

**WEALTHBRIDGE CAPITAL ADVISORS  
PRIVATE LIMITED**

**DISCLOSURE DOCUMENT**

**PORTFOLIO MANAGEMENT SERVICES**

23<sup>rd</sup> January 2025

**DISCLOSURE DOCUMENT OF  
PORTFOLIO MANAGEMENT SERVICES**

**BEING OFFERED BY  
WEALTHBRIDGE CAPITAL ADVISORS PRIVATE LIMITED**

**KEY INFORMATION AND DISCLOSURE DOCUMENT FOR PORTFOLIO  
MANAGEMENT SERVICES UNDERTAKEN BY WEALTHBRIDGE CAPITAL ADVISORS  
PRIVATE LIMITED (Registration No.PM/INP000005240)**

- (i) The Disclosure Document has been filed with the Board (Securities and Exchange Board of India, SEBI) along with the certificate in the prescribed format as per the requirement of the Fifth Schedule and Regulation 22 of SEBI (Portfolio Managers) Regulations 2020.
- (ii) The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investor in making informed decision for engaging a Portfolio Manager.
- (iii) The Document contains necessary information about the Portfolio Manager required by an investor before investing.
- (iv) Investors should carefully read the entire document before making a decision and should retain it for future reference.
- (v) Investors may also like to seek further clarifications after the date of this document from the Portfolio Manager.
- (vi) Latest Disclosure Document is available on the website of the Company.
- (vii) Name of the Principal Officer : Mrs. Avantika Bhargava  
  
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Website : [www.wealthbridge.in](http://www.wealthbridge.in)
- (viii) This Disclosure Document is dated 23rd January 2025 and includes audited financial information for the year ended 31st March 2024.

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## 1. Disclaimer

**This Disclosure Document have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (as amended till date) and has been filed with Securities and Exchange Board of India (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.**

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## 2. Definitions

In this Disclosure Document, unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:

“**Act**” means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended from time to time.

“**Agreement**” or “**PMS Agreement**” means the Portfolio Management Agreement executed between the Portfolio Manager and its Clients in terms of Regulation 22 and as per Schedule IV of Securities and Exchange Board of India (Portfolio Managers) Regulations 2020 and includes any recitals, schedules, annexure or exhibits to the Agreement and any amendments made to the Agreement by the Parties in writing.

“**Applicable Law**” means any applicable Indian statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force from time to time. For the avoidance of doubt, the term ‘Applicable Law’ shall include the Regulations.

“**Board**” or “**SEBI**” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.

“**Bank**” means any scheduled commercial bank, with which the Portfolio Manager will open and operate the bank accounts for the purpose of portfolio management services.

“**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.

“**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.

“**Client**” or “**Investor**” means any individual, HUF, partnership firm, any body corporate, association of person, body of individuals, trust, statutory authority, or any other person who registers with the Portfolio Manager for availing the portfolio management services rendered by the Portfolio Manager.

“**Custodian**” means any entity appointed as custodian by the Portfolio Manager from time to time to provide custodial services and to act as custodian on the term and conditions agreed between the custodian and Portfolio Manager.

“**Discretionary Portfolio Manager**” means a portfolio manager who exercises or may, under a contract relating to Portfolio Management, exercises any degree of discretion as to the investments or management or administration of the portfolio of securities and/or the funds of the Clients, as the case may be.

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

**“Disclosure Document”** means this disclosure document issued by WealthBridge Capital Advisors Private Limited for offering portfolio management services prepared in terms of Regulation 22 and Schedule V of the SEBI (Portfolio Managers) Regulations 2020.

**“Effective Date”** means the date on which the Portfolio management account of the Client is activated in the books of the Portfolio Manager.

**“Financial Year”** means the year starting from 1<sup>st</sup> April and ending on 31<sup>st</sup> March of the following year.

**“Funds”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the application, any further monies placed by the Client minus withdrawal/redemption made by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of the sale or other realization of the portfolio and interest, dividend or other monies arising from the funds, so long as the same is managed by the Portfolio Manager.

**“Fund Manager”** (FM) 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 or otherwise) the management or administration of a portfolio of securities or the funds of the Clients, as the case may be.

**“Intermediaries”** means custodians, banker to an issue, trustee, registrar to an issue, merchant banker, depositories, depository participants, transfer and pricing agents, accountants, investee companies, investment advisers, consultants, attorneys, printers, underwriters, brokers and dealers, insurers and any other person in any capacity who may be associated with the securities market.

**“Initial Corpus”** means the value of the funds and the value of readily realizable securities brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager.

**“Net Asset Value”** (NAV) means the net asset value of the Portfolio and shall be aggregate of (a) the amount of Cash in the cash account and (b) the value of the Client Securities calculated on the basis of the closing rates as on the immediately preceding trading day and (c) accrued interest on the security, (d) mutual fund, (e) Application money (f) interest on application money, (g) dividend including dividend on mutual fund minus (g) TDS (if any).

**“Non-Discretionary Portfolio Manager”** means a portfolio manager who manages the funds and/or securities, in accordance with the directions of the Clients.

**“Portfolio”** means the total holdings of all investments, securities and funds belonging to the Client.

**“Portfolio Manager”** (PM) means **WealthBridge Capital Advisors Private Limited** who has obtained certificate from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993 vide Registration No. INP000005240

**“Principal Officer”** means a director/employee of the Portfolio Manager who is responsible for the activities of portfolio management and has been designated as principal officer by the Portfolio Manager.

**“Regulations”** means the Securities and Exchange Board of India (Portfolio Manager) Regulations, 2020 including rules, guidelines or circulars issued in relation thereto from time to time

**“Rules”** means the Securities and Exchange Board of India (Portfolio Managers) Rules, 1993.

**“Securities”** includes: “Securities” as defined under the Securities Contract (Regulations) Act, 1956: shares, stocks, bonds, warrants, convertible and non-convertible debentures, fixed return investments, equity linked instruments, negotiable instruments, deposits, money market instruments, commercial paper, certificate of deposit, units issued by Unit Trust of India and/or by any mutual funds, mortgage backed or other asset backed securities, derivative, derivatives instrument, options, futures, foreign currency commitments, hedged, swaps or netting of any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, the State Government or the local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by right, bonus, redemption, preference, option or otherwise) and whether in physical and in dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; any other instrument or investments as may be permitted by applicable law from time to time.

***Note:** 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 Manger**

#### **3.1 History, Present Business and Background of the Portfolio Manager**

WealthBridge Capital Advisors Private Limited (“WealthBridge” or “Company”) is a Private Limited Company incorporated under Companies Act, 1956 (as amended by Companies Act 2013) on June 30, 2005 having its Registered Office at 41, Gunrock Enclave (Second Floor), Phase-1, Secunderabad, Hyderabad-500009.

The Company had been in the business of financial services for nineteen years. The Company commenced the business of portfolio management services in October 2016 and also obtained a certificate of registration as a NBFC from the Reserve Bank of India in Dec 2016. Currently, these are the two major business activities of the Company.

The Company has been engaged in the business of investment/trading in securities since 2007 with a good track-record of performance.

