

MARFATIA

STOCK BROKING PRIVATE LIMITED

"WE DON'T GUIDE, WE SHARE" "WE DON'T COMPETE, WE LEAD"

DISCLOSURE DOCUMENT

PORTFOLIO MANAGEMENT SERVICES

SEBI Registration No: INP000005117

Reg office: 402 Glacier Complex, Jetalpur Road, Vadodara, Gujarat-390007

FORM C

SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS, 2020 (Regulation 22)

MARFATIA STOCK BROKING PRIVATE LIMITED

("Portfolio Manager" or "Company")

CIN: U67120GJ2002PTC41373;

SEBI Registration No: INP000005117

402 Glacier Complex, Jetalpur Road, Vadodara, Gujarat-390007

E-mail: compliance@marfatia.net

Website: www.marfatia.net

We confirm that:

1. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the circulars, guidelines and directives issued by the Board from time to time;
2. 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.
3. The Disclosure Document has been duly certified by an independent Chartered Accountant M/s. VRDK & Co. bearing Firm Registration No. 110796W

(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

Marfatia Stock Broking Private Limited


Chintan Majmundar

Principal Officer

Place: Vadodara

Date: January 07, 2025



MARFATIA STOCK BROKING PRIVATE LIMITED
("Portfolio Manager" or "Company")
CIN: U67120GJ2002PTC41373;
SEBI Registration No: INP000005117
402 Glacier Complex, Jetalpur Road, Vadodara, Gujarat-390007

PORTFOLIO MANAGEMENT SERVICES DISCLOSURE DOCUMENT

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

1. The Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
2. 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 decisions for engaging **Marfatia Stock Broking Private Limited** as a portfolio manager.
3. The Document contains 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.
4. The Disclosure Document shall be provided to the existing client as and when there is a material change in the contents of Disclosure Document and the same shall be filed with SEBI within 7 working days from the date of such change.
5. The Portfolio Manager shall provide to the client, the Disclosure Document along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020, prior to entering into an agreement with the client as referred to in sub-regulation (1) of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
6. The investor should carefully read the Disclosure document prior to making a decision to avail of the portfolio management services and retain this Disclosure document for future reference.

7. The following are the Details of the Portfolio Manager:

Name of the Portfolio Manager	: Marfatia Stock Broking Pvt Ltd
SEBI Registration Number	: INP000005117
Register Address	: 402 Glacier Complex, Jetalpur Road, Vadodara 390007 Gujarat INDIA
Website	: www.marfatia.net
Mobile No	: 9925002610

8. This Disclosure Document is prepared in regard to change in Directors and Principal officer of Marfatia Stock Broking Private Limited. The name, phone number, e-mail address of the Principal Officer designated by the Portfolio Manager is as follows:

Name of Principal Officer	: Mr. Chintan Majmundar
Contact Address	: 402 Glacier Complex, Jetalpur Road, Vadodara 390007 Gujarat INDIA
E-mail address	: compliance@marfatia.net
Mobile No	: 9925002610

INDEX

SR NO	CONTENT	PAGE NO
1	DISCLAIMER CLAUSE	5
2	DEFINITIONS	5
3	DESCRIPTION OF THE PORTFOLIO MANAGER	10
4	PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY AGAINST THE PORTFOLIO MANAGER Attached Annexure "A"	14
5	SERVICES OFFERED BY THE PORTFOLIO MANAGER	17
6	RISK FACTORS	22
7	CLIENT REPRESENTATIONS AND DISCLOSURE OF RELATED PARTIES	24
8	FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER	25
9	PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER IN THE LAST 3 YEARS	26
10	AUDIT OBSERVATIONS OF THE PRECEDING 3 YEARS	27
11	NATURE OF COSTS AND EXPENSES FOR CLIENTS	27
12	TAXATION	29
13	ACCOUNTING POLICIES AND AUDIT	40
14	INVESTOR SERVICES	41
15	CUSTODIAN	43
16	GENERAL	43

"WE DON'T GUIDE, WE SHARE"
"WE DON'T COMPETE, WE LEAD"

1. DISCLAIMER CLAUSE:

This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended from time to time 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 the Document.

2. DEFINITIONS:

The language and terminology used in the Disclosure Document shall have reference to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020. The new terms used in this Disclosure Document are defined hereunder:

"Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992).

"Agreement" means the agreement to be executed between the Portfolio Manager (CBL) and its clients in terms of Regulation 22 and Schedule IV of SEBI (Portfolio Managers) Regulations, 2020, and subsequent circulars pertaining to Portfolio Managers issued by the Securities and Exchange Board of India and as may be modified from time to time.

"Applicable Law" shall mean the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and all (other) applicable laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of the Government of India or any State of the Union of India or any department thereof, any semi-governmental or judicial or quasi judicial Person in India or any Person (whether autonomous or not) who is charged with the administration of an Indian law.

"Application" means the application made by the Client to the Portfolio Manager to place its funds and/or securities with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.

"Assets" means (i) the Portfolio and/or (ii) the Funds.

"Body Corporate" shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013

"Bank" means scheduled commercial bank, with which the Portfolio Manager will open and operate the Bank Accounts for the purposes of the Portfolio Management Services

"Bank Account" means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.

"Board" or **"SEBI"** means the Securities and Exchange Board of India.

"Cash Account" means the account in which the funds handed over by the client shall be held by the Portfolio Manager on behalf of the Client.

"Client" or **"Investor"** means any body corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, or any other person who is a Qualified Client as defined under the PMS Agreement and who enters into agreement with the Portfolio Manager for the management of his portfolio.

"Custodian" means an entity registered as a custodian with SEBI or under any other Applicable Law for the time being in force and appointed as custodian by Portfolio Manager from time to time.

"Chartered Accountant" means a Chartered Accountant as defined in Clause (b) of Sub-section (1) of Section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under Sub-section (1) of Section 6 of that Act.

"change of status or constitution" in relation to a portfolio manager—
(i) means any change in its status or constitution of whatsoever nature; and
(ii) without prejudice to generality of sub-clause (i), includes—
(A) amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 230 of the Companies Act, 2013 (18 of 2013) or the corresponding provision of any other law for the time being in force; and
(B) any change in control over the body corporate;

"change in control", in relation to a portfolio manager being a body corporate, shall be construed with reference to : —

- (i) the definition of control in terms of Regulation 2(1)(e) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time, if its shares are listed on any recognized stock exchange;
- (ii) in any other case, change in the controlling interest in the body corporate;

Explanation. — For the purpose of sub-clause (ii), the expression "controlling interest" means,

- (A) an interest, whether direct or indirect, to the extent of at least fifty-one percent of voting rights in the body corporate;
- (B) right to appoint majority of the directors or to control the management directly or indirectly.

“Depository” means Depository as defined in the Depository Act, 1996 (22 of 1996) and includes National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

“Depository Participant” means an entity registered with the depositories CDSL and/or NSDL for providing depository services.

“Depository Account” means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

“Demat Account” means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

“Disclosure Document” means this Disclosure Document issued by the Portfolio Manager for offering Portfolio Management Services, prepared in terms of Regulation 22 and Schedule V of the SEBI (Portfolio Managers) Regulations, 2020.

“Discretionary Portfolio Management Services” or “Services” means the portfolio management services on discretionary basis rendered to the Client by the Portfolio Manager on the terms and conditions contained in PMS Agreement, where-in-under the Portfolio Manager exercises any degree of discretion whilst making decisions in investments or management of Portfolio of the Client. Portfolio Management Services rendered to the clients by the Portfolio Manager on the terms and conditions contained in the agreement with respect to assets of the client where the Portfolio Manager exercise its sole and absolute discretion to with respect to investments or management of the Assets of the client, entirely at client's risk, in such manner as the Portfolio Manager may deem fit.

“Discretionary Portfolio Manager” means a portfolio manager who under a contract relating to portfolio management, exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of securities of the client, as the case may be.

“Non-Discretionary Portfolio Management Services” or “Services” shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/instructions. portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client's account in any type of security entirely at the Client's risk and ensure that all benefits accrue to the Client's Portfolio.

"NRI" means a Non-Resident Indian as defined under the Foreign Exchange Management Act, 1999.

"Financial Year" means the year starting from April 01 and ending on March 31 of the following year.

"Funds" means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Portfolio Investment Management Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to Portfolio Investment Management Agreement, the proceeds of the 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.

"Funds managed" means the market value of the assets of the Client as on a particular date.

"Fund Manager" means the individual/s appointed by the Portfolio Manager who manages, advises or directs or undertakes on behalf of the Client (whether as a discretionary Portfolio Manager / Non-discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.

"FPI" means Foreign Portfolio Investors registered with SEBI under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

"Initial Corpus" means the value of the funds and/ or the market value of securities brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager. Securities so bought in by clients will be valued as per valuation policy of Portfolio Manager at the closing price of immediately preceding working day of the date of activating the client's account.

"Investment Approach" means a broad outlay of the type of securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to the securities offered in the portfolios mentioned in this Disclosure Document.

"PMS Agreement" shall mean the agreement between the Client and the Portfolio Manager for the purpose of Portfolio Management Services by the Portfolio Manager to that Client and stating therein the terms and conditions on which the Portfolio Manager shall provide such services to that Client.

"Portfolio" means the total holding of all investments, Securities and Cash belonging to the Client and maintained and managed by the Portfolio Manager.

"Portfolio Management Fees" means the fees payable by the Client to the Portfolio Manager as specified in the Agreement for the Portfolio Management Services.

"Product" means any of the current investment plan or such plans that may be introduced at any time in future designed to suit objectives of various categories of investors according to their risk taking capabilities.

"Parties" means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.

"Person" includes an individual, a Hindu Undivided Family, 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.

"Portfolio" means the total holdings of securities and goods belonging to any person.

