Indian tax matters contained herein is based on existing law as on the date of this memorandum. No assurance can be given that future legislation, administrative rulings or court decisions will not significantly modify the conclusions set forth in this summary, possibly with retroactive effect.
 2. The following is a summary of certain relevant provisions of the Income-tax Act, 1961 ('ITA') as amended by the Finance Act, 2025 ('Finance Act') read along with Income-tax Rules, 1962 ('IT Rules') and various circulars and notifications issued thereunder from time to time.
- The summary is based on laws, regulations, rulings and judicial decisions now in effect, and current administrative rules, practices and interpretations, all of which are subject to change, with possible retrospective effect.
 - Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of Portfolio Manager to induce any client, prospective or existing, to invest in the portfolio management schemes of the Portfolio Manager. Implications of any judicial decisions / double tax avoidance agreements etc. are not explained herein.
 - In view of the nature of tax consequences, each client is advised to consult their own tax advisor with respect to the specific tax consequences arising to them from participation in any of the investments.
 - It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the securities.
 - The Portfolio Manager accepts no responsibility for any loss suffered by any investor as a result of current taxation law and practice or any changes thereto.

12.2 Tax Rates

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

The tax rates are applicable for the Financial Year 2025-26 (Assessment Year 2026-27). The rate of surcharge and health and education cess are as under:



Notes:

1. In case where the total income includes dividend income (only residents) or any income referred to in section 111A or section 112 or section 112A of the ITA, surcharge on such income shall not exceed 15%.
2. In case where the total income of a foreign portfolio investor ('FPI') includes any short-term capital gains or long-term capital gains or dividend income, surcharge on such income shall not exceed 15%.
3. The rates provided under section 115BAC(1A) of the ITA shall be applicable unless an option is exercised under section 115BAC(6) to opt out of the regime. Further, the option of opting back to the regime under section 115BAC(1A) of the ITA can be exercised only once by a taxpayer earning income from business or profession. However, a person not having income from business or profession shall be able to exercise this option every year. Under this regime, the rate of surcharge shall be capped at 25% (instead of 37%). This section is also applicable to association of persons [other than a cooperative society], or body of individuals, whether incorporated or not, or an artificial juridical person.

Surcharge Rates – Other Categories

Type of Investor	If income does not exceed INR 1 Crore	If income exceeds INR 1 Crore but less than INR 10 Crores	If income exceeds INR 10 Crores
Partnership firm	Nil	12%	12%
Domestic Company	Nil	7%	12%
Foreign Company (including FPIs)	Nil	2%	5%

Note: The applicable surcharge rate on income chargeable to tax under sections 115BAA or 115BAB of the ITA shall be 10% irrespective of the income threshold.

Health and Education Cess

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

12.2.2 Applicable Slab Rates

In this tax chapter, we have used the term 'applicable slab rates' at many places. The slab rates which are applicable for Individuals / HUF / AOP / BOI are as follows:

Alternate 1: Old Tax Regime

Total Income	Tax Rates (refer notes below)
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%



Total Income	Tax Rates (refer notes below)
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

Notes (Old Tax Regime):

1. Section 87A of the ITA provides for a rebate on tax on total income of up to INR 5,00,000 for resident individual assessee.
2. In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR 3,00,000.
3. In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 5,00,000.

Alternate 2: New Tax Regime (Section 115BAC)

The new tax regime under Section 115BAC of the ITA is the **default tax regime** unless an option is exercised to opt out of this regime as provided under Section 115BAC(6) of the ITA.

Total Income	Tax Rates (refer notes below)
Up to INR 4,00,000	Nil
From INR 4,00,001 to INR 8,00,000	5%
From INR 8,00,001 to INR 12,00,000	10%
From INR 12,00,001 to INR 16,00,000	15%
From INR 16,00,001 to INR 20,00,000	20%
From INR 20,00,001 to INR 24,00,000	25%
Above INR 24,00,000	30%

Notes (New Tax Regime):

1. Section 87A of the ITA provides for a rebate on tax on total income of up to INR 12,00,000 for individual assessee. Further, marginal relief is available to the extent incremental income tax liability exceeds incremental income in excess of INR 12,00,000 if the resident individual has opted for new tax regime.
2. The option to pay tax under this regime shall be available only if the total income of assessee is computed without claiming specified exemptions or deductions specified under the ITA.
3. Section 115BAC is also applicable to association of persons [other than a cooperative society], or body of individuals, whether incorporated or not, or an artificial juridical person.

12.3 Tax Deductions, Liability, and Payments



It will be the responsibility of the investors to meet the **advance tax obligation** payable on a quarterly basis as prescribed under the ITA.

As prescribed under the ITA, investors shall understand the liability of **payment of TDS**, if any, on the **management fee / other fees** charged by the Portfolio Manager, and will deposit the same as per prevailing IT Rules and provide TDS certificate to the Portfolio Manager within the requisite time period.

Investors who wish to register under **GST** information should provide their written request along with a copy of **GST Certificate** at the time of onboarding or before the beginning of the new quarter for any prospective changes in invoicing.

12.4 Streams of Income from Portfolio Investments

It is envisaged that the investor, including FPIs, could earn the following streams of income from investments made in the portfolio investments:

- Dividend income
- Interest income
- Gains on sale of securities
- Gains on buy-back of shares

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

12.4.1 Dividend Income on Shares

- As per **Section 115-O** of the ITA, the Indian company declaring dividend is **not required to pay Dividend Distribution Tax (DDT)** on dividend distributed/paid/declared to its shareholders.
- The **dividend income** is taxable in the hands of the shareholders under the ITA at applicable rates.
- Shareholders can claim a **deduction of interest expenditure** incurred for the purpose of earning such dividend income, restricted to **20% of the gross dividend income**.

Special Case – Section 80M:

- Any Indian company receiving dividend from another Indian company and distributing it to its shareholders before the specified due date (i.e., one month prior to filing tax return under Section 139 of the ITA) can **claim a deduction** for the dividend received.

TDS on Dividend Payments:

- **Resident investors:** 10% TDS (if amount exceeds INR 5,000)
- **Non-resident investors:** 20% or rates in force (plus applicable surcharge and cess)
- **FPIs:** 20% under Section 196D of the ITA (plus surcharge and cess), unless a lower rate is specified in the relevant tax treaty

Taxable Dividend Income:

- Accordingly, the dividend income (net of deductions, if any) will be taxable at the applicable rates for the investor category.