WealthBridge is now offering Portfolio Management Services after registering with SEBI under the SEBI (Portfolio Manager) Regulations, 1993 vide Registration Number INP000005240 from 25<sup>th</sup> September 2016.

Under the Portfolio Management Services offered by WealthBridge, the funds of investors have been managed by Mr. Vivek Bhargava assisted by a team of professionals having good experience in various facets of equity markets such as Research, Fund Management and Consultancy.

With effect from 18<sup>th</sup> September 2023, the Principal Officer of the Portfolio Manager has been changed to Mrs. Avantika Bhargava and Mr. Vivek Bhargava will be the Chief Investment Strategist. The funds of investors shall be managed by Mr. Karn Bhargava, CFA, with effect from 18<sup>th</sup> September 2023. He has been the Assistant Fund Manager since May 2020.

### **3.2 Promoters, Share Holders, Directors and their background:**

#### **Share Holding Pattern**

<b>S. No.</b>	<b>Name</b>	<b>Category</b>	<b>No. of shares held</b>	<b>Face value (Rs.)</b>	<b>Amount paid-up (Rs.)</b>	<b>(%) of total</b>
1.	Vivek Bhargava & Anshu Bhargava (Executive Director)	Promoter-Director	2,304,600	10	23,046,000	47.109%
2.	Anshu Bhargava (Executive Director)	Promoter-Director	2,298,500	10	22,985,000	46.984%
4.	Karn Bhargava (Whole Time Director)	Promoter Group	75,000	10	750,000	1.533%
5.	Avantika Bhargava (Whole Time Director)	Promoter Group	75,000	10	750,000	1.533%
6.	Rajan Bhargava	Promoter Group	70,000	10	700,000	1.431%
7.	Ramanuj Das Lahoti (Director)	Others	69,000	10	690,000	1.410%
	<b>TOTAL</b>		<b>4,892,100</b>		<b>48,921,000</b>	<b>100.00%</b>

#### **Director's Background**

<b>S. No.</b>	<b>Name of Director</b>	<b>Background</b>
1.	Vivek Bhargava – Executive Director	<p>Vivek Bhargava, a PGDM from IIM Calcutta with over thirty-five years of successful track-record in the field of investing, corporate finance and capital markets.</p> <p>He has been the Executive Chairman of WealthBridge for over fifteen years. He supports the proprietary investment and trading activities of the Company.</p>
2.	Anshu Bhargava – Executive Director	<p>Anshu Bhargava, a Chartered Accountant, has a very impressive track-record of investing in the stock markets over the last thirty years. With a strong focus on fundamental analysis, she focuses on long term investment opportunities. She is currently the Executive Director of the Company. She handles the investment activities of the Company.</p>
3.	Ramanuj Lahoti - Director	<p>Ramanuj Lahoti, a member and former Director of the Hyderabad Stock Exchange, has been in stock broking for over 30 years and has a very successful track-record as an investor and trader in the stock markets. He is currently on the Board of HSB Securities &amp; Equities Limited.</p>
4.	Karn Bhargava – Whole Time Director	<p>Karn Bhargava is a Chartered Financial Analyst and postgraduate in Securities Markets from the National Institute of Securities Markets and has over 8 years of experience in analyzing companies in the listed space as well as start-ups.</p> <p>He has been actively involved in the field of research and fund management in WealthBridge after having worked in research at</p>

		PCS Securities Limited. He also supports the proprietary investment and trading activities of the Company.
5.	Avantika Bhargava – Whole Time Director	<p>Avantika Bhargava, a Chartered Accountant by profession, has over 7 years of experience in WealthBridge Capital Advisors Private Limited.</p> <p>At WealthBridge, she has worn several hats and is currently handling research and investment in the debt and equity markets. Her current role as a Research Analyst is to identify suitable opportunities in the debt and equity markets. She is also the Principal Officer of the Portfolio Management Services business of the Company.</p>

**Particulars of key personnel in WealthBridge Capital Advisors Private Limited (Portfolio Manager)**

• **Mrs. Avantika Bhargava, Principal Officer**

Avantika Bhargava has over 7 years of experience into wealth and asset management business and is based in Hyderabad. She is a Chartered Accountant by profession and has obtained certification from the National Institute of Securities Markets by passing the NISM-Series-XXI-B: Portfolio Managers Certification Examination as mentioned in the communiqué No. NISM/ Certification/Series-XXI-B: Portfolio Managers (PM) Certification/2021/01 dated June 15, 2021, issued by the National Institute of Securities Markets.

Mrs. Avantika Bhargava joined WealthBridge Capital Advisors Private Limited in March 2017 and is currently handling research into debt and equity opportunities apart from evaluating other asset classes for investments. She is one of the key management personnel in running the Portfolio Management business of the entity.

She also supports the investment activities of the proprietary investments of WealthBridge.

• **Mr. Vivek Bhargava, Executive Chairman, Chief Investment Strategist**

Vivek Bhargava has over 35 years of successful track-record in the field of investment, corporate finance and capital markets. He has done PGDM from IIM Calcutta. He has been the Executive Chairman of WealthBridge for over fifteen years. He supports the proprietary investment and trading activities of the Company.

Mr. Vivek Bhargava started WealthBridge Capital Advisors Private Limited in June 2005 and heads the Research and Investment desk. His primary responsibility included evaluation of investment ideas, decide on whether to invest or not; and the exposure levels to individual levels/sectors. He also decided on exit from investments based on periodical/even-based reviews. He is one of the key management personnel in running the Portfolio Management business of the entity.

He will be the Chief Investment Strategist focusing mostly on the macro themes and trends and share his views to the Investment Team of WealthBridge. He will continue to provide overall guidance without being involved in the individual investment decisions for the PMS business of the Company.

He also supports the investment activities of the proprietary investments of WealthBridge.

• **Mr. Karn Bhargava, Fund Manager**

Karn Bhargava has over 8 years of experience into wealth and asset management business and is based in Hyderabad. He is a Chartered Financial Analyst by profession and has obtained certification from the National Institute of Securities Markets by passing the NISM-Series-XXI-B: Portfolio Managers Certification Examination as mentioned in the communiqué No. NISM/



Certification/Series-XXI-B: Portfolio Managers (PM) Certification/2021/01 dated June 15, 2021 issued by the National Institute of Securities Markets.

Mr. Karn Bhargava started his career with PCS Securities Limited in October 2015 as a Research Assistant. He joined WealthBridge Capital Advisors Private Limited in June 2017 as Research Analyst and became Assistant Fund Manager from May 2020 onwards. He has taken over as the Fund manager for the PMS business with effect from 18<sup>th</sup> September 2023. He is one of the key management personnel in running the Portfolio Management business of the entity.

He also supports the investment activities of the proprietary investments of WealthBridge.

### **3.3 Top 10 Group Companies/Firms of the Portfolio Manager on turnover basis**

WealthBridge Capital Advisors Private Limited does not have any group companies under the same management.