"Portfolio Manager" means a body corporate, which pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client, as the case may be:

Provided that the Portfolio Manager may deal in goods received in delivery against physical settlement of commodity derivatives.

"Portfolio Advisory Services" means Portfolio Services under which the Client, shall invest its assets in its own account, entirely at its own risk, as per the advice received by the Client from time to time from the Portfolio Manager for an agreed fee structure which is a part of its own portfolio.

"Principal Officer" means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager. 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.

"Qualified Client" means any Person (being over the age of 18 in the case of a natural person) (i) who is a fit and proper person, (ii) complies with know your client (KYC/CKYC) norms stipulated by the Portfolio Manager and SEBI, (iii) has not been convicted of any offence, (iv) has a sound financial standing and credit-worthiness, and (v) is willing to execute necessary documentation as stipulated by the Portfolio Manager and other than any Person, which cannot subscribe to the Investment Approach without being

in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances.

"Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 including any modification or amendment thereof.

"Rules" unless the context indicates otherwise, means all rules prescribed by SEBI including and without limitation to the Securities and Exchange Board of India (Portfolio Managers) Rules, 2020, as may be amended from time to time and other relevant authorities and all other rules made under the relevant laws governing the same.

"RBI" means Reserve Bank of India, established under the Reserve Bank of India Act, 1934.

"Scheduled Commercial Bank" means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

"Securities" means securities listed or traded on a recognized stock exchange, Money Market Instruments, units of mutual funds or other securities; and as specified by SEBI from time to time.

"Services" mean Discretionary Portfolio Management, Non-Discretionary Portfolio Management and Advisory or a combination of these.

"Website" means and includes the website owned, hosted and managed by the Portfolio Manager.

Words and expressions used and not defined in this Disclosure Document but defined in the Act shall have the meanings respectively assigned to them in the Act. Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

3. DESCRIPTION OF THE PORTFOLIO MANAGER:

3.1 History, Present Business and Background of the Portfolio Manager:

MARFATIA STOCK BROKING PRIVATE LIMITED:

Marfatia Stock Broking Private Limited ("MSBPL") is company incorporated under the Companies Act, 1956 on **03rd October ,2002** having its registered office **216- 219, Glacier Complex, Jetalpur Road, Vadodara, Gujarat-390007.**

In the year 2003 incorporate company called Marfatia Stock Broking Private Limited and acquired membership of Bombay Stock Exchange Limited, National Stock Exchange Limited (Cash & F&O segment both). The company also became Depository Participant of CDSL (INDIA) Ltd. in the year 2005.

Marfatia Stock Broking Private Limited was registered with SEBI as Portfolio Manager on **26th May 2016** vide **SEBI Registration Number: INP000005117**.

The company has expanded its territories from Vadodara city of Gujarat to other major cities, town of Gujarat state. Within such short span of business company somehow manages to registered more than 70 sub brokers and 9 branches in major cities of Gujarat.

During the year 2010, company has received award from Service Tax Dept. Gujarat, Central government for paying highest service tax in the year 2008-09 The company feels proud for employing as many as 50 people under the roof of Marfatia Stock Broking Private Limited.

Last but not the least, the company being well known broking house and can find place in top three broking house in the city of Vadodara, state of Gujarat.

The Goal of the company is not to be the top broking house of the Gujarat but wants to be one of the leading brokerage houses at National level.

3.2 Promoters of the Portfolio Manager, Directors and their background:

The following are the Promoters and Directors of the Portfolio Manager:

1. Mrs. Shreya Nishil Marfatia (Managing Director)

With her sharp business acumen and the entrepreneurial skills & With 20 years of involvement in the finance field, handling of trading related operations within the organization. With experience in handling Trading Desk, her dynamic approach of keeping abreast with the upcoming trading software and technology and implementing them for the benefit of the company and clients has yielded fruitful results. Not relying on the continuation of a simple mundane experience within the organization, She keeps on challenging her risk taking abilities and strives to bring something unique which would be beneficial to the clients. The analysis of upcoming market and trading trends has been her core strength. She believes in a magnanimously generous investment in infrastructure and employees; ultimately benefiting the organization and the clients alike.

Qualification: B.Com.

Certifications:

NISM Series VII: Securities Operations and Risk Management Certification Examination,

NISM-Series-VIII: Equity Derivatives Certification Examination,
NISM Series-XV: Research Analyst Certification Examination,

Business Experience:

She is Director of Marfatia Stock Broking Private Limited and also of Marfatia Commodities Private Limited, since incorporation of the company.

As Director of the company has abandon experience in all the segments of the capital market such as Cash Segment, Equity Derivatives and Currency Derivative segment & in Commodity Derivative Segment. Not only has that she had also having very good knowledge of finance.

She is involved in Portfolio Management Services by analyzing financials and technical analysis of various Companies.

2. Mr. Manjri Surendra Marfatia (Chairman & Director)

She is having experience in the capital market such as Cash Segment, Equity Derivatives Segment. Furthermore, she is also having very good knowledge of finance and financial Related Services (Like Funds Payin – Payout of clients) and Fund Management. She is also involved in analyzing financials and analysis of various Companies.

Qualification: BSC

Certifications:

NISM Series VII: Securities Operations and Risk Management
Certification Examination,

NISM-Series-VIII: Equity Derivatives Certification Examination

3.3. Top ten Group companies / firms of the Portfolio Manager on turnover basis: (as per the audited financial statements as on March 31, 2024)

1. Marfatia Commodities Private Limited

3.4. Details of the services being offered:

- **DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES**

Under these services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested / disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's fund's is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of fraud, malafide, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance

with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client. **Marfatia Stock Broking Private Limited has appointed Orbis Financial Services Limited as Custodian vide agreement dated December 14, 2020**

Based on the Client's profile, overall investment objective and other relevant factors, the Portfolio of the Clients are at present managed under one or more of the following Investment Strategies/Investment Approach:

- (1) **All weather**
- (2) **Emerging Opportunity**
- (3) **Front Runner**

- **NON DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES**

Under the Non-Discretionary Portfolio Management Services, the portfolio of the Client shall be managed in consultation with the Client. Under this service, the Assets will be managed as per express prior instructions issued by the Client from time to time. The Client will have complete discretion to decide on the investment (Stock Quantity and Price or amount). The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client entirely at the Client's risk

- **INVESTMENT ADVISORY SERVICES**

Under these services, the Portfolio Manager advises the Client on investments in general or any specific advice required by the Clients and agreed upon in the Client agreement. The Portfolio Manager will render the best possible advice to the client having regard to the client's needs and the environment, and his own professional skills. The same can be binding or non - binding in nature or in such terms as mentioned in the Client agreement. For such services, the Portfolio Manager charges the Client a fee for services rendered mentioned in the Client agreement. The advice may be either general or specific in nature and may pertain to a particular portfolio. Entry / exit timing, execution and settlement are solely the Client's responsibility.

3.5. Option of Direct On-Boarding of Clients:

The Portfolio Manager offers the option of direct on-boarding to clients under the Discretionary Services / Non-discretionary Services. At the time of on-boarding of clients directly, no charges except statutory charges shall be levied for the on-boarding. The Client may download the Application Form from the website of the Portfolio Manager at **www.marfatia.net** for availing the Portfolio Management Services and submit the same with required details and documents for direct on-boarding at the office of the Portfolio Manager.

3.6. Minimum Corpus:

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and / or funds of an amount prescribed by Portfolio Manager for a Portfolio, subject to minimum corpus amount as specified under Regulations **presently Rs. 50 Lakh**, as amended from time to time and will be subjected to the conditions specified in the PMS Agreement executed. The minimum corpus amount per Client shall be applicable for new Clients and fresh investments by existing Clients. The existing investments of Clients, as on the date of notification of the Regulations, i.e., January 16, 2020 may continue as such till maturity of the investment or as specified by the Board.

4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY AGAINST THE PORTFOLIO MANAGER.

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

Details as on October 31, 2024 are provided as an **Annexure A**

- ii. **The nature of the penalty/direction:**
N.A.

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

There has been no instance of penalties imposed for any economic offences and/ or violation of any securities law on the Portfolio Manager.

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

There are no pending material litigation/legal proceedings against the Portfolio Manager / key personnel.

- v. **Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency:**

There is no deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency.

- vi. **Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder:**

Details as on June 30, 2024 are provided as an **Annexure A**.

Annexure A

Following are the actions taken or initiated by the SEBI against Portfolio Manager in the name of Marfatia Stock Broking Private Limited:

MSBPL had received a SCN from SEBI dated March 08, 2017 with reference to non compliance observed during the SEBI inspection related to PMLA.

In this regard, the Company clarified to SEBI that the observation in SEBI letter recorded that we have communicated the appointment of "Principle Officer" only on June 30, 2009 and not before. We supplied the earlier appointment letter dated March 19, 2008 along with evidence of furnishing it to FIU and believed that it would be sufficient to address the concern of SEBI. However even before appointment of Mr. Nishil Marfatia on September 15, 2010, Mr. Vijaykumar Bharatbhai Shah on March 19, 2008, we had appointed Mr. Hiren Shah as the "Principal Officer" on February 13, 2006 through a board resolution and sent the details of the same to FIU India. As all compliance were done as per PMLA circulars issued by SEBI, the said **SCN is dispose off.**

MSBPL had received a SCN from SEBI dated September 8, 2016 regarding self trade executed in the matter of Front Line Business wherein they have alleged violation of clause A(2) code of conduct as specified in schedule II of (Stock Broker and Sub Broker regulation Act) 1992.