12.4.2 Taxation of Dividend Income

Accordingly, the dividend income (net of deductions, if any) will be taxable at the following rates:

Resident Investors

Dividend Income Earned By	Tax Rate for Domestic Investors
Resident Companies (Refer Notes 1 and 2)	30%
Firms / Limited Liability Partnerships (LLPs)	30%
Others (Refer Note 3)	As per applicable slab rates, maximum being 30%

Notes (Resident Investors):

1. In case of domestic companies having **total turnover or gross receipts not exceeding INR 400 crores** in the Financial Year 2023-24 (Assessment Year 2024-25), the applicable tax rate would be **25%**.
2. The tax rates for domestic companies exercising the option under **section 115BAA and section 115BAB** of the ITA shall be **22% and 15% respectively**, subject to fulfillment of conditions prescribed in the said sections.
3. The rates provided under **section 115BAC(1A)** of the ITA shall be applicable unless an option is exercised under **section 115BAC(6)** to opt out of the regime.
 - The option of opting back to the regime under section 115BAC(1A) of the ITA can be exercised **only once** by a taxpayer earning income from business or profession.
 - A person not having income from business or profession shall be able to exercise this option **every year**.
 - Under this regime, the **rate of surcharge** shall be capped at **25%** (instead of 37%).
 - This section is also applicable to **association of persons [other than a cooperative society], body of individuals, whether incorporated or not, or an artificial juridical person**.
 - At present, the **highest slab rate has been captured**.

Non-Resident Investors

- As per **section 115A(1)(a)(i)** of the ITA, dividend income is taxable at **20%** (plus applicable surcharge and health and education cess) in case of non-resident shareholders.
- Taxation is **subject to beneficial tax rates under the relevant tax treaty**.

Note: Taxation of dividend income in the hands of FPIs has been discussed separately.

12.4.2 Interest Income on Debt Securities

Resident Investors

Interest Income Earned By	Tax Rate for Domestic Investors
Resident Companies (Refer Notes 1 and 2)	30%



Interest Income Earned By	Tax Rate for Domestic Investors
Firms / LLPs	30%
Others (Refer Note 3)	As per applicable slab rates, maximum being 30%

Notes (Resident Investors):

1. In case of domestic companies having **total turnover or gross receipts not exceeding INR 400 crores** in the Financial Year 2023-24 (Assessment Year 2024-25), the applicable tax rate would be **25%**.
2. The tax rates for domestic companies exercising the option under **section 115BAA and section 115BAB** of the ITA shall be **22% and 15% respectively**, subject to fulfillment of conditions prescribed in the said sections.
3. The rates provided under **section 115BAC(1A)** of the ITA shall be applicable unless an option is exercised under **section 115BAC(6)** to opt out of the regime.
 - The option of opting back to the regime under section 115BAC(1A) can be exercised **only once** by a taxpayer earning income from business or profession.
 - A person not having income from business or profession shall be able to exercise this option **every year**.
 - Under this regime, the **rate of surcharge** shall be capped at **25%** (instead of 37%).
 - This section is also applicable to **association of persons [other than a cooperative society], body of individuals, whether incorporated or not, or an artificial juridical person**.
 - At present, the **highest slab rate has been captured**.

Non-Resident Investors

- As per the provisions of the ITA, in case of taxability of a non-resident who is a **tax resident of a country with which India has a tax treaty**, the provisions of the ITA shall apply to the extent they are **more beneficial**.
- The **interest income earned by non-resident investors** (being corporate entity / non-corporate entity) shall generally be taxable at the rate of **40% or as per slab under the provisions of the ITA**, unless certain conditions are satisfied.

Note: Taxation of interest income in the hands of **FPIs** has been discussed separately.

12.4.3 Gains on Sale of Securities

Gains arising from the transfer of securities held in the investee company or portfolio company may be treated either as **'Capital Gains'** or as **'Business Income'** for tax purposes, depending upon whether such securities were held as a **capital asset** or a **trading asset** (i.e., stock-in-trade).

Traditionally, the **characterisation of gains** (whether taxable as Business Income or Capital Gains) has been a subject matter of litigation with the tax authorities. There have been judicial pronouncements on whether gains on transfer of securities should be taxed as **Business Income** or as **Capital Gains**. These pronouncements, while laying down guiding principles, have largely been driven by the **facts and circumstances of each case**.

Additionally, the **Central Board of Direct Taxes (CBDT)** has provided guidance through:



- **Instruction No. 1827**, dated 31 August 1989 ('CBDT Instructions')
- **Circular No. 4/2007**, dated 15 June 2007 ('CBDT Circular 2007')

These instructions and circulars provide guidance on the **characterisation of gains as either Capital Gains or Business Income**.

Key Illustrative Factors Indicative of Capital Gains Characterisation (Not Business Income)

1. **Intention at the time of acquisition** – for capital appreciation
2. **Low transaction frequency**
3. **Long period of holding**
4. **Shown as investments in books of accounts** (not stock-in-trade)
5. **Use of owned funds** (as opposed to borrowed funds) for acquisition
6. **Main object in the constitution document** is to make investments

CBDT Circular 6/2016 (29 February 2016)

- Clarified the **taxability of gains arising on sale of listed shares and securities**.
- Gains from **transfer of listed shares and securities held for more than 12 months** shall be treated as **Capital Gains**, provided the genuineness of the transaction is established.
- The circular **does not deal with capital gains arising on transfer of unlisted shares**.

CBDT Instruction on Unlisted Shares (2 May 2016)

- To avoid disputes/litigation and maintain a consistent view in assessments, the CBDT instructed that **income from transfer of unlisted shares** shall be treated as **Capital Gains**, irrespective of the period of holding.

Exceptions: The tax department may take an appropriate view if:

1. The **genuineness of transactions in unlisted shares** is questionable
2. The transfer of unlisted shares is related to an **issue of lifting the corporate veil**
3. The transfer of unlisted shares is made **along with the control and management of the underlying business**

Capital Gains

The ITA provides a specific mechanism for computation of **capital gains**. Capital gains are computed by **deducting from the sale consideration:**

- the **cost of acquisition**, and
- **certain other expenses**.