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

<b>Sl. No.</b>	<b>Particulars</b>	<b>Remarks</b>
1	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made there under:	None
2	The nature of the penalty / direction:	None
3	Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any:	None
4	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency:	None
5	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 there under:	None
6	Penalties imposed for any economic offence and / or violation of any securities laws:	None

#### **5. Details of Services Offered**

The Portfolio Manager offers Portfolio Management services under Discretionary category to its prospective clients.

## 5.1 Services Offered

### Discretionary Portfolio Management Services

Under these services, the choice as well as the timing of the investment decisions rest solely with the Portfolio Manager. The Portfolio Manager shall have sole and absolute discretion to invest in respect of the Clients account as per the Agreement and make such changes in the investments and invest some or all of the Clients funds in such manner and in such markets as it deems fit. The Portfolio Manager's decision in investment of the Clients account will be absolute and final.

Investments will be made in listed equity shares, initial public offerings / offers for sale of equity shares that are proposed to be listed, Exchange Traded Funds (ETFs), liquid funds/savings funds/short-duration debt funds of mutual funds and bank balances.

A part of the portfolio will be invested in liquid/savings/short-duration funds of mutual funds or similar securities with the objective of maintaining liquidity and capital safety. The Portfolio Manager may invest in units of Mutual Funds only through direct plan.

## 5.2 Investment Objective

The objective is to formulate and device the investment philosophy to achieve long-term growth of capital by investing in suitable investments, which generate good returns and ensure liquidity.

## 5.3 Investment Approach of the Portfolio Manager

Strategy: Equity

### Investment Approach: Equity Focused Discretionary PMS

IA Code	EFD1
Investment Objective	Investment objective is to achieve long term capital appreciation by investing in suitable investments, which generate good returns and ensure liquidity.
Description of Type of Security	<ul style="list-style-type: none"><li>• Equity &amp; Equity Related Securities (Including ETFs, REITs, InvITs etc.)</li><li>• Fixed Income Securities (Including listed bonds &amp; debentures, ETFs), units of fixed income mutual funds, cash/ fixed deposits etc. (used for temporary deployment of cash)</li></ul>
Basis of selection of such types of securities as part of the investment approach	The portfolio manager seeks to generate returns for the client through price appreciation of the stocks held over a period of time. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken
Allocation of portfolio across types of securities	Equity & Equity Related Securities: 0 - 100% Fixed Income Securities: 0 - 100%
Appropriate benchmark to compare performance	S&P BSE 500 Total Return Index
Basis of selecting the	The portfolio will consist of a variation / combination of mid

benchmark	cap & small cap companies. Association of Portfolio Managers in India (APMI) has prescribed the Portfolio Managers to choose benchmarks from Nifty 50 TRI, S&P BSE 500 TRI and MSEI SX 40 TRI. Out of the options available under regulations, S&P BSE 500 TRI was considered to be most appropriate. - As portfolio may be diversified across market caps, a diversified benchmark is chosen
Indicative tenure or investment horizon for each investment allocation	1-5 Years
Risk associated with Investment Approach	Risk of underperformance vs benchmark, loss of capital, liquidity & credit risk

Investments in PMS client accounts will be made with the primary objective of generating returns in the region of 20-26% per annum.

Investment in equity shares and ETFs is historically the proven way of generating superior long term returns for investors, and hence is the primary reason for selection as part of our investment objective. However, the percentage allocation to equity shares and ETFs will depend on market valuations and opportunities available at reasonable risk. Within the equity shares, focus will be more on mid and small cap stocks, though there is no restriction across market capitalization.

The allocation between equity shares, ETFs and liquid/savings/short-duration funds of mutual funds will vary depending on the assessment of risk, returns already generated and the potential for growth of the portfolio over the balance term of the PMS contract.

The target returns of 20-26% will require us to take aggressive bets on chosen stocks / sectors, and we plan to take large bets on individual companies / sectors than we have taken in the past. We could invest up to 25% of the funds into a single stock at the time of investment; and we might even invest up to 70% of the funds into a single sector depending on our confidence. This strategy could backfire and cause substantial losses if our judgement is wrong about our chosen investment ideas.

Our strategy of focusing in small and mid-cap stocks could cause us losses as such companies are more prone to disruptions in their business as has been the case in the last few years.

The Portfolio Manager will manage the Portfolio as per the investment objectives and restrictions, if any, stated in this Agreement as well as in accordance with the SEBI regulations, as amended from time to time and in accordance with Applicable Laws. Subject to such objectives and restrictions, the Portfolio Manager shall have complete discretion (including without prior reference, intimation or discussion with the Client) to buy, sell, retain, exchange or otherwise deal in any Securities and investments, place deposits, subscribe to issues and offer for sale and accept placing of any investments, effect transaction in any markets, take day to day decisions in respect of the funds of Client and otherwise act as the Portfolio Manager judges appropriate in relation to the management of the portfolio.

**It is hereby clarified that while providing such services, the Portfolio Manager is not guaranteeing or assuring any return on or protection of the Capital Contribution, either directly or indirectly.**

#### **5.4 Minimum Investment Amount**

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 amount as specified under SEBI Regulations, as amended from time to time. Currently the minimum investment amount is Rs. 50 Lakhs. The Client may on one or more occasion(s) or on a continual basis, make further placement of Securities and / or funds under the service.

#### **5.5 Current Products**

Equity Focused Discretionary PMS

#### **5.6 Product Specific Details**

##### **Equity Focused Discretionary PMS**

Minimum investment corpus: Rs. 50 lakhs

Investment objectives: Listed equity shares of Companies, debt and equity schemes of Mutual Funds, bonds, debentures and other investment products, whether listed or not. A part of the fund will be held as bank balance.

Duration of initial agreement: Maximum of five years (may vary from Client to Client).

DIRECT ON-BOARDING OF CLIENTS: WealthBridge Capital Advisors Private Limited provides the facility for direct on-boarding of clients i.e. on-boarding of clients without intermediation of distributors. At the time of on boarding of clients directly, no charges except statutory charges shall be levied.

#### **5.7 Details of investments in the securities of related parties of the Portfolio Manager**

The Portfolio Manager does not propose to make investment of PMS funds in associates/group companies/related parties nor will it make in the future.