In this regard, the Company clarified to SEBI that the total volume of self trades executed through us is a negligibly small 0.027% (8016 shares) of the market volume of 2,90,10,405 shares, and our such low volume against a huge market volume is not capable of impacting the markets in any manner. Further there is no allegation that this has caused any abnormal manipulative price movement. It may also be noted that the total value of alleged self trades of 8016 shares was Rs. 16,11,614 which is 0.0012% of our turnover of 13275 Crores during the investigation period. As per submissions made to SEBI the said **SCN is dispose off.**

MSBPL had received a SCN from SEBI dated January 13, 2016 regarding self trade executed in the matter of 20 MICRONS LTD wherein they have alleged violation of clause A(2) code of conduct as specified in schedule II of (Stock Broker and Sub Broker regulation Act) 1992.

In this regard, the Company clarified to SEBI that the total volume of self trades executed through us is a negligibly small 0.013% (25752 shares) of the market volume of shares, and our such low volume against a huge market volume is not capable of impacting the markets in any manner. Further there is no allegation that this has caused any abnormal manipulative price movement. As per submissions made to SEBI the said **SCN is dispose off.**

MSBPL had received a SCN from SEBI dated April 16, 2019 regarding disclosure violation by entity Viking Industries Pvt Ltd in the scrip of 20 MICRONS LTD wherein they have alleged violation of clause A(1)(2)(5) code of conduct as specified in schedule II of (Stock Broker and Sub Broker regulation Act) 1992.

In this regard, the Company clarified to SEBI that out of 7 disclosures 5 disclosures are made correctly with exchange only in case of 2 disclosures inadvertently MSBPL missed to upload correct disclosure. As per submissions made to SEBI penalty levied of Rs.100000/- and the same **has been paid off and matter is closed.**

MSBPL had received a SCN from SEBI dated January 10, 2024 under Rule 4 (1) of SEBI (in the matter of joint inspection conducted)

In this regards, Company has clarified to SEBI that we have followed all relevant circulars issued by SEBI and exchange and there for no adverse view can be taken for non-settlement of funds for inactive account which comes to 0.0002% of our total creditors. With regards to wrong reporting of enhance data to exchange the said observation is already found by exchange and penalty already been levied for the same. In reply vide order dated 18.03.2024 SEBI has levied penalty of Rs.200000/- and the same **has been paid off and matter is closed.**

MSBPL had received common SCN from SEBI dated August 18, 2023 under Rule 4 of SEBI (in the matter of Alankit Limited)

In this regards, Company has clarified to SEBI that the said matter was already been taken by NSE in year 2017 and levied penalty for Rs.100000/ for the same in ICMA. We have made submission to SEBI and explain the matter in brief. In reply vide order dated 22.05.2024 SEBI had levied penalty of Rs.200000/-& Rs.600000/- and the same **has been paid off and matter is closed.**

MSBPL had received common SCN from SEBI dated October 31, 2023 under Rule 4 of SEBI (in the matter of Front running of the trades of Axis Mutual Fund)

In this regards, Company has filled settlement application with SEBI and the matter is **under review.**

5. SERVICES OFFERED BY THE PORTFOLIO MANAGER:

5.1. DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES:

The following Investment Approaches are offered by the Portfolio Manager under discretionary services. The investment objectives and policies including the types of securities in which the Portfolio Manager generally invests are concisely stated as follows:

I. ALLWEATHER

Objective: The strategy aims to generate long term sustainable returns by investing in equity across all market capitalization with combination of value and growth style and which are available at reasonable prices. It provides diversification, better risk adjusted return and flexibility to hold on any winners irrespective of the market capitalization. The Portfolio objective is to generate capital appreciation in the long term by investing in equity and equity related instruments/Liquid Fund.

Strategy: Equity/Liquid Fund

Portfolio Manager seeks to invest securities as detailed below:

1. Equity and equity related instruments
2. Liquid funds

Basis of selection of securities:

1. Rule based stock selection;
2. Focus on companies with superior quality and momentum factors;
3. Concentrated portfolio

To build a concentrated portfolio of select stocks with a focus to create significant value over the long term by identifying and investing in deep value stocks some of which may be relatively under researched small and mid-caps

The fund will largely adopt a Buy and Hold strategy. It will hold the stocks till the expected return from the potential opportunity is not fully realized.

Seek superior returns by identifying companies which offer, Deep value, across sectors and segments; Companies that are likely to deliver superior performance over time. Valuation of companies shall be done based on various parameters like price/cash flow, ROE, price/book, sum-of-part valuation, dividend yield, price/earnings, replacement cost, etc.

Strong growth outlook and value unlocking potential Entry at a significant discount to intrinsic value thereby offering potential for wealth creation after allowing for a "margin of safety" for uncertainties

Allocation of the Portfolio:

Particulars	Allocation	Risk
Equity and Equity related securities	80% to 100%	High
Cash, liquid funds	0% to 20%	Low
In case of deviation in the above provided asset allocation, same shall be rebalanced within 30 days.		

For detailed risk factors please refer to the section on “Risk Factors”.

Risk Associated: Under this investment approach investment are made in companies with superior quality factors. Valuations of these companies are likely to be high. When such companies face some structural issue their stock prices are likely to fall considerably which may impact the investment approach performance negatively. Further, the investment approach may under-perform in short periods when markets are in very buoyant conditions.

Appropriateness of the Benchmark: The performance would be benchmarked against **BSE 500**. The composition of the benchmark is such that it is most suited for comparing performance of the portfolio. The Portfolio Manager reserves the right to change the benchmark in future if other benchmark is better suited to the investment objective of the Investment Approach.

Indicative tenure or investment horizon: Long term

It will be the endeavour of the Portfolio Manager to follow the norms listed above. However, the Portfolio Manager retains the right to deviate from these norms from time to time at its sole discretion.

Clients are not being offered any guaranteed or assured returns.

II. EMARGING OPPORTUNITY

Objective: The strategy aims to generate long term capital appreciation by investing in quality small to medium size scalable businesses with higher focus on midcaps. Our endeavour is to identify and invest in these companies to create long term wealth creation by following mix of top down and bottom up research methodology.

Strategy: Equity/Liquid Fund

Portfolio Manager seeks to invest securities as detailed below:

1. Equity and equity related securities
2. Liquid funds

Basis of selection of securities:

1. Rule based stock selection;
2. Focus on companies with superior momentum factors;
3. Concentrated portfolio
4. Flexible allocation to invest across market capitalisation

Build a portfolio of select mid-cap/small-cap companies across sectors which are expected to deliver superior growth on a sustainable basis, have a credible governance history, showcase large- cap like qualities in terms of disclosures and quality of management, and could be under- researched/ under-owned.

The portfolio shall target to deliver superior risk adjusted return with a bias for risk mitigation over return maximization – to achieve long term objective of wealth creation.

Allocation of the Portfolio:

Particulars	Allocation	Risk
Equity and Equity related securities	50% to 100%	High
Cash, liquid funds	0% to 50%	Low

In case of deviation in the above provided asset allocation, same shall be rebalanced within 30 days.

For detailed risk factors please refer to the section on “Risk Factors”.

Risk Associated: Under this investment approach investment are made in the companies which are considered as momentum stocks. These type stocks perform generally with higher volatility. Further, in short term these stocks may under-perform considerably against the benchmark. Portfolio Turnover is generally high in this approach.

Appropriateness of the Benchmark:

The performance would be benchmarked against **BSE MIDCAP**. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. The Portfolio Manager reserves the right to change the benchmark in future if other benchmark is better suited to the investment objective of the Investment Approach.

Indicative tenure or investment horizon: Long term

It will be the endeavour of the Portfolio Manager to follow the norms listed above. However, the Portfolio Manager retains the right to deviate from these norms from time to time at its sole discretion.

Clients are not being offered any guaranteed or assured returns.

III. FRONT RUNNER

Objective: The strategy aims to generate long term returns by investing in large cap companies across the leading sectors. Typically, these companies have experienced peak and trough cycles. The main objective of this strategy is to identify and invest in growth companies with existing or potential to be a leader in their respective industry.

Strategy: Equity/Liquid Fund

Build a portfolio of stocks of companies which have strong fundamentals, sound management, proven and stable business model, consistent operating performance and strong balance sheets to deliver consistent returns over the medium to long term or are likely to gradually reach towards such operating conditions. These could include turnaround cases, long gestation infra oriented companies and other such investment opportunities. The above is not an exhaustive illustration and investment can be in other cases depending on expected return potential.

The portfolio shall target to deliver superior risk adjusted return with a bias for risk mitigation over return maximization – to achieve long term objective of generating higher returns while meeting the liquidity needs.

Allocation of the Portfolio:

Particulars	Allocation	Risk
Equity and Equity related securities	10% to 100%	High
Cash, liquid funds	0% to 90%	Low
In case of deviation in the above provided asset allocation, same shall be rebalanced within 30 days.		

For detailed risk factors please refer to the section on “Risk Factors”.

Appropriateness of the Benchmark: The performance would be benchmarked against **SENSEX**. The composition of the benchmark is such that it is most suited for comparing performance of the Portfolio. The Portfolio Manager reserves the right to change the benchmark in future if other benchmark is better suited to the investment objective of the Investment Approach.

Indicative tenure or investment horizon: Long term

It will be the endeavour of the Portfolio Manager to follow the norms. However, the Portfolio Manager retains the right to deviate from these norms from time to time at its sole discretion.

Clients are not being offered any guaranteed or assured returns.

IMPORTANT NOTE: AS WE ARE HAVING 3 INVESTMENT APPROACH UNDER DISCRETIONARY PORTFOLIO MANAGEMENT SERVICE BUT CURRENTLY ALL CLIENTS ARE REGISTER/FALLING UNDER ONE SINGLE INVESTMENT APPROACH I.E. ALLWEATHER ONLY.

5.2 NON DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

Currently we are not offer or have any Investment Approaches under Non-Discretionary Portfolio Management services.