The **tax payable** on capital gains depends on whether the capital gains are **long-term** or **short-term**.



Characterisation Based on Holding Period

Type of Instrument	Period of Holding	Characterisation
Listed securities (other than a unit), units of equity-oriented mutual funds, units of Unit Trust of India, Zero-Coupon Bonds	More than 12 months	Long-term Capital Asset
Listed securities (other than a unit), units of equity-oriented mutual funds, units of Unit Trust of India, Zero-Coupon Bonds	12 months or less	Short-term Capital Asset
Shares of a company (other than shares listed on a recognised stock exchange)	More than 24 months	Long-term Capital Asset
Shares of a company (other than shares listed on a recognised stock exchange)	24 months or less	Short-term Capital Asset
Other securities (other than Market Linked Debentures and units of a Specified Mutual Fund)	More than 36 months	Long-term Capital Asset
Other securities (other than Market Linked Debentures and units of a Specified Mutual Fund)	36 months or less	Short-term Capital Asset

Special Note:

- Capital gains on redemption/transfer/maturity of **Specified Mutual Fund** (mutual fund where not more than 35% is invested in equity shares of an Indian company) acquired on or after **1 April 2023**, or **Market Linked Debentures**, shall be deemed **Short-Term Capital Gains (STCG)** irrespective of the holding period.

Taxability of Capital Gains under ITA

Sr. No	Particulars	Resident Investors	Non-Resident Investors	FPI
1	STCG on transfer of listed equity shares on a recognised stock exchange, listed equity shares sold through offer for sale, or units of equity-oriented mutual fund, where STT has been paid (Section 111A)	15%	15%	15%
2	Any other short-term capital gains	30% [Note 1]	30% (firms/LLP/foreign non-corporates [Note 1]) / 40% (foreign company)	30%
3	LTCG on transfer of: (i) listed equity shares with STT paid on acquisition & sale (ii) units of equity-oriented mutual fund with STT paid on transfer (Section 112A) [Note 2]	10% [Note 3] (on income exceeding INR 1 lakh)	10% [Note 3] (on income exceeding INR 1 lakh)	10% [Note 3] (on income exceeding INR 1 lakh)
4	LTCG on sale of listed bonds or listed debentures (Section 112)	10% (without indexation) [Note 4]	10% (without indexation) [Note 4]	10% (without indexation) [Note 3]
5	LTCG on transfer of unlisted bonds or unlisted debentures (Section 112)	20% (without indexation)	10% [Note 3]	10% [Note 3]
6	LTCG on transfer of unlisted securities (other than unlisted bonds & debentures)	20% (with indexation)	10% [Notes 3 & 4]	10% [Note 3]



Sr. No	Particulars	Resident Investors	Non-Resident Investors	FPI
	(Section 112) [Note 5]			

Notes:

- [Note 1] Applicable as per ITA provisions and entity type.
- [Note 2] Section 112A applies to listed equity shares and certain equity-oriented mutual funds.
- [Note 3] Applies for income exceeding INR 1 lakh.
- [Note 4] Without indexation benefit.
- [Note 5] With indexation benefit for long-term capital gains.

Notes on Capital Gains Taxation

Note 1:

- Assumes **highest slab rates for individual investors.**
- For domestic companies having **total turnover or gross receipts not exceeding INR 400 crores** in the Financial Year 2023-24 (Assessment Year 2024-25), the applicable tax rate is **25%**.
- For domestic companies exercising the option under **section 115BAA and section 115BAB** of the ITA, the tax rates are **22% and 15% respectively**, subject to fulfillment of conditions prescribed in the said sections.
- **Capital gains under section 111A, 112A, or 112 are capped at 15%.**
- As per **section 115BAC** of the ITA, **resident individuals and HUFs** may opt to pay tax on total income at **reduced rates**, provided income is computed **without claiming prescribed deductions or exemptions.**
- Rates under **section 115BAC(1A)** apply unless an option is exercised under **section 115BAC(6)** to opt out.
- The option to revert to 115BAC(1A) can be exercised **only once** by a taxpayer earning income from **business or profession.** Persons without business/professional income may exercise the option **every year.**
- Under this regime, the **surcharge is capped at 25% (instead of 37%).**
- Applicable also to **association of persons [other than a cooperative society], or body of individuals,** whether incorporated or not, or an artificial juridical person.

Note 2:

- For **equity shares or units of an equity-oriented mutual fund acquired before 1 February 2018**, the **cost of acquisition shall be the higher of:**
 1. Actual cost of acquisition; or
 2. Lower of:
 - Fair market value as on 31 January 2018 (determined in the prescribed manner), and
 - Value of consideration received or accruing upon transfer.
- **CBDT Notification dated 1 October 2018** specifies transactions where the **STT on acquisition of equity shares does not apply** under section 112A(1)(iii)(a).

Note 3:



- Tax rates are **without considering indexation and foreign exchange fluctuation benefits**.

Note 4:

- The **Indian Tax Authorities** may disregard the above position and apply a **tax rate of 20%**.

Note 5:

- As per **section 50CA** of the ITA, where the consideration received or accruing on transfer of **unlisted shares is less than the fair market value** (determined in the prescribed manner), the **fair value** shall be deemed to be the **full value of consideration** for computing capital gains.

12.4.4 Gains Characterised as 'Business Income'

- If gains are characterised as **business income**, they are taxable on **net income basis**:
 - **Resident investors: 30%**
 - Domestic companies with **total turnover/gross receipts ≤ INR 400 crores (FY 2023-24 / AY 2024-25): 25%**
 - Tax rates for domestic companies exercising the option under **section 115BAA and 115BAB: 22% and 15% respectively**, subject to prescribed conditions.
- **Foreign companies with a business connection / permanent establishment in India: 40%**, if income is attributable to such connection/establishment.
- **Non-resident investors (other than foreign companies): 30%**

12.4.5 Proceeds on Buy-back of Shares by a Domestic Company

- Gains arising from **buy-back of shares** (listed or unlisted) are **exempt in the hands of investors**.
- **Distribution tax** is payable by the Indian company at:
 - **20%** on the difference between consideration paid for the shares and the amount received at the time of issue
 - **Plus 12% surcharge and 4% health and education cess**
- Distribution tax applies only if the buy-back is **in accordance with applicable laws**.