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
Not applicable / Nil					

#### **6. Risk Factors**

The Portfolio Manager is not responsible for the loss if any, incurred or suffered by the Client. The following are the inherent risks associated in the management of the Portfolio

- a) Investments in Securities are subject to market risk and there is no assurance or guarantee that the objectives of the investments will be achieved.
- b) Concentrated bets on stocks / sectors is a risky strategy, and could cause substantial losses if the judgment on selection of individual stocks / sectors turns out to be wrong.
- c) The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as de-listing of securities, markets closure, relatively small number of scripts accounts for a large proportion of trading volume. Consequently, the Portfolio Manager makes no assurance of any guaranteed returns on the Portfolio.
- d) The past performance of the Portfolio Manager in any Portfolio is not indicative of the future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.
- e) While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner, such decisions shall not always prove to be profitable or correct. Consequently, any loss arising from such decisions shall be a risk assumed by the Client.
- f) Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.
- g) The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place, company specific and industry specific and macroeconomic and regulatory factors.
- h) The performance of the Assets of the Client may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro economic factors.
- i) 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.
- j) 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.
- k) There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.
- l) The Net Asset Value may be affected by changes in settlement periods and transfer procedures.
- m) Investments in equity shares are based on analysis of past performance and expectations of future growth and performance that may significantly vary from the estimates made by the portfolio manager, which could be due to market developments, and also due to errors in judgment / analysis by the portfolio manager due to lack of adequate relevant information at the time of making the investment decision.
- n) Liquidity of investments in equity and equity related securities are often restricted by factors such as trading volumes, settlement period and transfer procedures.
- o) Acts of State or Sovereign Action, Acts of Nature, Acts of War, Civil Disturbance may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.
- p) The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to factors which by way of

- illustration include default or non – performance of a third party, company’s refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.
- q) While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange.
  - r) Interim cash flows from debt instruments may be reinvested at a lower yield than the original yield since interest rates change from time to time.
  - s) In a scheme that invests in schemes of Equity Mutual fund/Debt Mutual fund and other instruments, the performance may depend on the underlying scheme of Mutual Funds. A change in fundamental attributes of the underlying scheme could impact the performance of the portfolio.
  - t) Any specific investment restrictions provided by the client could impact the performance of the portfolio.
  - u) All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client’s portfolio.

## **POLITICAL, SOCIAL AND ECONOMIC CONSIDERATIONS OF INVESTING IN INDIA**

### **Political and Social Risk:**

The value of the Portfolio investments may be adversely affected by potential political and social uncertainties in India. Actions of the Government(s) and/ or respective State Government(s) in the future could have a significant effect on the economy, which could affect private sector companies and investment opportunities and the Portfolio’s market conditions and investments. Certain developments are beyond the control of the Portfolio Manager, such as the possibility of nationalization, expropriations, confiscatory taxation, political changes, government regulation, social instability, terrorist activities, diplomatic disputes, legal developments or other similar developments, could adversely affect Portfolio investments.

The Portfolio’s investments could be adversely affected by changes in laws and regulations or the interpretation thereof, including those governing anti-inflationary measures, rates and methods of taxation, and restrictions on currency conversion, imports, and sources of supplies. Adverse economic conditions or stagnant economic development in India could adversely affect the value of the Portfolio investments.

### **Government and Regulatory Approvals:**

Certain Indian governmental approvals, including approvals from SEBI will be obtained by the Portfolio. It is possible that such approvals may not continue in the future and though the Portfolio Manager (on behalf of Portfolio) expects the existing approvals to continue, the Portfolio Manager cannot be certain that these approvals will so continue. The Portfolio will operate under Indian laws and securities regulations. If policy announcements or regulations are made after this offering, which warrant retrospective changes in the structure or operations of the Portfolio, these may adversely impact the performance of the Portfolio.

### **Quality of Infrastructure:**

India faces substantial problems owing to the lack of, or inadequate condition of, physical infrastructure and poor environmental standards, including, but not limited to, in the sectors of electricity (both generation and transmission), transport, communication, water, sewage and healthcare. The lack, or inadequate condition, of physical infrastructure damages the Indian economy, disrupts the transportation of goods and supplies, increases the cost of doing business, can interrupt

business operations and, in general, has an on-going adverse impact on the ability to manage and grow businesses in India.

**Inflationary Pressures in India:**

High inflation may lead to the adoption of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the Portfolio's investments. Inflation may also directly affect the Investments by increasing operating costs and/or reducing the returns from such investments.

**Indian Securities Markets:**

Stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. There may be instances wherein there is rapid and volatile fall in security prices occurring within an extremely short period, like flash crash etc. Different parts of the market and different types of equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market.

Indian stock exchanges utilize 'circuit breaker' systems under which trading stocks or entire trading could potentially be suspended on account of excessive volatility in a stock or on the market. Such disruptions could significantly impact the ability of the Investor to sell its investments. Further, such volatility could also create liability on the Portfolio to bring in additional margin. Factors like these could adversely affect the Portfolio's performance.

The Indian securities markets are smaller and potentially more volatile than securities markets in more developed economies, and the Indian securities markets could experience problems that could affect the market price and liquidity of the securities of Indian companies.

**LEGAL RISKS**

**Legal and Tax Considerations:**

Many of the Fundamental laws in India have only recently come into force, which increases the risk of ambiguity and inconsistency in their application, interpretation, and enforcement. This risk is additionally increased as adequate procedural safeguards have often not been developed. Due to the developing nature of the Indian legal and regulatory system, laws often refer to regulations which have not yet been introduced, leaving substantial gaps and the regulatory framework is often poorly drafted and incomprehensible. These uncertainties can lead to difficulties in obtaining or renewing necessary licenses or permissions and can lead to substantial delays and costs for the companies subject to them, all of which can ultimately adversely affect the performance of the Portfolio. Changes in laws and regulations (or in the interpretation thereof) occurring from time to time in India are possible and may worsen the legal and tax constraints within which the Portfolio will operate and, as a result, may require structuring and financing alternatives to be identified and implemented and lead to increased legal costs and reduced returns. Tax laws and regulations or their interpretation may change and there can be no assurance that the structure of the Portfolio or its investments will be tax efficient. Further, India is subject to rapid changes in legislation, many of which are extremely difficult to predict. Existing laws are often applied inconsistently and new laws and regulations, including those which purports to have retroactive effect, may be introduced with little or no prior consultation. As such, the Portfolio's ability to secure the judicial or other enforcement of its rights may be limited.

**Investor Protection and Change in Laws and Regulations:**

The Portfolio is subject to a number of unusual risks, including inadequate investor protection, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs and lack of enforcement of existing regulations. There can be no assurance that this difficulty in protecting and enforcing rights will not have an adverse effect on the Portfolio and its operations.

**Litigation risk:**

The investments may be governed by a complex series of legal documents and contracts. As a result, the risk of a dispute over interpretation or enforceability of the documentation and consequent costs and delays may be higher than for other types of investments. In addition, the Portfolio may be subject to claims by third parties (either public or private). Further, if any investment is subject to any litigation, it could have an adverse impact, financial or otherwise on the company and therefore on the Portfolio.

**TAX RISKS:**

Investors are subject to several risks related to tax matters. In particular, the tax laws and its interpretation relevant to the Portfolio are subject to change, and tax liabilities could be incurred by Investors because of such changes. The tax consequences of an investment in the Portfolio are complex, and the full tax impact of an investment in the Portfolio will depend on circumstances particular to each Investor and the additional peculiarities associated with respect to activities of each Investment. Further, the information relating to Indian taxation legislation contained in this Memorandum is based on Indian domestic taxation law along with the rules and regulations made thereunder and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could influence the validity of the information stated herein.

**REGULATORY RISKS**

The Portfolio will operate under Indian laws including the Regulations, which provide for stringent investment conditions and compliances. If policy announcements or regulations are made after this offering, which require retrospective changes in the structure or operations of the Portfolio, these may adversely impact the performance of the Portfolio.