5.3 INVESTMENT ADVISORY SERVICES:

Currently we are not offer or have any Investment Approaches / advisory services under Investment Advisory Service.

5.4 POLICY FOR INVESTMENTS IN GROUP / ASSOCIATE COMPANIES:

At present the Portfolio Manager is not investing in any of the securities of its group or associates companies as there is no such group / Associate companies of Portfolio Manager.

5.5 DETAILS OF CONFLICTS OF INTEREST RELATED TO SERVICES OFFERED BY GROUP COMPANIES OR ASSOCIATES OF THE PORTFOLIO MANAGER:

At present the Portfolio Manager is not investing in any of the securities of its group or associates companies as there is no such group / Associate companies of Portfolio Manager.

5.6 DIVERSIFICATION POLICY

The Portfolio Manager follows a rule-based approach to investments. In this approach, stocks are eliminated and selected based on rules devised by analyzing past data. These rules are intended to result in a well-diversified portfolio with caps for individual security weights in Investment Approaches that invest directly in stocks. The Portfolio Manager does not offer any Investment Approach that invests in Debt and Hybrid securities. Please note that the Portfolio Manager does not invest in securities of its related parties or associates as defined in Clause 2 of the Securities and Exchange Board of India Circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022.

5.7 DETAILS OF INVESTMENT IN THE SECURITIES OF ASSOCIATES/RELATED PARTIES:

Investments in the securities of associates / related parties of Portfolio Manager:

SR No	Investment Approach, if any	Name of the associate / related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
1	NIL	NIL	NIL	NIL	NIL

6. RISK FACTORS:

Securities investments are subject to market and other risks and the Portfolio Manager provides no guarantee or assurance that the objectives set out in the Disclosure Document and/or the PMS Agreement shall be accomplished.

- Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- As with any investment in securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns.
- The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.
- Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the Net Asset Value of the portfolio may be subject to fluctuation.
- Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the Client's portfolio to liquidity risks.
- The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.

- Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.
- The Net Asset Value may be affected by changes in settlement periods and transfer procedures.
- Conflict of Interest: The fund managers /employees/officials/directors of Portfolio Manager i.e. Marfatia Stock Broking Private Limited along with their relatives or connected persons have holding, positions /exposure or contrary positions in the securities in the investments made or recommended in such securities in the investment Strategy/Approach described. The conflict of interest will be disclosed to clients from time to time, the Fund Managers and their team may have positions in the scrips recommended in the investment Strategy/Approach.

The portfolio Managers, officers, directors, and employees may from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned or recommended in any of the investment approaches mentioned in this Disclosure Document or any associate or group companies or their officials maybe engaged in any other transaction involving securities of such Company(ies) and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The research analysts division of MSBPL may have any material conflict of interest in publication of their research reports. MSBPL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this Disclosure Document However the investments/positions /exposures held by such fund manager/employees/officials/directors are subject to Centrum`s group employee trading policy, SEBI (Prohibition of Insider Trading) Regulations 2015 or amendments thereof or any other regulations circulars issued from time to time by the market regulators.

7. CLIENT REPRESENTATION AND DISCLOSURE OF RELATED PARTIES.

7.1. Client Representation:

Category of Clients	No. of Client	Funds Managed (Rs.in Cr)	No. of Client	Funds Managed (Rs.in Cr)	No. of Client	Funds Managed (Rs.in Cr)	No. of Client	Funds Managed (Rs.in Cr)
(Last 3 Years)	01/04/2021 to 31/12/2024		01/04/2023 to 31/03/2024		01/04/2022 to 31/03/2023		01/04/2021 to 31/03/2022	
Discretionary Portfolio – ALLWEATHER (Investment Approach)								
Associate/Group Companies	1	1.67	1	1.19	1	0.95	1	0.81
Others	64	88.21	55	68.04	39	41.90	34	31.57
Total	65	89.88	56	69.23	40	42.85	35	32.38
Discretionary Portfolio – EMARGING OPPORTUNITY (Investment Approach)								
Associate/Group Companies	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0
Discretionary Portfolio – FRONT RUNNER (Investment Approach)								
Associate/Group Companies	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0
Non-Discretionary Portfolio								
Associate/Group Companies	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0

7.2. Related Parties Disclosure:

Complete disclosure of transactions with related parties for the financial year ended March 31, 2024 (Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below):

Name of the related parties and description of relationship:

1. Marfatia Stock Broking Private Limited – Holding Company
2. Marfatia Commodities Private Limited – Indirect Interest by Director
3. Shareya Nishil Marfatia - Director
4. Manjri Surendra Marfatia - Director

Holding Company:

1. Marfatia Stock Broking private Limited

Associate Company: (Indirect Interest - DIRECTOR)

1. Marfatia Commodities Private Limited

The Portfolio Manager uses the broking services of Marfatia Stock Broking Private Limited who is member of BSE and NSE in Cash, Derivatives & Currency.

A. Remuneration to Managing Director, Whole-time Director and/ or Manager

01.04.2024 to 30.11.2024

	Particular of Remuneration			
Name of MD/ WTD/ Manager	Shreya Marfatia	Surendra Marfatia	Manjri Marfatia	Total
Gross Salary	60,50,000	1,20,618	0	61,70,618
Total	60,50,000	1,20,618	0	61,70,618

Details of material contracts or arrangement or transactions **at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangement / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	date(s) of approval by the Board	Amount paid as advances, if any
Shreya Marfatia (Director)	Rent	01.04.2024 to 31.12.2024	Rs. 2,70,000	-	-

8. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER:

Financial performance of the Portfolio Manager based on the audited financial statements of the Portfolio Manager for the preceding 3 financial years are summarized as follows:

Summarized Financial Statements – Balance Sheet

Particulars	As at September 30, 2024 (Rs. in Lakh) PROVISIONAL	As at March 31, 2024 (Rs. in Lakh) AUDITED	As at March 31, 2023 (Rs. in Lakh) AUDITED	As at March 31, 2022 (Rs. in Lakh) AUDITED
Equity and liabilities				
Shareholders' Funds	12,277.85	8,887.33	6,800.64	6,020.85
Non-current Liabilities	27.17	27.17	33.95	30.81
Current Liabilities	8,700.44	10,207.18	6.45	4.92
Total	21,005.45	19,121.68	11,985.46	11,389.20
Assets				
Non-current Assets	210.51	264.07	805.86	809.12
Current Assets	20,794.94	18,857.61	11,179.60	10,580.08
Total	21,005.45	19,121.68	11,985.46	11,389.20

Summarized Financial Statements – Profit & Loss A/c

Profit & Loss Account	As at September 30, 2024 (Rs. in Lakh)	As at March 31, 2024 (Rs. in Lakh)	As at March 31, 2023 (Rs. in Lakh)	As at March 31, 2022 (Rs. in Lakh)
	PROVISIONAL	AUDITED	AUDITED	AUDITED
Revenue				
Revenue from Operations	532	937.91	755.33	1,051.97
Other Income	4,341	3,142.95	1,186.25	2,537.24
Expenses				
Employee benefit expenses	136	353.61	248.60	271.79
Finance costs	156	318.91	151.27	226.48
Depreciation and amortization expenses	10	19.99	18.35	19.37
Other expenses	495	800.13	571.11	713.28
Profit/Loss Before Tax	4,076	1492.64	952.24	2,358.28
Provision for Tax (including adjustments) Current tax	686	502.53	173.82	526.86
Deferred tax liability / (asset)	-	(1)	(1.37)	(0.31)
Profit/Loss After Tax	3,391	2,086.69	779.79	1,831.73

9. PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER IN THE LAST 3 YEARS:

Investment Approach wise performance of the Portfolio Manager against the respective benchmark for the last three years, for Discretionary Portfolio Services with performance indicators calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 are tabled as below:

Sr. No.	Strategy Name	Bench mark Index	FY 2024-25. up to Dec -24		FY 2023-24.		FY 2022-23.		FY 2021-22	
	Portfolio	Bench mark	Port folio	Bench mark	Port folio	Bench mark	Port folio	Bench mark	Port folio	Bench mark
	Discretionary Portfolio Management Services		%	%	%	%	%	%	%	%
1	AllWeather	BSE 500	21.33	9.72	41.13	34.06	4.08	0.08	46.38	15.88
2	Emerging Opportunity	BSE MIDCAP	NA	NA	NA	NA	NA	NA	NA	NA
3	Front Runner	SENSEX	NA	NA	NA	NA	NA	NA	NA	NA

Notes:

- Above performance related information is not verified by SEBI
- Past performance may or may not sustain in future.
- Past performance is not a guarantee of future return.
- Returns are calculated based on the Time Weighted Rate of Return (TWRR) Method.
- Performance is post Management Fees, GST and other charges.
- \$ 3 years' period is not completed for the Investment approach.
- * The return of the portfolios which have not completed 1 year are shown as absolute return since inception
- Please note that actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client mandate, specific portfolio construction characteristics or other structural parameters. These factors may have an impact on client portfolio performance and hence may vary significantly from the performance data depicted above.
- Neither the Portfolio Manager, nor its directors or employees shall in any way be liable for any variation noticed in the returns of individual client portfolio.
- \$\$There are no clients in Non-Discretionary Portfolio Management Services

10. AUDIT OBSERVATIONS OF THE PRECEDING 3 YEARS:

The following are the details of Audit observations during **preceding 3 years:**

Audit Period	Audit remarks/observations
April 01, 2021 – March 31, 2022	NIL
April 01, 2022 – March 31, 2023	NIL
April 01, 2023 – March 31, 2024	NIL

11. NATURE OF COSTS AND EXPENSES FOR CLIENTS:

The following are indicative types of fees, costs and expenses for Clients availing the Portfolio Management Services through the Portfolio Manager. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement to be entered into between the Portfolio Manager and the Client, and the agreements of each of the services availed at the time of execution of such agreements. Any taxes, cess or levies by government authorities in respect of portfolio management fees and charges shall be borne and paid by Client from time to time.