12.5 Other Tax Considerations

12.5.1 Non-Resident Investors (including FPI)

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

1. The investor is a **tax resident of India**, or
2. Being non-resident in India, the investor derives:
 - Indian-sourced income; or
 - Income received / deemed to be received in India; or
 - Income accrued / deemed to have accrued in India under the ITA.



Foreign Companies:

- As per **Section 6 of the ITA**, a foreign company is treated as a tax resident in India if its **Place of Effective Management (POEM)** is in India during that year.
- **POEM**: The place where **key management and commercial decisions** necessary for conducting business are made.
- If POEM is in India, the company is a **resident for tax purposes**, and **worldwide income** is taxable in India.

12.5.2 Tax Deduction at Source (TDS)

Section 206AA (PAN Requirement):

- If the recipient of income **does not furnish PAN**, tax must be deducted at the **highest of**:
 1. Rates specified in ITA provisions
 2. Rates in force
 3. 20%
- For non-residents without PAN, this provision **does not apply** if they furnish prescribed information/documents.
- **CBDT Notification**: Grants relaxations for non-resident investors and foreign companies.
- **Exceptions**: Sections 206AA does not apply for payments in the nature of **interest, royalty, fees for technical services, or capital asset transfers**, provided required details/documents are submitted.

Section 206AB (Specified Persons):

- Applies where tax is required to be deducted on sums paid to a **specified person**, except under sections 192, 192A, 194B, 194BA, 194BB, 194LBC, 194N, 194-IA, 194-IB, or 194M.
- **Specified person**:
 - Has **not filed the return of income** for the assessment year relevant to the preceding financial year, and
 - Aggregate of TDS and TCS in that year is **INR 50,000 or more**
- **Exclusions**:
 - Non-residents without a permanent establishment in India
 - Persons **not required to furnish income tax return** for that year and notified by the **Central Government**

12.5.3 Withholding and Collection of Tax at Source

TDS on Specified Persons (Sections 206AA & 206AB)

- If **Sections 206AA or 206AB** are applicable to a specified person, tax shall be deducted at the **higher of**:
 1. Twice the rate specified in the relevant ITA provision; or
 2. Twice the rate in force; or
 3. 5%
- If both sections are applicable simultaneously, **tax is deducted at the higher of the two rates** provided under the respective sections.



Withholding Tax on Purchase of Goods (Section 194Q)

- Applicable when a **buyer** pays a **resident seller** for goods (likely including shares and securities) exceeding **INR 50 lakhs** in a financial year.
- Tax to be deducted: **0.1%** of the amount exceeding INR 50 lakhs, at the time of **credit or payment**, whichever is earlier.
- **Buyer definition:** Total sales, gross receipts, or turnover in the preceding financial year exceeds **INR 10 crores**.

Exceptions:

- Section 194Q does **not apply** if:
 1. Tax is deductible under any other ITA provision
 2. Tax is collectible under **Section 206C** (except Section 206C(1H))

CBDT Clarifications:

- Section 194Q **does not apply** to transactions in securities traded through recognized stock exchanges or cleared/settled by recognized clearing corporations.
- Non-residents not connected to a **permanent establishment (PE)** in India are also excluded.
 - **PE Definition:** Fixed place of business through which enterprise business is wholly or partly carried out.

Collection of Tax at Source (TCS) – Section 206C(1H)

- Removed as per Finance Act 2025

PAN/Aadhaar Non-Furnishing:

- If the buyer does not furnish **PAN/Aadhaar**, tax is collected at the **higher of**:
 1. Twice the rate specified in the ITA provision
 2. 1%

Interaction with TDS:

- If the buyer has already withheld tax under Section 194Q, the seller is **not liable to collect TCS** under 206C(1H).

CBDT Clarifications:

- Circular No. 17 of 2020 (29 September 2020) clarified that **206C(1H)** does **not apply** to securities and commodities traded on recognized stock exchanges.
- Additional CBDT guidelines address operational issues regarding TCS applicability.



Section 206CCA

- Applies to **collection of tax at higher rates** for payments to **non-filers of income-tax returns**.
- When tax is required to be collected under **Chapter XVII-BB**, the rate of TCS is the **higher of two following rates-**
- **Applicable Rates:**
Tax shall be collected at the higher of:
 - Twice the rates specified in the relevant provisions of the ITA; or
 - 5%.
- **Specified Person:**
 - A “specified person” is someone who **has not filed their tax return** for the assessment year relevant to the previous year immediately preceding the financial year in which tax is to be collected, and for whom the **aggregate TDS and TCS in that year is ₹50,000 or more in the said previous year**.

Further, the specified person does not include:

- A non-resident who **does not have a permanent establishment in India**, and
- A person who is **not required to furnish a return of income** for the assessment year relevant to the said previous year, and who is **notified by the Central Government in the Official Gazette**.
- **Interaction of Sections 206CC and 206CCA:**
 - If **both sections are applicable**, tax shall be collected at the **higher of the two rates** derived under the respective sections.
- **Applicability to Securities:**
 - The applicability of these provisions to **shares and securities** must be tested on a case-by-case basis.

12.5.3 Tax Provisions for Foreign Portfolio Investors (FPIs) and Non-Filers

As per **Section 2(14) of the ITA**, any investment in securities made by **Foreign Portfolio Investors (FPIs)** in accordance with the regulations issued under the **Securities and Exchange Board of India** is treated as a **capital asset**. Consequently, any income arising from the transfer of securities by FPIs is to be treated as **capital gains**.

Under **Section 115AD of the ITA**, **long-term capital gains** arising from the transfer of securities shall be taxable at the rates mentioned in **paragraph 12.4.3** above.

Under **Section 115AD of the ITA**, **interest and dividend income** earned by FPIs is taxable at **20%**. However, interest referred to in **Section 194LD of the ITA** was taxable at **5%** on interest payments up to **30 June 2023**, subject to fulfillment of conditions.

The **Finance Act 2023** has removed the concessional tax rate under **Section 194LD** for interest income arising on **rupee-denominated bonds or government securities** after **30 June 2023**. Effective **1 July 2023**, interest income paid to FPIs is taxable at the rate of **20%** (plus applicable surcharge and cess) under **Section 115AD**, unless a **lower rate** is specified in the relevant tax treaty.