The value and marketability of the Investments may be affected by changes or developments in the legal and regulatory climate in India. SEBI regulates the securities market in India and legislates from time to time on matters affecting the stock market. SEBI has issued regulations that affect investment in India including regulations on takeovers, preferential allotments of shares and insider dealing. The regulations affect the pricing, cost of a transaction and the ability to conduct due diligence. SEBI and/or the Indian Ministry of Finance may make changes to regulations which could affect the ability of the Investor to make, or exit, Investments.

Any investigations of, or actions against the Portfolio and the Portfolio Manager initiated by SEBI, or any other Indian regulatory authority may impose a ban on the investment activities of the Portfolio and the Portfolio Manager.

**CYBER SECURITY RISK**

The Portfolio and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized



access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Portfolio Manager, Registrar and Transfer Agents, Custodian or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a Portfolio's ability to calculate its Net Asset Value; impediments to trading for a Portfolio's investment; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Portfolio invests, counterparties with which a Portfolio engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties.

### **Proprietary Trades**

The Portfolio Manager may carry out proprietary trading activities with the strategy which may be similar or at times different from that of the investor. The Portfolio Manager will avoid contra trades (opposite trades) at the same time by the Portfolio Manager on behalf of the Portfolio vis-à-vis its own proprietary money.

## **7. Client Representation**

I)

<b>Category of Clients</b>	<b>No. of Clients</b>	<b>Funds managed (Rs in crores)</b>	<b>Discretionary/ Non- discretionary/Advisory</b>
Associates/Group Companies (Last 3 years)	Nil	Nil	NA
Others:			
As on 31 March 2024	24	100.91	Discretionary
As on 31 March 2023	22	62.45	Discretionary
As on 31 March 2022	18	29.23	Discretionary

## **II) Complete disclosure in respect of transactions with related parties as per the Accounting Standards specified by the Institute of Chartered Accountants of India**

Related parties with whom transactions have taken place during the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 are given as Annexure I

## **8. Financial Performance of the Portfolio Manager**

The audited financial performance of the Company for the years ended on 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2024 are as follows (in Lakhs) :

<b>Financial Year ended</b>	<b>Total Income</b>	<b>Profit after tax</b>	<b>Paid up capital</b>	<b>Reserves &amp; Surplus</b>	<b>Net-worth</b>
31 <sup>st</sup> March 2022	637.93	426.60	489.21	2,043.51	2,532.72
31 <sup>st</sup> March 2023	480.18	290.50	489.21	2,334.00	2,823.21
31 <sup>st</sup> March 2024	990.25	686.86	489.21	3,020.87	3,510.07

Details of Financial Performances are as per audited accounts [as per regulation 22 - Schedule V of SEBI (Portfolio Managers) Regulations, 2020]. The Accounts are last audited up to 31st March 2024.

**9. Portfolio Management Performance of the Portfolio Manager in the Last Three Years and in case of Discretionary Portfolio Manager, disclosure of performance indicators calculated using Time Weighted Rate of Return in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020**

**Date of inception : 13 November 2016**

The performance of the portfolio manager for the year ended 31 March 2022 ,31 March 2023 and 31 March 2024 is as below:

	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2024</b>	<b>Current year (1<sup>st</sup> April 2024 to 31<sup>st</sup> December 2024)</b>
Portfolio Performance (Absolute return)	28.88	21.83	55.93	-2.06
BSE 500 TRI	22.26	-0.91	40.16	10.83

**Note:** The performance data is calculated using Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020. Please note the performance-related information provided therein is not verified by SEBI.

**10. Audit observations of the preceding 3 years**

The Company has followed proper accounting methods and procedures in preparation of the books of accounts and has performed their duties in accordance with the law. There were no adverse comments in the preceding 3 years.

**11. Nature of Fees and Service Charges**

The following are indicative types of charges. The exact basis of charge relating to each of the following services shall be annexed to the PMS Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

**11.1 Fixed Management Fees:**

The Client shall pay to the Portfolio Manager, a quarterly fee as agreed with the Client vide terms and conditions mentioned in the Agreement. Upon the termination of the Agreement by the Client, the Client shall be liable to pay the Fixed Management Fee mentioned above on proportionate basis for the quarter in which the Agreement is terminated. The fees would typically be in the range of 0.5% p.a. to 0.9% p.a, depending on the investment corpus.

**The fixed management fee would be as per the following slabs:**

<b>Portfolio value</b>	<b>Fixed Management Fee (% per annum)</b>
NAV less than Rs. 5 Crore	<b>0.9%</b>
NAV greater than/equal to Rs. 5 Crore, but less than Rs. 10 Crore	<b>0.7%</b>
NAV greater than/equal to Rs. 10 Crore	<b>0.5%</b>

### 11.2 Fees charged by other agencies involved:

These are on actual basis as negotiated by the portfolio manager with the custodian :

Head	ORBIS Financial Corporation Limited
Fund Accounting Service Custody Service	Included in custody fee 0.08% p.a. on average monthly AUC
Depository Charges	INR 6 per debit

### 11.3 Brokerage and transaction cost :

Head	HSB Securities & Equities Limited	Nuvama Wealth and Investment Limited	Phillip Capital
Brokerage	0.10 paisa per Rs. 100	0.14 paisa per Rs. 100	0.08 paisa per Rs. 100
GST	As applicable	As applicable	As applicable
Bank charges	As may be applicable at actuals	As may be applicable at actuals	As may be applicable at actuals
Stamp duty	As may be applicable at actuals	As may be applicable at actuals	As may be applicable at actuals

- Some charges are there which are charged by regulator/ exchange through broker like SEBI regulatory charges etc. These will be charged on actual basis.
- Certain charges are extra in case of NRI and FPI clients. However, these are on actual basis, as charged by services provider.
- Charges of MF AMC in case of investment in ETFs/ MF/ Debt funds etc. are on actual basis adjusted from respective NAV by AMC.

Any changes to these charges will be included in the fees schedule to be signed by the client at the time of onboarding.

### 11.4 Registration and transfer agents' fees:

Fees payable for the Registrars and Transfer agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and courier charges.

### 11.5 Other Charges:

No upfront fees shall be charged by the Portfolio Managers, either directly or indirectly, to the clients at the time of onboarding of the Client.

Over and above the Portfolio Management fees and the transaction cost as mentioned above, the Portfolio Manager would recover audit fees for auditing and reporting of individual Client's accounts; and other charges that the Portfolio Manager may have to incur while running Portfolio Management Services.

Charges pertaining to partial withdrawal/closure would be levied as per the terms provided in Agreement entered into between Portfolio Manager and Client.

**11.6** The Portfolio Manager shall deduct/withdraw directly from the cash account of the Client all the fees/costs specified above. Other expenses, which could be attributable to the Portfolio Management, would also be directly deducted and the Client would be sent a Statement about the same.

Note:

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 and no upfront fee will be charged.

The detailed description of the fees, expenses and compliance with SEBI Circular IMD/DF/13/2010 dated October 5, 2010 and SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020 relating to Performance fees including high water mark principle is given in Annexure A: Fees and Charges of the Agreement signed with the Portfolio Manager.