Management Fees:

Management Fees relate to the Services offered to clients. The fee may be fixed charge or a percentage of the quantum of funds managed or linked to returns on the Portfolio achieved or a combination of any of these, as agreed by the Client in the Portfolio Management Agreement. With regard to the Management Fees, the following terms are agreed to, by the Client:

Management Fee (Exclusive of GST and other statutory taxes as may be applicable) For all Investment Approach under Discretionary Portfolio Management Services and Non-Discretionary Portfolio Management Services – **Up to 2.50%.**

Note: The Fees shall be charged Half Yearly on portfolio value.

Performance Linked Fee: The Portfolio Manager charges no performance linked fees.

Exit Fees: as may be mutually agreed between the client and the Portfolio Manager.

Custodian/Depository Fees: The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts would be decided between the Client and Portfolio Manager.

Registrar and transfer agent fee: Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges may be at actuals.

Brokerage and transaction costs: The brokerage on PMS Transaction is **NIL** and other charges like service charge, stamp duty, transaction costs, turnover tax, exit fees on the purchase and sale of shares, stocks, units and other financial instruments would be at actuals.

Certification and professional charges: Charges payable for outsourced professional services like accounting, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities would be at actuals. Such fees shall be payable as and when it is charged by the relevant service provider.

Incidental Expenses: Charges in connection with the courier expenses, stamp duty, Goods and Service Tax or such other taxes as may be levied by government, postal, telegraphic, opening and operation of bank accounts etc. Such fees shall be payable at actuals when it is charged by the relevant service provider / authority.

Bank Charges: As may be applicable at actual.

Other Charges: Besides the above indicative costs and charges, all other reasonable costs, fees, charges and expenses incurred by the Portfolio Manager or any other person appointed by the Portfolio Manager arising out of or in connection with or in relation to the management, acquisition, holding, custody, sale and/or transfer, of the Client's Portfolio or the rendering of the Portfolio Management Services or the performance of any act pursuant to or in connection with the Client Agreement shall be recovered by the Portfolio Manager from the respective Clients. Operating

expenses excluding brokerage, over and above the fees charged for portfolio management service shall not exceed 0.50% per annum of the client's average daily Assets Under Management. Further, Charges for all transactions in a financial year (Broking, Demat, custody etc.) through self or associates shall be capped at 20% by value per associate (including self) per service.

Investors may note that, the range of fees/expenses that may be charged under various heads to Clients mentioned below are indicative only and will vary depending upon the exact nature of the services to be provided to investors. These fees /expenses are subject to such modifications as may be agreed by and between the Portfolio Manager and Clients at the time of execution of the Portfolio Management Agreement based on individual requirements of the Clients.

Sr No.	Type of fees/expenses	Range of fees/expenses
1.	Custody & fund accounting Charges	Mutually agreed between the Client and Portfolio Manager
2.	Registrar and transfer agent fee	Mutually agreed between the Client and Portfolio Manager
3.	Brokerage	NIL
4.	Audit Charges	NIL
5.	Other Charges (including STT, Stamp Duty, Exchange Transaction Charges)	At actuals
6.	Bank Charges	At actuals
7.	Depository charges	At actuals

12. TAXATION:

The following information is based on the Income-tax Act, 1961 ('The Act') as amended by the Finance (No. 2) Act, 2024. The information set forth below is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. The client should seek advice from his/her/its own professional advisor if he/she/it is in any doubt regarding the taxation consequences of investing in the Products offered under Portfolio Management Services.

According to Section 115BAC of the ITA, Individuals and Hindu Undivided Family (HUFs) will have an option to pay tax on its total income at the reduced tax rates without claiming certain deductions/exemptions as specified] which is now the default tax option (Default Regime). However, the taxpayer will have an option to opt out of the default regime and pay tax under old regime.

The following Income Tax slab rates are notified in new tax regime vs old tax regime:

Under new tax regime

Income Tax Slab	Tax rates*
₹ 0 - ₹ 3,00,000	Nil
₹ 3,00,001 - ₹ 7,00,000	5% (Tax rebate available upto income of INR 7,00,000)
₹ 7,00,001 - ₹ 10,00,000	₹ 20,000 + 10% of total income exceeding ₹ 7,00,000
₹ 10,00,001 - ₹ 12,00,000	₹ 50,000 + 15% of total income exceeding ₹ 10,00,000
₹ 12,00,001 - ₹ 15,00,000	₹ 80,000 + 20% of total income exceeding ₹ 12,00,000
Above ₹ 15,00,000	₹ 1,40,000 + 30% of total income exceeding ₹ 15,00,000

Under old tax regime

Income Tax Slab	Tax rates *
₹ 0 - ₹ 2,50,000	Nil
₹ 2,50,001 - ₹ 5,00,000	5% (Tax rebate of INR 12,500 available)
₹ 5,00,001 - ₹ 10,00,000	₹ 12,500 + 20% of total income exceeding ₹ 5,00,000
Above ₹ 10,00,000	₹ 112,500 + 30% of total income exceeding ₹ 10,00,000

Income Tax Slab	Tax Rate for Individuals of the age of 60 and above but less than the age of 80 Years*	Tax Rates for Super Senior Citizens of the age of 80 Years and above*
Up to Rs. 3,00,000	Nil	Nil
Rs. 3,00,001 to Rs. 5,00,000	5%	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%

Surcharge (at applicable rates) and health and education cess at the rate of 4% shall apply separately.

Individuals and HUF under new tax regime will not be allowed certain deductions and exemptions as mentioned in section 115BAC of the Act which among others includes the following:

- 1.) Profession tax
- 2.) House Rent Allowance
- 3.) Housing Loan Interest
- 4.) Leave Travel Allowance
- 5.) Deductions under Chapter VIA of the Act such as section 80C (life insurance premium), section 80CCC (pension premium), 80D (health insurance premium), 80TTA (bank interest), 80G (Donations) etc, except 80CCD (2) (contribution to pension scheme of central government) and section 80JJAA (employment linked deduction).

Note 2 - Alternate Minimum Tax

Per the Act, 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 is deemed to be the total income of that person and he is liable to pay income-tax on such total income at the rate of 15%. Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs.

Further, the above provisions are not applicable in case of a person who exercises the option referred to in section 115BAC or section 115BAD of the ITA.

- Income Tax Rates for Domestic Companies/foreign companies for FY 2024-25

Turnover Particulars	Tax rates as per Old regime*	Tax rates as per special regime*
Total turnover or Gross receipts up to 400 Cr. in the FY 2022-23	25%	22% (Opting to pay tax as per section 115BAA of the Act)
Domestic companies other than Above (except for new manufacturing companies)	30%	22% (Opting to pay tax as per section 115BAA of the Act)
Minimum Alternate Tax (MAT) rate	15% (In case the Company does not opt for the new tax regime, MAT rate of 15% would apply where the tax computed at the rate of 15% of book profits is higher than tax computed as per the normal provisions of the Act)	NA (In case the Company opts for new tax regime, MAT will not apply)
Foreign company	<u>Tax rate for foreign companies on the business income and income under the head 'Income from other sources' is 35%</u>	

*Surcharge (at applicable rates) and health and education cess at the rate of 4% to apply on the income tax rates mentioned.

- Surcharge rates for various assesses and applicable cess have been captured in the table below: :-

Assesses	Rate of surcharge & Cess applicable
Individuals (including NRIs /PIOs), HUFs, Non-Corporate FPIs	<ul style="list-style-type: none"> Surcharge of 10% on income tax if total income is above Rs. 50lakhs but below Rs. 1 crore. For total income above Rs. 1 crore surcharge shall be 15 % on income tax (on income above 1 crore). For total income (other than specified income) ¹ above Rs. 2 crore – 25% surcharge For total income (other than specified income) above Rs. 5 crore surcharge – 25% (under new tax regime)/ 37% (under old tax regime) <p>Health & Education cess of 4% is payable on the total amount of income tax including surcharge.</p>

Companies where the taxable income more than Rs. 1 crore and upto Rs. 10 crores	<ul style="list-style-type: none"> Domestic company: Surcharge of 7% on income tax and Health & Education cess of 4% is payable on the total amount of income tax including surcharge. Foreign company: Surcharge of 2% and Health & Education cess of 4% is payable on the total amount of income tax including surcharge.
Companies where the taxable income is more than Rs. 10 Crore	<ul style="list-style-type: none"> Domestic company: Surcharge of 12% on income tax and Health & Education cess of 4% is payable on the total amount of tax including surcharge Foreign company: Surcharge of 5% and Health & Education cess of 4% is payable on the total amount of tax including surcharge
Surcharge under special tax regime under section 115BAA of the Act	<ul style="list-style-type: none"> Fixed surcharge rate of 10% on income tax is payable. Health & Education cess of 4% is payable on the total amount of tax including surcharge
Surcharge on specified income	<ul style="list-style-type: none"> Surcharge on specified income such as dividend income, short term capital gains under section 111A of the Act and long-term capital gains under section 112 and section 112A of the Act (i.e., on listed equity shares, equity oriented mutual funds, Unit of a REIT / InvIT ('Business Trust') (on which STT is paid) shall be restricted to 15% Health & Education cess of 4% is payable on the total amount of tax including surcharge

• **Taxability on Dividend received from Domestic Company or Mutual Fund (Equity Oriented or Debt Mutual Funds): -**

The Dividend received on the shares and units of above Mutual Funds held in the Products offered under the Portfolio Management Services are subject to tax in the hands of investor. At the applicable slab rates as mentioned above (plus applicable surcharge and health and education cess). The Indian company declaring dividend would be required to deduct tax at 10% (in case of payment to resident investors) where the dividend paid/ payable exceeds INR 5,000.