As per **Section 196D of the ITA**, **no tax** shall be deducted from capital gains arising from the transfer of securities referred to in **Section 115AD**, which is payable to an FPI. However, tax shall be deducted under **Section 196D** with respect to **interest income** (other than under **Section 115AD**) and **dividend income** at the rate of **20%**.



Tax Treaty Benefits for Non-Resident Investors (Section 90 & 90A)

- As per **Section 90(2) of the ITA**, the provisions of the ITA will apply to the extent they are **more beneficial** than the provisions of the tax treaty between India and the country of residence of the non-resident investor, subject to the **General Anti-Avoidance Rules (GAAR)** and the availability of tax treaty benefits to the non-resident investor.
- Under **Section 90(1) of the ITA**, the **Central Government** may enter into a tax treaty to grant relief in respect of income tax, **without creating opportunities for non-taxation or reduced taxation** through tax evasion or avoidance, including through treaty-shopping arrangements aimed at obtaining indirect benefits for residents of another country or territory.
- It should be noted that **no assurance** can be provided that tax treaty benefits will be available to non-resident investors, or that the terms of the tax treaty will not be subject to **amendment or reinterpretation** in the future.

In order to **claim tax treaty benefits**, a non-resident investor must furnish a **Tax Residency Certificate (TRC)** issued by the foreign tax authorities. Additionally, the non-resident investor may be required to provide any other information or documents as prescribed. In this context, the **CBDT**, via its notification dated **1 August 2013**, has prescribed certain information in **Form No. 10F**, which must be submitted along with the TRC if such information is not already part of the TRC.

The tax authorities may grant **tax treaty benefits** after verifying the TRC and evaluating the facts of each case. This chapter **does not discuss** the tax implications for non-residents under a beneficial tax treaty, which must be analyzed separately based on the specific facts.

In the absence of tax treaty benefits, or in cases where the non-resident is from a country with which India has **no tax treaty**, the taxability of income will be determined as per the provisions of the **Income Tax Act (ITA)**.

12.5.5 Securities Transaction Tax (STT)

STT is applicable on various transactions as follows:

1. **Equity Shares / Units (Delivery-based):**
 - **0.10%** on the purchase of equity shares in a company or a unit of a business trust where the contract for purchase is settled by **actual delivery or transfer** of shares.
 - **0.10%** on the sale of equity shares in a company or sale of units of a business trust on a **recognised stock exchange** in India where the contract for sale is settled by **actual delivery or transfer** of shares/units.
2. **Equity-Oriented Fund Units (Delivery-based):**
 - **0.001%** on the sale of units of equity-oriented funds on a **recognised stock exchange** in India where the contract for sale is settled by **actual delivery or transfer** of units.
3. **Non-Delivery-based Transactions:**
 - **0.025%** on the sale of equity shares in a company, units of equity-oriented funds, or units of a business trust on a **recognised stock exchange** in India where the contract is settled **otherwise than by actual delivery or transfer** of shares or units.
4. **Derivatives:**
 - **0.0125%** on the sale of **futures in securities**.
 - **0.0625%** on the sale of **options in securities**.
 - **0.125%** of the difference between the **strike price and settlement price** of the option, where the options are exercised.
5. **Unlisted Equity Shares:**
 - **0.2%** on the sale of **unlisted equity shares** under an offer for sale.

12.5.6 Transfer of Unquoted Shares at Less than Fair Market Value



As per Section 50CA of the ITA, if there is a **transfer of unquoted shares** of a company at a value lesser than the fair market value (FMV), then the FMV shall be deemed to be the full value of sale consideration for computing capital gains on such unquoted shares.

The CBDT has notified rules for computation of FMV for the purposes of Section 50CA of the ITA.

Exceptions:

The provisions of Section 50CA shall not apply to any consideration received/acruing on transfer by certain classes of persons, subject to fulfillment of conditions as may be prescribed.

12.5.7 Deemed Income on Investment in Securities

As per Section 56(2)(x) of the ITA, if any assessee receives any property (including securities) without consideration or for inadequate consideration, and the difference between the fair market value (FMV) and consideration exceeds INR 50,000, then the FMV in excess of such consideration shall be taxable in the hands of the recipient as "Income from Other Sources."

The above provisions may be subject to tax treaty benefits, if applicable, in the case of non-resident assesseees.

The CBDT has notified rules providing the mechanism for computation of FMV for the purposes of Section 56(2)(x) of the ITA.

12.5.8 General Anti-Avoidance Rules (GAAR)

The GAAR regime, introduced under the ITA, is effective from 1 April 2017. GAAR may be invoked by the tax authorities if arrangements are found to be impermissible avoidance arrangements.

A transaction can be declared as an impermissible avoidance arrangement if its main purpose is to obtain a tax benefit and it satisfies any one of the following tainted elements:

1. The arrangement creates rights or obligations not ordinarily created between parties dealing at arm's length.
2. It results, directly or indirectly, in misuse or abuse of the ITA.
3. It lacks commercial substance, or is deemed to lack commercial substance, in whole or in part.
4. It is entered into or carried out in a manner not normally employed for bona fide purposes.

Powers of Tax Authorities under GAAR

If GAAR is invoked, tax authorities may:

- Disregard, combine, or recharacterize any step, part, or the whole of the arrangement.
- Ignore the arrangement for taxation purposes.
- Relocate the place of residence of a party, or the location of a transaction or asset.
- Look through the arrangement, disregarding any corporate structure.
- Reallocate and recharacterize equity into debt, or capital into revenue, etc.
- Disregard or treat accommodating and other parties as one and the same person.
- Deem connected persons as one and the same for determining the tax treatment of any amount.



The GAAR provisions override the provisions of a tax treaty when GAAR is invoked. The procedures for applying GAAR and the conditions under which it should not apply are detailed in the IT Rules. GAAR should not be invoked if the tax benefit in the relevant year does not exceed INR 3 crores.