## 12 Taxation

The information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management Services of the Company. This information gives the direct tax implications on the footing that the securities are/will be held for the purpose of investments. In case the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case-to-case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment shall endure indefinitely.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Company to induce any client, prospective or existing, to invest in the portfolio management schemes of the Company. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Client is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Company.

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the investments.

The following summary is based on the law and practice of the Income- tax Act, 1961 (the "IT Act"), the Income-tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year and this summary reflects changes to the date. The tax rates as per the Finance Act 2024 are mentioned. The rates are inclusive of surcharge and health and education cess and are stated at the highest applicable rates. The rates are inclusive of surcharge and health and education cess (unless stated otherwise) and are stated at the highest applicable slabs.

The Finance Act, 2024, has provided an option to Individuals and HUF for payment of taxes at the following reduced rates from Assessment Year 2025-26 and onwards:

Type	Old Regime			New Regime	
Age Bracket	<60Yrs	60- 80Yrs	>80Yrs	AI/ Age Groups of Individuals	
Total Income {INR}	Rate•	Rate	Rate	Total Income (INR)	Rate*

Upto 250,000	NIL	NIL	NIL	Upto 300,000	NIL
From 250,001 to 300,000	5.00%	NIL	NIL	From 3,00,001 to 7,00,000	5.00%
From 300,001 to 500,000	5.00%	5.00%	NIL	From 7,00,001 to 10,00,000	10.00%
From 500,001 to 10,00,000	20.00%	20.00%	20.00%	From 10,00,000 to 12,00,000	15.00%
Above 10,00,001	30.00%	30.00%	30.00%	From 12,00,001 to 15,00,001	20.00%
				Above 15,00,000	30.00%

\* These are also applicable rates for person other than Individuals (HUF, AOI, BOP, Artificial Judicial Person)

As per Finance Act, 2024 the applicable rate of surcharge on business income for financial year 2024-25 are as follows :

Type/Range of Income	Firm	Domestic Company	Foreign Company
INR 10 Million to INR 100 Million	12.00%	7.00%	2.00%
Exceeding INR 100 Million	12.00%	12.00%	5.00%
Special tax rate u/s 115BAA and 115BAB	Nil	10.00%	Nil

Surcharge is levied on the amount of income-tax at following rates if total income of any other resident or non-resident assessee exceeds specified limits :

Assessment year 2025-26		
Range of income		
INR 5 Million to INR 10 Million	INR 10 Million to INR 20 Million	Above INR 20 Million
10.00%	15.00%	25.00%

**Note:** The enhanced surcharge of 25% is not levied from income chargeable to tax under sections 111A (Tax on Short Term Capital Gain), 112A (Tax on Long Term Capital Gain) and 115AD (Tax on Foreign Institutional Investors from Securities or Capital Gains Arising from their Transfer) or income arising due to dividend. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.

Further, for Financial Year 2024-25 (Assessment Year 2025-26) the health and education cess is leviable at 4%.

In this Disclosure document, we have assumed that the highest surcharge rate would be applicable to an investor. Also, for companies it is assumed that new regime is opted and accordingly the new regime tax rates have been considered below.

The new income-tax regime provided under section 115BAC will be the default income-tax regime from FY 2023-24 onwards. However, the taxpayers will have the option to opt out of new tax regime and be taxed on its total income as per the tax rates under the old tax regime, provided he/she chooses the same.

The Finance Act 2023 amended Section 87A to further provide that where an Individual / HUF / AOP / BOI apply for lower slab rates provided under section 115BAC, a rebate shall be provided on tax to the extent of an amount equal to 100% of such income-tax or an amount of INR 25,000 (whichever is less) on total income where total income does not exceed INR 7,00,000.

## **I. Taxation in hands of Clients**

### **A. Characterization of income**

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 Indian Revenue authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as 'business income' 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.

Regarding characterization of income from transactions in listed shares and securities, the Central Board of Direct Taxes ("CBDT") had issued a clarificatory Circular No. 6 of 2016 dated February 29, 2016, wherein with a view to reduce litigation and maintain consistency in approach in assessments, it has instructed that income arising from transfer of listed shares and securities, which are held for more than twelve months would be taxed under the head 'Capital Gains' unless the tax-payer itself treats these as its stock-in-trade and transfer thereof as its business income.

In the context of transfer of unlisted shares, the CBDT has issued a clarification vide Instruction No. F.No. 225/12/2016/ ITA.II dated May 2, 2016, stating that income arising from transfer of unlisted shares would be considered under the head of 'Capital Gains' irrespective of the period of holding with a view to avoid dispute/ litigation and to maintain uniform approach. However, the above shall not apply in the following cases:

- The genuineness of transactions in unlisted shares itself is questionable; or
- The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
- The transfer of unlisted shares is made along with the control and management of underlying business and the Indian Revenue authorities would take appropriate view in such situations.

### **B. Taxation of Resident clients**

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

#### **a) Dividend income**

Prior to the amendments by the Finance Act 2020, dividends declared by an Indian company were exempt in the hands of all shareholders, irrespective of their residential status. However, the Indian company declaring, distributing, or paying the dividends was required to pay a Dividend Distribution Tax ('DDT') of 15% (exclusive of surcharge and health and education cess). The DDT rate was to be on a grossed up basis.

As per the amendments made by the Finance Act 2020, the Indian Company declaring dividend on or after 1 April 2020, would not be required to pay any DDT on dividend distributed/ paid/ declared to its shareholders. The dividend income shall be taxable in the hands of the shareholders under section 56 of the IT Act under the head 'Income from Other Sources' at the applicable rates (except where DDT and tax under section 115BBDA of the IT Act has been paid). Further, the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act against such dividend income up to 20% of the dividend income.

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

The Indian Company declaring dividend would be required to deduct tax at 10% (in case of payment to resident investors) and at rates in force (in case of payment to non-resident investors). The

provisions of the ITA would apply to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investors to the extent of availability of Tax Treaty benefits to the non-resident investors.

As per the amended provisions, the dividend income (net of deductions, if any) shall be taxable at the following rates:

Resident investors

<b>Dividend income earned by</b>	<b>Tax rate for domestic investors</b>
Resident companies (Refer Note 1 and 2)	25.17%
Firms/LLPs	34.944%
Individual/HUFs (Refer Note 3)	As per applicable slab rates and surcharge being restricted to 15%, maximum being 35.88%

1. The Finance Act, 2023 has reduced tax rate to 25% (plus applicable surcharge and HEC) in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crore in the Financial Year 2021-22 (Assessment Year 2022-23).
2. Further, the tax rates for certain domestic companies exercising the option under section 115BAA and section 115BAB of the ITA shall be 22% and 15% respectively (plus fixed surcharge at the rate of 10% and HEC at the rate of 4%), subject to permissibility and fulfilment of conditions prescribed therein.
3. The Finance Act, 2020 had inserted a new section 115BAC in the ITA. As per the said section, individuals and HUFs will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions. However, this rate shall be subject to the tax rate specified in the Tax Treaties of the respective jurisdictions of the clients and subject to applicable conditions.