Further, for non-residents, as per Section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of residence of the non-resident subject to the availability of DTAA benefits to the non-resident. However, no assurance

can be provided that the Tax Treaty benefits would be available to the non-resident investor or the terms of the DTAA would not be subject to amendment or a different interpretation in the future. The Indian company declaring dividend would be required to deduct tax at rates in force (in case of payment to non resident investors)

- **Taxability on Capital Gains: -**

Period of Holding:

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

Nature of asset	STCA	LTCA
For all securities listed* on a recognised stock exchange in India which <i>inter-alia</i> includes (equity shares, preference shares, debentures, units of business trust, etc.); or a unit of the Unit Trust of India; or a unit of an equity oriented mutual fund or zero- coupon bonds	Held for not more than 12 months	Held for morethan12 months
Market Linked Debentures or unit of a Specified Mutual Fund ² acquired on or after 1 April 2023; or unlisted bond or unlisted debenture which istransferred/ redeemed on or after 23 July 2024	Short Term Capital Asset (irrespective of the period of holding)	NA
For assets other than those specified above (which <i>inter-alia</i> include unlisted equity shares, unlisted preference shares, immovable property etc.)	Held for not more than 24 months	Held for morethan24 months

* In case of unlisted equity shares tendered as part of Offer for Sale ('OFS') which shall be subjected STT shall qualify as long term capital asset if same are held for period more than 24 months.

(a) Long Term Capital Gains

The tax on Long Term Capital Gains earned before 23 July 2024 is captured below:

Resident Individuals, HUF, Partnership firm and Indian company:

- Long term capital gains on listed equity shares (on which STT is paid at the time of acquisition and transfer), equity shares to be listed equity shares sold through offer for sale and units of equity oriented mutual funds (on which STT is paid at the time of transfer) – 10%

(plus applicable surcharge and cess) if Capital gain is more than Rs.1 Lakh. Computation of the gains shall be subject to grandfathering (refer Note below).

- Long term capital gains in respect of other listed securities (other than units of mutual funds, listed bonds and listed debentures) on which STT has not been paid or Zero-coupon bonds – Lower of 20% (plus surcharge and education cess) computed after cost indexation, or 10% (plus surcharge and education cess) of the gains computed without cost indexation.
- Long term capital gains on unlisted securities (other than bonds/debentures but including units of other than equity oriented mutual funds) – 20% (plus surcharge and education cess) of the capital gains computed after cost indexation.

Non - resident Individuals and Foreign company:

- Long term capital gains on listed equity shares (on which STT is paid at the time of acquisition and transfer) equity shares to be listed equity shares sold through offer for sale and units of equity oriented mutual funds (on which STT is paid at the time of transfer) - 10% (plus applicable surcharge and cess) if Capital gain is more than Rs.1 Lakh Computation of the gains shall be subject to grandfathering (refer Note below).
- Long term capital gains in respect of other listed securities (other than units of mutual funds, listed bonds and listed debentures) on which STT has not been paid or Zero-coupon bonds - 10% (plus applicable surcharge and cess) of the gains computed without cost indexation. However, Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and cess) on long-term capital gains arising on sale of listed securities (where STT is not paid).
- Long term capital gains on unlisted shares and securities - 10% (plus surcharge and education cess) of the gains computed without cost indexation.

The tax on Long Term Capital Gains earned by resident as well as non-resident investors on pr after 23 July 2024 is captured below:

- Long term capital gains on listed equity shares (on which STT is paid at the time of acquisition and transfer plus other specified cases as mentioned by CBDT), equity shares to be listed, equity shares sold through offer for sale, units of Business Trust and units of equity oriented mutual funds (on which STT is paid at the time of transfer) – 12.5% (plus applicable surcharge and cess) if capital gain is more than Rs.1.25 Lakh. Computation of the gains shall be subject to grandfathering (refer Note below).
- Long term capital gains in respect of any other securities (other than above) – 12.5% (plus surcharge and education cess) of the gains.

- In a case where unlisted shares are held on Jan 31, 2018 and sold in offer for sale, it has been clarified (with retrospective effect) that cost shall be computed by indexing the original cost until Jan 31, 2018.

Note : The exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust has been withdrawn w.e.f. 1 April 2018. The LTCG above INR 1.25 lakh on following transfers shall be taxable at 12.5% (plus surcharge and cess):

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

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains and the cost of acquisition of equity shares, equity oriented mutual fund or units of business trust shall be higher of:

- Actual cost of acquisition; and
- Lower of:
 - o Fair market value as on 31 January 2018; and
 - o Value of consideration received upon transfer

* The CBDT has issued a notification providing the negative list for the purpose of section 112A i.e., modes of acquisition exempted from the condition to pay STT on acquisition.

(b) Short Term Capital Gains (Resident / non-resident individuals, Indian company and foreign company)

As per the Finance Act 2023, the capital gains on transfer/redemption/maturity of Specified Mutual Funds or Market Linked Debenture acquired on or after 01 April 2023, should be deemed to be short term capital gains (irrespective of the period of holding) and such short-term capital gains should be chargeable to tax at the applicable tax rates. Finance (Act No. 2) 2024 propose to amend the definition of "Specified Mutual Fund" as (a) a mutual fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments or (b) a fund which invests in units of a fund referred in (a). "Market Linked Debenture" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by the Securities and Exchange Board of India.

Further, Finance (Act No. 2) 2024 also proposes that the capital gains on unlisted bond or unlisted debenture which is transferred/ redeemed on or after 23 July 2024 should be deemed to be short term capital gains (irrespective of the period of holding) and such short-term capital gains should be chargeable to tax at the applicable tax rates.

Short term capital gains on sale of equity shares, units of equity-oriented funds on a recognized stock exchange, unit of a Business Trust which are subject to STT, are taxable at the rate of 15% (plus applicable surcharge and education cess) where the transfer takes place before 23 July 2024. Finance (Act No. 2) 2024 proposed an amendment to the tax rates on short term capital gains on sale of equity shares, units of equity-oriented funds and units of Business Trust on a recognized stock exchange, which are subject to STT, at the rate of 20% (plus applicable surcharge and education cess) where the transfer takes place on or after 23 July 2024.

Short-term Capital Gains arising on transfer of any asset other than specified above (including gains on specified mutual funds/ market linked debentures/ unlisted bonds / unlisted debentures) is added to the total income is chargeable to tax as per the relevant slab rates for individuals and at the applicable tax rates for persons other than individuals (as mentioned above).

- (c) For non-residents, as per Section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the DTAA between India and the country of residence of the non-resident subject to the availability of DTAA benefits to the non-resident. However, no assurance can be provided that the Tax Treaty benefits would be available to the non-resident investor or the terms of the DTAA would not be subject to amendment or different interpretation in the future.

Section 90(4) of the ITA provides that in order to claim Treaty benefits, the non- resident investor has to obtain a TRC as issued by the foreign tax authorities. Further, the non-resident investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC. As per notification no. 03/2022 dated July 16, 2022, Form 10F is required to be filed electronically.

The details required to be furnished are as follows:

- Status (individual, company, firm, etc.) of the assessee
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others)

- Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the government of the country or the specified territory of which the assessee claims to be a resident
- Period for which the residential status, as mentioned in the TRC, is applicable; and
- Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

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

Capital Losses

As per the provisions of the ITA, short term capital loss can be set off against both short term capital gains and long term capital gains but long term capital loss can be set off only against long term capital gains. The unabsorbed short term and long term capital loss can be carried forward for 8 (eight) assessment years

Gains arising on buy-back of shares by Company

Prior to amendment proposed in Finance (No. 2) Act, 2024, gains arising on buy back of shares (listed as well as unlisted) were exempt in the hands of the shareholders under section 10(34A) of the Act and a distribution tax at the rate of 23.296% (including surcharge and cess) was payable by an Indian company on distribution of income by way of buy-back of its shares per the provisions of section 115QA of the Act. Such distribution tax was payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed.

As per the amendment proposed in Finance (No. 2) Act, 2024, the sum paid by an Indian company on buy-back of its own shares shall be treated as deemed dividend in the hands of the shareholder and shall be taxable at applicable rates. No deduction for expenses, including the cost of acquisition of shares in the hands of shareholder, shall be available against such deemed dividend while determining the income from other sources.

Further, the cost of acquisition of the shares bought back will be treated as capital loss in the hands of shareholders and the same can be set-off against the capital gains earned by the shareholders as per the provisions of the Act.

Expenditure incurred in relation to income not includible in the total income

As per the provisions of section 14A of the ITA read with rule 8D of the Income-tax Rules, 1962, if any income of the Investor does not form part of the total income or is exempt under the provisions of the ITA then any expenditure incurred by the Investor, directly or indirectly, in relation to such income will not be allowed as deduction for the purpose of calculating the total taxable income of the Investor.

Provisions regarding Dividend income and Bonus stripping

According to the provisions of Section 94(7) of the Act, where any person buys or acquires any securities or units of a mutual fund or the Unit Trust of India within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a company for the purposes of entitlement of the holder of the securities to receive dividend or by a mutual fund or the administrator of the Specified Undertaking or the Specified Company, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case may be) and such person (i) sells or transfers such securities within a period of 3 (three) months after such record date, or (ii) such unit within a period of 9 (nine) months after such record date, and (iii) the dividend or income on such securities or unit received or receivable by such person is exempt, then, any loss arising to such person on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of such dividend or income received or receivable, would be ignored for the purposes of computing his income chargeable to tax.

- According to the provisions of Section 94(8) of the Act, if an investor purchases any securities or units within 3 months before the record date (for entitlement of bonus) and sells/redeems the securities or units within 9 months after that date, and by virtue of holding the original securities or units, he becomes entitled to bonus

securities or units, then the loss arising on transfer of original securities or units shall be ignored for the purpose of computing his income chargeable to tax (even though he continues to hold all / part of the additional securities or units allotted as bonus). In fact, the loss so ignored will be treated as cost of acquisition of such bonus securities or units.