On 27 January 2017, the CBDT issued clarifications on the implementation of GAAR in response to queries from stakeholders and industry associations. Key clarifications include:

- GAAR should not be invoked if tax avoidance is adequately addressed by the Limitation of Benefit Clause (LOB) in a tax treaty.
- GAAR should not be invoked solely because an entity is located in a tax-efficient jurisdiction.
- GAAR applies to an arrangement or part of an arrangement, and the INR 3 crore limit cannot be interpreted for a single taxpayer only.

12.5.9 FATCA Guidelines

Under the Inter-Governmental Agreement and the Foreign Account Tax Compliance Act (FATCA) provisions, read with the Common Reporting Standards (CRS), foreign financial institutions in India must report tax information of US account holders and other reportable account holders to the Indian Government.

The Indian Government has enacted rules relating to FATCA and CRS reporting. Reporting financial institutions are required to submit an online statement in **Form 61B** for each calendar year by **31 May**.

The institution must maintain and report the following for each reportable account:

1. Name, address, taxpayer identification number (TIN), date and place of birth (for individuals).
2. For entities with one or more controlling persons:
 - Name and address of the entity and its TIN;
 - Name, address, DOB, POB, and TIN of each controlling person.
3. Account number (or functional equivalent if no account number exists).
4. Account balance or value at the end of the calendar year (including cash value or surrender value in the case of insurance or annuity contracts).
5. Total gross amount paid or credited to the account during the calendar year.

The guidelines also provide specific procedures for due diligence of reportable accounts, including **US reportable accounts** and **Other reportable accounts** under CRS.

Furthermore, **Section 271FAA** of the IT Act provides that if there is any **inaccuracy** in the statement of financial transactions submitted by a prescribed reporting financial institution due to **false or incorrect information provided by the account holder**, a **penalty of INR 5,000** shall be levied on the institution. This is **in addition to any other penalties** applicable under the same section.

The penalty will be imposed by the **Income Tax Authority** designated under **Section 285BA** of the Act. The reporting financial institution may **recover this amount from the account holder** or **deduct it from any funds held or received** on behalf of such reportable account holders.

12.5.10 Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)

The **Organisation for Economic Co-operation and Development (OECD)** released the **Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)**.

The MLI is an agreement negotiated under **Action 15 of the OECD/G20 BEPS Project**. Unlike bilateral tax treaties, the MLI allows jurisdictions to **swiftly amend multiple tax treaties** to incorporate BEPS-related



recommendations. It aims to **curb tax planning strategies** that shift profits to low- or no-tax jurisdictions and **supplements or modifies existing tax treaties**.

The **final impact of the MLI** on any tax treaty depends on both contracting states having deposited their respective instruments of ratification and final MLI positions with the OECD Depository. The MLI contains both **mandatory provisions** (minimum standards under the BEPS Project) and **non-mandatory provisions**.

India has been an **active participant** in the BEPS discussions. In a ceremony held in Paris on **7 June 2017**, various countries, including India, signed the MLI. The **Union Cabinet of India**, through a press release dated **12 June 2019**, approved the ratification of the MLI to implement tax treaty-related measures to prevent BEPS. The application of the MLI to a tax treaty depends on **ratification** and the **positions adopted by both countries** signing a tax treaty. On **25 June 2019**, India deposited its instrument of ratification with the OECD. The MLI **entered into force on 1 October 2019** and became **operational from the financial year beginning 1 April 2020** for certain treaties signed by India.

As the MLI evolves and is implemented further, its **impact on existing tax treaties** will need to be analyzed at that point. Currently, there is **limited guidance or jurisprudence** on how Indian tax authorities will interpret and apply the MLI provisions.

1.1.1 Minimum Alternate Tax (MAT)

MAT at the rate of 15% (plus applicable surcharge and health and education cess) shall be levied on **domestic companies**.

As per the ITA, if the **income-tax payable on total income** by any company is **less than 15%** (excluding applicable surcharge and cess) of its **book profits**, the company is required to pay **MAT**, which shall be deemed to be **15% of such book profits** (excluding surcharge and cess).

Exemptions from MAT provisions:

- **MAT is not applicable to foreign companies** that are residents of a country or specified territory with which India has a tax treaty, provided the company does not have a **permanent establishment in India**.
- **MAT is also not applicable** if the company is a resident of a country or specified territory with which India **does not have a tax treaty**, and the company is **not required to seek registration** under any law relating to companies.

MAT credit can be carried forward for **up to 15 assessment years**. The ITA provides a framework for the **computation of book profit** for companies compliant with **Indian Accounting Standards (IndAS)** in the year of adoption and thereafter.

If a domestic company **opts to be taxed under the reduced rates** provided under **Section 115BAA or 115BAB** of the ITA, **MAT provisions shall not apply**. Further, **any MAT credit** available cannot be carried forward once the company opts to avail of the reduced tax rates.

1.1.2 Alternate Minimum Tax (AMT)

As per the ITA, if the **income-tax payable on total income** by any person other than a company is **less than the Alternate Minimum Tax**, the **adjusted total income** shall be deemed to be the **total income** of that person. The person shall be liable to pay **income-tax on such total income at the rate of 18.5%** (excluding applicable surcharge and health and education cess).

Exemptions:



- AMT provisions are **not applicable** if the **adjusted total income does not exceed INR 20 lakhs**.
- AMT provisions **do not apply** to a person who opts for the **reduced tax regime under Section 115BAC or Section 115BAD** of the ITA.

1.1.3 Bonus Stripping

If a person **buys or acquires units of a mutual fund or Unit Trust of India within three months prior to the record date**—the date fixed for entitlement of additional units without any consideration—and is allotted **additional units for free**, then:

- If the person **sells or transfers any of the original units within nine months after the record date while continuing to hold the additional units**,
- **Any loss arising from the sale of the original units will be ignored** for the purpose of computing taxable income.
- The **ignored loss will be deemed to be the cost of acquisition** of the additional units held on the date of sale or transfer of the original units.

Scope:

These provisions apply to **all securities and units**, including:

- Units of a business trust (REITs / InvITs)
- Beneficial interests in an AIF registered with SEBI

1.1.4 Income Stripping

Section 94 of the ITA aims to prevent taxpayers from artificially transferring or avoiding income from securities. It has two key parts:

1. **Section 94(1):**
 - If a person **sells or transfers securities and buys back or reacquires similar securities**,
 - And as a result, **any interest payable on those securities is received by someone else** instead of the original owner,
 - Then such interest shall be **deemed to be the income of the original owner**, not the person who actually received it, **subject to specified conditions**.
2. **Section 94(2):**
 - If a person has **any beneficial interest in securities** during a previous year,
 - And due to any transaction related to those securities, **no income or less than the expected income is received**,
 - Then the **income from such securities shall be deemed to be the income of that person** for the year, calculated as if the income accrued **day by day**.