**b) Interest income**

Under the IT Act, interest income should be taxable in the hands of the resident clients as under:

<b>Interest income received by</b>	<b>Tax rate for domestic clients</b>
Resident companies (Refer Note 1 and 2)	25.17%
Firms	34.944%
Individual/HUFs (Refer Note 3)	As per applicable slab rates, maximum being 42.744%

Note 1: The Finance Act, 2023 has reduced tax rate to 25% (plus applicable surcharge and HEC) in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crore in the Financial Year 2021-22 (Assessment Year 2022-23).

Note 2: Further, the tax rates for certain domestic companies exercising the option under section 115BAA and section 115BAB of the ITA shall be 22% and 15% respectively (plus fixed surcharge at the rate of 10% and HEC at the rate of 4%), subject to permissibility and fulfilment of conditions prescribed therein.

Note 3: The Finance Act, 2020 had inserted a new section 115BAC in the ITA. As per the said section, individuals and HUFs will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions. However, this rate shall be subject to the tax rate specified in the Tax Treaties of the respective jurisdictions of the clients and subject to applicable conditions.

**c) The income would, however, have to be computed without claiming prescribed deductions or exemptions.**

#### d) Capital gains

Assuming the gains arising from sale of capital assets such as shares and securities of the Indian portfolio companies is characterized as capital gains in hands of the resident Client, such Client be liable to pay taxes on capital gains income as under:

- Period of holding

Capital assets are classified as long-term assets (“LTCA”) or short-term assets (“STCA”), based on the period of holding of these assets. The period of holding of the asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the listed 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 :

Type of Instrument	Period of Holding	Characterization
Listed securities (other than a unit) / Unit of equity-oriented Fund / Zero Coupon Bonds	More than 12 months	Long Term Capital Asset
	12 months or less	Short Term Capital Asset
Unlisted Shares	More than 24 months	Long Term Capital Asset
	24 months or less	Short Term Capital Asset
Other securities (including unit of a debt-oriented Fund)	More than 36 months	Long Term Capital Asset
	36 months or less	Short Term Capital Asset

- Taxation of capital gains

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

Type of Instrument	Long-term capital gains (tax rates excluding surcharge and education cess)	Short-term capital gains (tax rates excluding Surcharge and education cess)
i. Equity shares listed on a recognized stock exchange; ii. To be listed equity shares to be sold through offer for sale; or iii. Units of equity-oriented mutual funds on which STT has been paid at the time of transfer of the above-mentioned instruments and also at the time of acquisition of equity shares.	10% (without indexation) Gains up to INR 1 lakh is exempt from tax	15%
Listed bonds or listed debentures (Other than Market Linked Debentures and units of Specified Mutual Fund)	10% (without indexation)	30%
Listed securities (other than units of mutual funds, listed bonds and debentures, Market Linked Debentures and units of Specified Mutual Fund) and STT has not been paid	10% (without indexation) or 20% (with indexation) whichever is lower	30%
Unlisted securities (other than unlisted bonds and unlisted	20% (with indexation)	30%



debentures, units of mutual fund, Market Linked Debentures, and units of Specified Mutual Fund)		
Units of mutual fund (other than equity-oriented fund on which STT is paid and units of Specified Mutual Fund)	20% (with indexation)	30%
Unlisted bonds or unlisted debentures (Other than Market Linked Debentures)	20% (without indexation)	30%
Market Linked Debenture	NA	30%
Units of Specified Mutual Fund	NA	30%

### C. Taxation of Non-resident clients

A non-resident investor would be subject to taxation in India only if;

- it is regarded a tax resident of India; or
- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the IT Act.

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

### Non-resident Investors

Type of Instrument	Long-term capital gains (tax rates excluding surcharge and education cess)	Short-term capital gains (tax rates excluding Surcharge and education cess)
i. Equity shares listed on a recognized stock exchange; ii. To be listed equity shares to be sold through offer for sale; or iii. Units of equity-oriented mutual funds on which STT has been paid at the time of transfer of the above-mentioned instruments and also at the time of acquisition of equity shares.	10% (without indexation) Gains up to INR 1 lakh is exempt from tax	15%
Listed bonds or listed debentures (Other than Market Linked Debentures and units of Specified Mutual Fund)	10% (without indexation)	30%
Listed securities (other than units of mutual funds, listed bonds and debentures, Market Linked Debentures and units of Specified Mutual Fund) and STT has not been paid	10% (without indexation) or 20% (with indexation) whichever is lower	30%
Unlisted securities (other than unlisted bonds and unlisted debentures, units of mutual fund, Market Linked Debentures, and units of Specified Mutual Fund)	20% (with indexation)	30%
Units of mutual fund (other than equity-oriented fund on which STT is paid and units of Specified Mutual Fund)	20% (with indexation)	30%
Unlisted bonds or unlisted debentures	20%	30%

(Other than Market Linked Debentures)	(without indexation)	
Market Linked Debenture	NA	30%
Units of Specified Mutual Fund	NA	30%

Notes:

1.The Finance Act, 2018 has withdrawn exemption from tax on LTCG arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. LTCG above INR 1 lakh on following transfers shall be taxable at 10% (excluding surcharge and HEC):

- 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 Finance Act, 2018 has also amended that in such case where the equity shares were unlisted on 31 January 2018 and listed at the time of transfer, the Fair Market Value ("FMV") would be after considering indexation benefit on the original cost of acquisition.

The CBDT has issued a notification No 60/2018 to specify the transactions where the condition of payment of STT on acquisition would not apply for applying tax rate of 10% on transfer of listed equity shares.

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

3.The Finance Act, 2023 has reduced the tax rate to 25% (excluding HEC and surcharge) in case of domestic companies having total turnover or gross receipts not exceeding INR 400 Crores in the financial year 2021-22 (Assessment Year 2022- 23)

4.The tax rates for domestic companies exercising the option under section 115BAA of the ITA shall be 22% (plus fixed surcharge at the rate of 10% and HEC at the rate of 4%), subject to permissibility and fulfilment of conditions prescribed therein. Further, section 115BAB of the ITA also provides for a tax rate of 15% (plus fixed surcharge at the rate of 10% and HEC at the rate of 4%) for short term capital gains on non-depreciable capital assets in case of domestic manufacturing companies subject to permissibility and fulfilment of conditions prescribed therein.

5.Surcharge on capital gains taxable under section 111A or section 112 or section 112A of the ITA is restricted to 15%.

6.In case, the investments are made by a Foreign Portfolio Investor, the tax rates need to be evaluated separately.

7.In case, the investments are made by non-resident Indians, then such Beneficiaries are entitled to be governed by the special tax provisions under Chapter XII-A of the ITA and if such Beneficiaries opt to be governed by these provisions, the same needs to be evaluated separately on a case-to-case basis.

## **Tax Treaty Benefits**

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

## **Tax Residency Certificate (“TRC”)**

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

The details required to be furnished are as follows:

- 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.