The Finance Act, 2022 has made the said provision applicable to securities as well (i.e., stocks and shares) and also modified the definition of unit, so as to include units of business trusts such as InvIT, REIT and AIF, within the definition of units.

- **Switching from one scheme to another**

As stated in the respective underlying mutual fund scheme information documents, switching from one scheme / option to another scheme / option will be affected by way of redemption of units of the relevant scheme/ option and reinvestment of the redemption proceeds in the other scheme / option selected by the unit holder. Hence, switching will attract the same implications as applicable on transfer of such units (refer capital gains section above).

Consolidation of Schemes

Transfer of units upon consolidation of mutual fund schemes of two or more schemes of mutual fund in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. Further, transfer of units upon consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains under the Act.

Tax withholding:

o Resident Investors

No tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gains. However, on income other than capital gains, mutual funds specified under section 10(23D) of the Act, shall be required to deduct TDS at rate of 10 per cent where the amount payable exceeds Rs. 5,000 in a financial year. On buyback, company to withhold taxes at 10% in case of residents on deemed dividend.

o Foreign Portfolio Investors (FPI)

Under section 196D of the Act, tax is required to be deducted at the rate of 20% on dividend income earned by the FPI. No tax is required to be deducted at source on income way of capital gains earned by an FPI. The remittance to a country with which a DTAA is in force, the tax should be deducted at the rate provided in the Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee subject to availability of DTAA benefits to the assessee.

o NRI's other than FPI's

Under Section 195 of the Income-tax Act, 1961 and as per the amendment by Finance (Act No. 2) 2024, the Mutual Fund is required to deduct tax at source at the rate of 12.5% (plus applicable surcharge and cess) on any long-term capital gains arising to non-resident investors. Long term capital gains from units of equity-oriented schemes & listed equity shares (STT paid) are liable to be withheld at the rate of 12.5% (plus applicable surcharge and cess) if the capital gains exceed Rs.1.25 Lakh during the financial year subject to Grandfathering Clause.

In respect to short-term capital gains from units other than units of an equity-oriented scheme or listed equity shares or business trust (STT paid), tax is required to be deducted at source at the rate of 30% (Assuming Highest tax bracket for investor) (plus applicable surcharge and cess) if the payee unit holder is a non-resident non- corporate and at the rate of 35% (plus applicable surcharge and cess) if the payee unit holder is a foreign company. In case of equity-oriented schemes or listed equity shares or business trust (STT paid), tax is required to be deducted at the rate of 20% (plus applicable surcharge and cess) for both corporate and non-corporate non- resident unit holders. On buyback, company to withhold taxes at applicable rates in case of non-residents on deemed dividend.

In the case of a remittance to a country with which a Double Tax Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee subject to the availability of DTAA benefits to the assessee.

o Withholding at higher rate in case of non-availability of permanent account number ('PAN'):

Section 206AA of the Act provides that where a recipient of income (which is subject to withholding tax) does not have a PAN, then tax is required to be deducted by the payer at the higher of the following:

- ☐ rates specified in the relevant provisions of the Act; or
- ☐ rates in force; or
- ☐ at the rate of 20%.

Further, the CBDT, vide its notification dated 24 June 2016, has clarified that the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services, payment on transfer of capital assets and dividends provided the non-residents provide the following information to the payer of such income:

- ☐ Name, email-id, contact number;
- ☐ Address in the country or specified territory outside India of which the deductee is a resident;
- ☐ A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- ☐ Tax Identification Number in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

o Withholding at higher rates due to non-filing of income-tax return:

Section 206AB of the Act, proposes a higher withholding tax rate in case of any person (other than a non-resident who does not have a permanent establishment in India) who has not filed the return of income for the previous assessment year (immediately prior to the concerned financial year) and the aggregate of tax deducted at source and tax collected at source in his case is Rs. 50,000 or more in the said previous year. The withholding tax rates in case of such person shall be as higher of the below:

- ☐ at twice the rate specified in the relevant provision of the Act; or
- ☐ at twice the rate or rates in force; or
- ☐ at the rate of 5%.

Further, where the provisions of section 206AA of the Act are applicable to such person, tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the Act.

The Finance Act, 2023 has amended section 206AB to exclude a person who is not required to furnish the return of income for the relevant assessment year and is notified by Central Government in this behalf, from the definition of specified person.

Please Note:

The tax incidence to investors could vary materially based on residential status, characterization of income (i.e., capital gains versus business profits) accruing to them. Please refer to Annexure 1 for characterization of income as capital gains vs. business income. The Information provided here is general in nature & can be changed in future by Department or Government. Please consult your financial planner/tax advisor before taking a decision.

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

ANNEXURE 1

Characterization of an income as capital gains vs. business income

Gains arising from the transfer of securities held in the companies 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 trading asset (i.e. stock-in-trade). Traditionally, the issue of characterization of exit 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 from transactions in securities should be taxed as "business profits" or as "capital gains". However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Also, the CBDT has provided guidance (vide its Instruction: No. 1827, dated August 31, 1989 and Circular No. 4/2007, dated June 15, 2007) in respect of characterisation of gains as either capital gains or business income. Following are the key illustrative factors indicative of capital gains characterisation (not business income):

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

The Company intends to organize itself in a manner that it complies with the conditions and parameters mentioned in the CBDT circular and instructions such that the income from sale of securities in the investee companies should generally be categorized as capital gains. However, the possibility of the tax authorities seeking to treat such income as business income cannot be ruled out.

Please note that with a view to reduce litigation and maintain consistency, the CBDT has issued Circular No. 6 of 2016, dated February 29, 2016 providing that listed shares / securities held for more than 12 months would be treated as capital gains unless the tax payer himself treats the same as stock in trade; in other cases involving sale of listed shares / securities, the characterisation of income would be decided on the basis of previous circulars and instructions issued by the CBDT on this subject. The Circular also provides that a position once adopted by the taxpayer would not be allowed to be changed and it would be applicable for the subsequent assessment years. It is however clarified that the principles as outlined in the circular shall not be applicable in cases where the genuineness of the transaction itself is questionable. Furthermore, with respect to the characterisation of gains arising on transfer of unlisted shares, the CBDT3 has issued an instruction dated May 2, 2016 providing that income from transfer of unlisted shares (for which no formal market exists for trading), except in certain specified circumstances such as (i) the genuineness of transactions in unlisted shares itself is questionable; or (ii) the transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or (iii) the transfer of unlisted shares is made along with the control and management of underlying business., would be treated as 'Capital Gain' irrespective of period of holding. Now, the CBDT4 has clarified that exception (iii) would not apply in the case of Category I and II AIF, where-in the rationale provided was that the investment by such AIFs are predominantly in unlisted shares of start-ups / ventures and hence, some level of control and management is required to be exercised by such AIFs to safeguard the interest of the investor

13. ACCOUNTING POLICIES AND AUDIT

13.1 Accounting Policies

a) Basis of Accounting:

Books of accounts would be separately maintained in the name of the Client as are necessary to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided under SEBI (Portfolio Managers) Regulations, 2020. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles.

b) Income Recognition:

Dividend income shall be recognized on the ex-dividend date. Interest income on investments shall be accrued on due dates. Profit or loss on sale of investments shall be recognized on the trade dates on the basis of first-in-first-out basis.

c) Recognition of fees and other expenses:

Investment Management fees and other charges shall be accrued and charged as agreed in the agreement between the Portfolio Manager and the Client.

d) Accounting of Investments:

All investments will be carried/recorded on a cost basis. Transactions for purchase or sale of investments would be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the individual client account for that year. The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note or levied by any Statute except STT. STT payable on purchase/sale of investments would be recognized as expense in profit and loss account.

e) Fund accounting:

The Fund Accounting activity is presently carried out by the Portfolio Manager.

13.2 Audit:

The Portfolio accounts of the Portfolio Manager shall be audited annually by an independent chartered accountant and a copy of the certificate issued by the chartered accountant shall be given to the Client.

14. INVESTOR SERVICES:

Investors who wish to provide feedback or send their Queries or Grievances may lodge the same between 09:00 a.m. to 06:00 p.m. on a Working Day through any of the following method:

1. Call – Investor Support Help Desk on 9925002610.
2. Website – Investors can visit the website of the Portfolio Manager at <https://marfatia.net/> and lodge their complaint through the Contact us page; or
3. Visit – Any Office of the Portfolio Manager or Branch of the Distributor of the Portfolio Manager for registration of their grievances. Oral complaints, if any should be followed by submission of a written complaint; or
4. Email: Investors can send their grievance through email at compliance@marfatia.net
5. Letter: Write to the Investor Officer at
Name: Mr. Chintan Majmundar,
Designation: Principal Officer / Compliance Officer
Investor Relation Officer Address: 402 Glacier Complex, Jetalpur Road, Vadodara 390007 Gujarat
Email: compliance@marfatia.net

Investors shall ensure that they quote their PMS Account Code in every correspondence with the Portfolio Manager regarding their Queries or Grievances. Anonymous Queries will not be addressed in terms of this Grievance Redressal Mechanism.