Purpose:

- To ensure that income from securities cannot be shifted to another person to reduce tax liability.

12.5.11 Carry-forward of Losses and Other Provisions

(Applicable irrespective of residential status)

1. **Capital Losses (Sections 70 & 74 of ITA):**
 - **Short-term capital loss (STCL):** Can be set off against both short-term and long-term capital gains in the same year.
 - **Long-term capital loss (LTCL):** Can be set off only against long-term capital gains.



- **Balance loss:** If any loss remains after set-off, it can be **carried forward for 8 subsequent assessment years**, provided the **tax return is filed within prescribed due dates**.
2. **Business Losses:**
- Can be **set off against income from any other source** under the same head, or **against income under any other head** (except salary) in the same assessment year.
 - If the business loss **cannot be fully set off in the same year**, the **unabsorbed loss can be carried forward for 8 subsequent assessment years** to be set off against **profits and gains from the business**.

Key Point:

- Filing of tax return on time is **mandatory** to carry forward losses.

12.5.12 Expenditure Incurred in Relation to Income Not Includible in Total Income

- **Section 14A of the ITA** (read with **Rule 8D of the IT Rules**) provides that:
 - If any **income is exempt or not part of total income**, any **expenditure incurred directly or indirectly** in relation to such income **shall not be allowed as a deduction** while computing taxable income.
 -
- **Key Clarification:**
 - This section **applies even if the exempt income has not accrued, arisen, or been received** during the previous year.
 - Any expenditure incurred in relation to such exempt income will **still be disallowed** for that assessment year.

Purpose:

- To prevent taxpayers from claiming deductions against income that is **not taxable**.

12.5.13 Goods and Services Tax (GST)

- **Implementation:** From **1 July 2017**, India introduced the **Goods and Services Tax (GST)**.
- **Impact:** Many indirect taxes, including service tax, have been **subsumed under GST**.
- **Applicability:** GST is **leviable on services provided by the Portfolio Manager to clients**.
- **Current Rate:** **18%** on such services.

Disclaimer:

- There is **no guarantee** that the above tax treatment will be accepted by the **Indian Tax Authorities**.
- **No representation** is made by the Portfolio Manager, or any of its employees, partners, or agents regarding the acceptability of this taxation position.
- **Investors are advised** to consult their **own tax advisers** for guidance.

9. **Accounting policies**

Investments in Equities, Exchange Traded Fund (ETF), Mutual Funds and Debt instruments are stated at cost. Cost of the investments includes brokerage, Goods and Service Tax, stamp duty, transaction charges and turnover tax wherever applicable. However, securities transaction tax incurred on buying and selling of securities is recognized as expense. Transactions for purchase or sale of investments are recognized as of the trade date and not, as of the settlement date, so that the effect of all investments traded during the year is recorded and reflected in the financial statements for that year.



Market Value of Investments: For the purpose of computation of net asset value and management fee, investments are valued as follows:

- Equity instruments are valued at the closing market price of the security on the National Stock Exchange (NSE) on the valuation date.
- Mutual fund units are valued at the Net Asset Value declared for the relevant scheme by the Mutual Fund.
- In case market price / net asset value as mentioned above is not available on the valuation date, the latest available price on the NSE/BSE or the most recent Net Asset Value is considered. In case the latest available price is more than 3 months old, market value is considered as Zero.
- Pending listing on NSE/BSE, securities resulting from demerger have been valued at their apportioned cost as per the ratios/book values published by the companies.

Revenue Recognition:

- Realized Gains: Difference between purchase cost and sale price, using FIFO. Includes notional gains/losses on withdrawals.
- Dividend: Accrued on ex-dividend date.
- Interest Income: On mercantile basis.

Fees and Expenses:

- Management fees: Charged quarterly or on redemption.
- Performance Based Fees: As per agreement.
- Exit Load: On redemption.
- Custody Charges: Accrued monthly. Accounting and valuation of additions and withdrawal to AUM in the form of Securities: Securities received/withdrawn valued at closing NSE/BSE rate. Unlisted stocks valued at zero if accepted.

Unrealized gain/loss: Difference between market value and historical cost.

10. Investors services

The Portfolio Manager seeks to provide high standard of service, with systems for effective servicing.

Investor Relation Officer: Name: Ms. Anju Saxena Designation: Head- Customer Services Address: 814 Arunachal Building, 19 Barakhamba Road, New Delhi-110001 Telephone No: +91 11 23350670 Email id: fes@fesecurities.in, fepmscomplaints@fesecurities.in

Grievance redressal: Complaints addressed within 21 days. If unsatisfied, escalate to SEBI SCORES or ODR Portal.

Compliance Officer: Mr. Anil Kumar (anil@fesecurities.in).

Investor Charter: Available on website as per SEBI circular.

Custody of Securities: NUVAMA CUSTODIAL SERVICES LIMITED

Prevention of Money Laundering: Complies with PMLA; Clients ensure legitimate sources.



11. Details of the diversification policy of the portfolio manager

The Portfolio Manager aims to diversify across sectors, market caps, and asset classes to mitigate risks, subject to Client's Investment Approach. Diversification includes:

- Limiting exposure to any single security to 10-15%.
- Spreading across 10-20 sectors.
- Balancing micro/small/mid-cap with large-cap for liquidity.
- Periodic review to maintain balance.



PART-II- Dynamic Section

12. Client Representation

1. Details of Client Representation

Category of clients	No. of clients	Funds managed (Rs. Cr.)	Discretionary / NonDiscretionary (if available)
Associates / group companies (Last 3 years)	NA	NA	NA
Others (last 3 years)	NA	NA	NA
Total			

2. Disclosure in respect of Transactions with Related Parties

Complete disclosure in respect of transactions with related parties has been made in accordance with the standards specified by the Institute of Chartered Accountants of India (ICAI).