The officer mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this officer is invested with the necessary authority, independence and the wherewithal to handle investor complaints. The complaints by investors should be sent to the above-mentioned address the Investor Relation Officer. If a Client is not satisfied with the resolution provided by the Portfolio Manager the Client can escalate the issue to:

14.2 Grievances / Dispute handling mechanism

Through Portfolio Manager:

The Portfolio Manager shall attend to and address any client's query or concern as soon as possible to mutual satisfaction and provide the necessary resolution in a reasonable manner and time. The portfolio manager shall take adequate steps for redressal of grievances of the investors within Twenty One (21) calendar days of the date of the receipt of the complaint and keep SEBI informed about the number, nature and other particulars of the complaints received;

Through SCORES Portal:

Clients may also register/lodge their grievances with Securities and Exchange Board of India (SEBI) on SCORES (SEBI Complaints Redressal System) Portal i.e. <https://scores.sebi.gov.in/>

Through Online Dispute Resolution (“ODR”) mechanism:

Disputes between Clients (including institutional/corporate clients) and Portfolio Managers can be resolved in accordance with the ODR mechanism or by harnessing online conciliation and/or online arbitration as specified in the Master Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated 20 December, 2023 as updated from time to time.

14.3 Dispute Settlement Mechanism

All disputes, differences, claims and questions whatsoever which shall arise either during the subsistence of the PMS Agreement or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising therefrom or the interpretation of any provision therein or related to those related to the Disclosure Document or all the other policies and procedures of the Portfolio Manager as may be amended from time to time shall be, in the first place settled by mutual discussions, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Surat and be conducted in English language.

The PMS Agreement, Disclosure Document and all the other policies and procedures of the Portfolio Manager shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the PMS Agreement or the performance of the agreement by either party of its obligations will be conducted exclusively in courts located within the city of Surat in the State of Gujarat.

15. CUSTODIAN

Orbis Financial Corporation Limited acts as the Custodian for all the Investment Approaches offered by the Portfolio Manager.

16. GENERAL:

The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement for Portfolio Management Services.

Actions / inactions, deeds, decisions etc. undertaken by the Portfolio Manager, in good faith with reference to the instructions of the Client, based on the information from the Client / understanding of the Portfolio Manager will constitute good and full discharge of the obligations of the Portfolio Manager. Submission of documents / information by Clients shall be full and final proof of the non-individual Client’s authority to invest and the Portfolio Manager shall not be responsible for any defects / deficiencies in the document / information.

Miscellaneous Provisions

a) Investor Charter

With a view to enhancing awareness of investors about the various activities which an investor deals with while availing the services provided by portfolio managers, an investor charter has been prepared by SEBI. The same is notified vide SEBI circular SEBI/HO/IMD/IMD-II_DOI7/P/CIR/2021/681 dated December 10, 2021.

The investor charter is a brief document in an easy-to-understand language. It details different services provided by the portfolio managers to the investors alongwith estimated timelines, like account opening, agreement with the portfolio manager, periodic statements to the investors, investor grievance redressal mechanism, responsibilities of investors etc. at one single place for ease of reference. All registered Portfolio Managers are advised to bring to the notice of their clients the Investor Charter by prominently displaying on their websites. Accordingly, the Investor charter is disclosed on website of Portfolio Manager www.marfatia.net

b) Details of Diversification Policy of the Portfolio Manager

Diversification is a risk management strategy that mixes a variety of securities within a portfolio. The rationale behind diversification is different securities will, on an average, yield better long-term returns and lower the risk of any individual holding or security. Although diversification does not ensure a profit or guarantee against loss, it can help reduce the volatility of portfolio over time.

Since investing requires disciplined risk management, the Portfolio Manager would incorporate adequate safeguards for controlling risks in the portfolio construction process. While allocating and choosing securities, the Portfolio Manager will aim to diversify by gaining broad exposure to different industries and companies in order to reduce risk.

Risk Diversification in Equity and equity related instruments:

There are two kinds of risk in equity investments, Systematic Risk or Market Risk and Unsystematic Risk. Unsystematic risk can be mitigated through diversification while systematic or market risk is generally unavoidable. Unsystematic risk is unique to a given business or industry and can be diversified by investing in a portfolio of stocks.

The Portfolio Manager intends to invest in a sufficiently large number of equity and equity related instruments so as to limit exposure to a particular company. The Portfolio Manager aims to ensure a well-diversified equity portfolio comprising stocks across various sectors of the economy while managing or recommending investments for Client portfolio. This shall aid in managing concentration risk and sector specific risks. The Portfolio Manager shall also target to manage or recommend sufficient exposure across different market cap segments - i.e. large, mid-cap and small cap.

This shall aid in managing volatility and also improve liquidity in Client's Portfolio.

Clients are requested to note that while the above measures are prudent and more relevant for diversified investment approaches, to the extent possible, these measures would also be implemented in case of sector or thematic or market cap concentrated investment approaches offered by Portfolio Manager.

Risk Diversification in Fixed Income Securities:

Investments in Fixed Income Securities shall be managed or recommended to Clients depending on factors such as liquidity, investment tenure, risk appetite of Clients etc. The Portfolio Manager will attempt to reduce liquidity risk by investing and/or recommending investments in securities that would result in a staggered maturity profile, investment in securities that provide relatively easy liquidity and securities that have reasonable secondary market activity. Exposure to debt securities, other than Sovereign exposures, would be diversified, comprising a number of issuers across sectors. This shall aid in managing concentration risk and sector-specific risks.

Please refer to "Basis of selection of such types of securities as part of the investment approach" and "Allocation of portfolio across types of securities" for further information on diversification measures for respective Investment Approaches as offered by the Portfolio Manager.

c) Email Communications

The Portfolio Manager may send account statements and any other correspondence using e-mail as the mode for communications as may be decided from time to time. It is deemed that the Client is aware of all security risks including possible third-party interception of Account Statement and content of the Account Statement becoming known to third parties.

The Client may at any time request for a physical copy of the Account Statement.

A Statements of Portfolio will be sent by email to each Client (first applicant in case of joint holders) stating the details of holding statement, account performance report, realised gain/(loss) statement, logical bank book, balance sheet, profit & loss account &

transaction undertaken on a regular basis or at the requested frequency of the client. Same may also be made available through Portfolio Manager's website.

The Portfolio Manager may also undertake to accept non-commercial transactions such as change in address, change in bank details, change in mode of payment etc. received through email, provided the request is sent by the Client from the same email address which is registered with the Portfolio Manager.

d) Nomination Facility

Clients are requested to note that the nomination details registered with the Portfolio Manager shall not be applicable to the securities held in the individual Client demat account maintained with the Depository. For the securities held in electronic form (demat form) by the Client (s) in their Depository Participant Account (DP Account) opened for availing the services of the Portfolio Manager, the nomination details registered with the Depository and the rules prescribed by the Depository shall be applicable.

The Portfolio Manager is providing an option to the Individual Client(s) to nominate one or more persons in whom the investment or the cash allocation held by the Portfolio Manager under the respective Client account (other than the securities held by the Client in their individual Client demat account opened for availing the services of the Portfolio Manager) shall vest in the event of his / her / their death. However, the facility of nomination is not available to non-individuals including society, trust, company, body corporate, partnership firm, Karta of Hindu Undivided Family, PSU, AOP, BOI, Banks, FIIs, holders of Power of Attorney.

The decision of the Portfolio Manager with respect to treatment of nomination shall be final and binding on Client(s) and nominees. Nominations (Single/multiple) received in the form prescribed by the Portfolio Manager alone shall be valid.

The nominees/ administrators/ claimants/ successors/ executors/ legal heirs unconditionally and irrevocably agree that the transmission by the Portfolio Manager shall be made subject to the receipt of any such additional forms, information (personal or financial or otherwise), indemnities and relevant documentations (including KYC documents), if any, as may be required from time to time by the Portfolio Manager in the specified format.

e) Prevention of Money Laundering

The Portfolio Manager is committed to adhere to the requirements specified under the Prevention of Money Laundering Act 2002 and the requirements laid down by the Securities and Exchange Board of India (SEBI), in this respect. The Clients including guardians (in case of minors) shall ensure that the investments made by them are through legitimate sources only and do not involve or are not designated for this purpose of money laundering or any contravention or evasion of the requirements specified under any rules, laws and regulations specified by the Government of India or any other statutory body / entity.

While the Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct, in order to ensure appropriate identification of the Client(s) under its KYC policy and applicable laws and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under Applicable Laws) reserves the right to

and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. with a purpose to comply with inter alia its regulatory obligations. The Portfolio Manager may also undertake field visits, verify information through third party databases etc. In case a Client refuses / fails / delays in providing the information sought by the Portfolio Manager, the Portfolio Manager retains the right to freeze the accounts of the Client, reject any transaction request, effect mandatory repayment / return assets etc.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the due to noncompliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND. Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines there under shall be applicable. The decision of the Portfolio Manager in this regard, shall be final.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS DISCLOSURE DOCUMENT, THE PROVISIONS OF SEBI (PORTFOLIO MANAGERS) REGULATIONS 2020 AND THE RULES SHALL BE APPLICABLE.

For and on behalf of
Marfatia Stock Broking Private Limited



C. S. Majmudar

**Sd/-
Chintan Majmudar
Principal Officer**

Date: January 07, 2025

:IMPORTANT:
**SECURITIES INVESTMENTS ARE SUBJECT TO
MARKET AND OTHER RISKS AND THE PORTFOLIO
MANAGER PROVIDES NO GUARANTEE OR
ASSURANCE THAT THE OBJECTIVES SET OUT IN
THE DISCLOSURE DOCUMENT AND/OR THE PMS
AGREEMENT SHALL BE ACCOMPLISHED. PAST
PERFORMANCES OF THE PORTFOLIO MANAGER DO
NOT GUARANTEE ITS FUTURE PERFORMANCE.**

**DISCLOSURE DOCUMENT
PORTFOLIO MANAGEMENT
SERVICES**

MARFATIA STOCK BROKING PRIVATE LIMITED

CIN: U67120GJ2002PTC41373

SEBI Registration No: INP000005117

402 Glacier Complex, Jetalpur Road, Vadodara, Gujarat-390007

E-mail: compliance@marfatia.net

Website: www.marfatia.net