- **Name of Key Managerial Personnel (KMP) and/or Related Parties (as per audited financial statements for the year ended 31st March, 2025):**

Nature of Relationship	Name of the Party
Shareholder/Director (Presently Director and Shareholder of FE Securities Private Limited	Sanjay Kaul
Designated Director	Divij Kaul
Relative of Partner/Director	Nishi Kaul
Holding Company	Anmol Finpro Private Limited
Co-Subsidiary of Anmol Finpro Pvt Ltd	Aura Properties Private Limited

13. Financial performance

	As on March 31, 2023	As on March 31, 2024	As on March 31, 2025
Net Profit			



14. Performance of Portfolio Manager

The Portfolio Manager has been granted registration on February 28, 2025

Performance (in CAGR)	Data as on 31 st March 2025						
	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	Since Inception
	-	-	-				-
Strategy Performance Computation is based on TWRR on Pooled basis, post fees & expenses							

15. Audit Observations (of the preceding 3 years)

The details of PMS client audit observation are as follows:

Particulars	Audit Observations
FY2022-2023	No Audit Observations
FY2023-2024	No Audit Observations
FY2024-2025	No Audit Observations

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



FORM C

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

Name: FE SECURITIES PRIVATE LIMITED
Address: 814 Arunachal Building, 19 Barakhamba Road, New Delhi-110001 Phone: +91 11 23350670
Email: fes@fesecurities.in, fepmscomplaints@fesecurities.in

We confirm that:

- i. The Disclosure Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time;
- ii. The disclosures made in the Document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager;
- iii. The Disclosure Document has been duly certified by an independent Chartered Accountant, as on September 22, 2025. The details of the Chartered Accountants are as follows:

Name of the Firm: M/s S. K. BHARTI & CO.
Registration Number: 003047N
Proprietor: Partner Membership Number: 80048
Address: 302 Surya Tower, 31 DDA Community Centre, Paschim Vihar New Delhi-110063 Telephone Number: 9811122572 (M) 011- 45151889

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

For and on behalf of FE Securities Private Limited

<p>Mr. Sanjay Kaul Director</p>	
<p>Mr. Divij Kaul Director</p>	

Place: Delhi
Date:



Annexure – I: Investment Philosophy and Approach

Investment Philosophy

The investment objective to provide appropriate risk adjusted returns for the Client shall be driven by following philosophies:

- **Alpha generators**
 - **Growth companies:** Companies where profitability is expected to grow at a rate higher than the average market rate.
 - **Value companies:** Fundamentally under-priced stock with reasonable growth expectations
 - **Micro/small & Mid-cap companies:** Invest in micro/small and mid-cap companies having scalable business models and potential of becoming higher class cap in medium term/long term.
- **Fundamentals for investment**
 - Bottom up research with a focus on balance sheet/ Profit & Loss/ Cash flow
 - Focuses on numbers rather than presentations and hype.
 - Returns ultimately are all about earnings.
- **Independent investment process**
 - Follows a proficient and responsive process for evaluating investment opportunities and does not get carried away by market views and peer / management talks.
 - Disciplined to follow the investment thesis.
- **Agile and flexible**
 - Each investment opportunity is evaluated based on individual merit.
 - Not constrained to a particular theme or style.
- **Distinctive style of investing**
 - Prefer to be first, early and/or only investors.
 - Not inclined towards chasing the momentum.
 - Open to look at companies across different sectors, market caps and business cycle.
 - Preference toward companies based in Delhi/ NCR region.
- **Long term investor**
 - Buy and hold
 - Invest in a stock as if investing in a business.
 - Think like a partner
 - **Risk reward equation**
 - Expected returns have to justify the risk / uncertainty taken.
 - A good company might not necessarily be a good stock.
 - Focus on the price paid and value derived.



Investment framework includes a deep analysis of:

1. Management- Quality, Track Record, Responsiveness
2. Business Model- Understanding of business and growth trajectory
3. Earnings- Projected vs Actuals, Long Term Earning
4. Disruptions or big events within company or industry
5. Timing of entry and exit into stock cycle
6. Moat of the business and TAM (Total Addressable Market)

Asset classes generally considered for deployment of investment amount:

Subject to the Investment Approach (as provided herein below) chosen by the Client and the Regulations, the Portfolio Manager shall invest the Client's fund in any of the following securities:

- i. shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or a pooled investment vehicle other body corporate;
- ii. derivative;
- iii. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- iv. security receipt as defined in clause (zg) of section 2 of the Securitizations and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- v. units or any other such instrument issued to the investors under any mutual fund scheme (direct plans only);
- vi. units or any other instrument issued by any pooled investment vehicle;
- vii. any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;
- viii. Government securities;
- ix. such other instruments as may be declared by the Central Government to be securities; and
- x. rights or interest in securities or any other security allowed as per

applicable laws The above-mentioned securities are illustrative in nature.

Asset classes for deployment shall be always subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the Agreement and as per prevailing Regulations.

Detailed Investment Approach

We will be following a singular investment approach for our discretionary Portfolio management services as below for now.

Strategy: Equity



Name: FE Securities Focused Approach (FOCUS)

Investment Objective: Generating alpha and risk adjusted returns for our clients in a focused micro and small cap portfolio benchmarked against the performance of a broader index.

Benchmark: BSE 500 TRI- Since we are investing in micro, small and mid cap companies only across sectors, we feel a broad based benchmark would be ideal and appropriate given our strategy.

Description of types of securities: Primarily investing in equity opportunities in accordance with all applicable laws.

Basis of selection of such types of securities as part of the investment approach: We seek to get returns for our clients through price appreciation over a period of time. The idea is to employ a rigid and stringent stock selection process with a medium to long term focus. Our focus will be on companies located within the Delhi/ NCR region which makes it easier for us to track the business. This approach will be able to generate returns in the medium to long term horizon in set of listed equities across market capitalization within the applicable laws.

Allocation of portfolio across types of securities: This approach will be focused on equity holdings yet diversified across multiple sectors and a few different styles of market capitalization as well.

Indicative tenure or investment horizon: With our strategy our ideal tenure would be around 3-5 years.

Risks associated with our investment approach:

- **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.
- **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.
- **Market risk:** Portfolio Manager endeavours to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.
- **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near- term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon.
- **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

Other salient features, if any.

N.A.