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

### **a) Dividend Income**

As per the amendments in The Finance Act 2020, the dividend income would be taxable directly in the hands of investors. Deduction of interest expense should be allowed under section 57 of IT Act against such dividend income, with overall capping of 20% of dividend income. Such net dividend income should be chargeable to tax at the rate of 20% as per the provisions of the IT Act.

However, if treaty benefits are available, gross amount of dividend should be chargeable to tax at the rates stated in treaty.

Prior to Finance Act, 2020, dividends declared by a mutual fund were exempt in the hands of all clients under Section 10(35) of the IT Act, irrespective of their residential status, provided the mutual fund distributing the dividends has paid a DDT at rates prescribed under section 115R of the IT Act on the dividends distributed, declared or paid. With effect from 01 April 2020, dividends from mutual fund shall be taxable at applicable rates.

### **b) Interest income**

Under the IT Act, interest income should be taxable in the hands of the non-resident clients as under:

<b>Interest income received by</b>	<b>Tax rate for domestic clients</b>
Foreign Companies	43.68%
Firms	34.944%
Individual/HUFs	As per applicable slab rates, maximum being 42.744%

The above rates would be subject to availability of Tax Treaty benefits, if any.

- In case the investments are made by the non- resident Indian (“NRI”) Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI clients opt to be governed by these provisions under the IT Act, the interest income from specified assets should be taxable at the rate of 28.496% on gross basis. ‘Specified Asset’ means shares in an Indian Company, debentures issued by an Indian public Company, deposits with an Indian public Company and any security of the Central Government as defined in Public Debt Act.
- As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to FPI (incorporated as Company) would be subject to tax at the rate of 5.46% if following conditions are satisfied:
  - Such interest is payable on or after 1 June 2013 and before 1 July 2023
  - Rate of interest does not exceed the rate notified by Central Government

If the above concessional tax rate is not available, then then the interest income would be subject to tax rate at the rate of 21.84% for FPI clients.

## **II. Securities Transaction Tax**

<b><u>Transactions/Particulars</u></b>	<b><u>Payable by purchaser</u></b>	<b><u>Payable by seller</u></b>
Delivery based purchase/sale transaction in equity shares or a unit of business trust entered into in a recognised stock exchange	0.1%	0.1%
Non-delivery based sale transaction in equity shares or units of equity oriented fund or unit of a business trust entered in a recognised stock exchange	N.A.	0.025%
Delivery based sale transaction of unit of equity-oriented fund	N.A.	0.001%
Sale of options in securities	0.125% of the difference between the strike price and settlement price of the option (In case option is exercised)	0.05%
Sale of futures in securities	N.A.	0.01%
Sale of unlisted shares under an offer for sale to the public	N.A.	0.2%
Sale of a unit of an equity-oriented fund to the Mutual Fund	N.A.	0.001%
Sale of unlisted units of a business trust under an offer for sale	N.A.	0.2%

## **III. Withholding at a higher rate**

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number (“PAN”), then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in

force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents. As per Rule 37BC of the ITR, the following details and documents are prescribed:

1. Name, e-mail id, contact number.
2. Address in the country or specified territory outside India of which the deductee is a resident.
3. A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate; and
4. Tax identification number of the deductee in the country or specified territory of his residence and in 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.

### **Tax Deduction at Source (TDS) on purchase of goods**

The Finance Act, 2021, inserted a new section 194Q to provide for TDS by person responsible for paying any sum to any resident for purchase of goods at the rate of 0.1%. The tax is required to be deducted by those person (i.e. – buyer) whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the purchase of goods is carried out. Central Government is proposed to be empowered by notification in the Official Gazette to exempt a person from obligation under this section on fulfilment of conditions as may be specified in that notification. Tax is required to be deducted by such person, if the purchase of goods by him from the seller is of the value or aggregate of such value exceeding fifty lakh rupees in the previous year. It is also proposed to provide that the provisions of this section shall not apply to, -

- (i) a transaction on which tax is deductible under any provision of the Act; and
- (ii) a transaction, on which tax is collectible under the provisions of section 206C other than transaction to which sub-section (1H) of section 206C applies.

This means, if on a transaction a TDS or tax collection at source (TCS) is required to be carried out under any other provision, then it would not be subjected to TDS under this section. There is one exception to this general rule. If on a transaction TCS is required under sub-section (1H) of section 206C as well as TDS under this section, then on that transaction only TDS under this section shall be carried out. Board with the approval of the Central Government has been empowered to issue guidelines for removing difficulty in giving effect to the provisions of this section.

Where any sum is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

Further, where such seller does not furnish his Permanent Account Number, tax shall be deducted at higher of (i) rate specified in 194Q; (ii) rates in force; or (iii) 5%. It should however be noted that CBDT has issued a Circular clarifying various positions, inter alia clarifying that the above provisions shall not apply to:

- to transactions in shares and commodities transacted through recognised stock exchanges/ recognised clearing corporations, including those located in International Financial Service Centres;
- a non-resident purchaser whose purchase of goods from seller resident in India, is not effectively connected with the permanent establishment of such non-resident in India;
- on purchase of goods from a person, being a seller, who as a person is exempt from income tax under the ITA (like person exempt under section 10) or under any other Act passed by the Parliament (Like RBI Act, ADB Act etc.). This will not apply where only part of income of the person is exempt.

### **Withholding for non-filer of income-tax return at higher rates**

With effect from 1 April 2021, a new section 206AB of the Act has been introduced which would apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person. This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BA, 194BB, 194LBC, 194M or 194N of the Act. The TDS rate in this section is higher of the followings rates:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of five per cent

If the provision of section 206AA of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the Act.

### **Withholding on benefit or perquisite in respect of business or profession**

The Finance Act, 2022 has introduced section 194R which provides that any resident person responsible for providing any benefit or perquisite (whether convertible into money or not) arising from carrying out of a business or exercising of a profession by such resident, to another resident, should deduct tax at source at 10% of the value of such benefit or perquisite as specified in the Act, before providing such benefit or perquisite, as the case may be. This amendment is effective from 01 July 2022.

### **TCS on sale of goods**

The Finance Act, 2020 has made certain amendments in TCS provisions which mandates that with effect from 1 October 2020, seller of goods shall collect tax @ 0.1% (0.075% up to 31 March 2021) if the receipt of sale consideration from a buyer exceeds INR 5 million in the financial year. Further, it has been provided that the Seller would be required to collect such tax only if his total sales, gross receipts or turnover from his business exceeds INR 100 million during the financial year immediately preceding the financial year in which the sale of goods is carried out.

It should however be noted that CBDT4 has issued a circular clarifying that the above provision shall not apply to transactions in shares and commodities transacted through recognized stock exchanges/ recognized clearing corporations, including those located in International Financial Service Centres. Further, the said provisions are not applicable where TDS is deductible on such transaction and taxes have been duly deducted by the buyer.

Further, where the buyer (not being a non-resident who does not have a permanent establishment in India) does not furnish his Permanent Account Number or Aadhar Number tax shall be collected at the rate of 1% under section 206CC of the ITA.

### **TCS on non-filer of income-tax return at higher rates**

The Finance Act, 2021 has inserted a new section 206CCA of the Act which would apply on any sum or amount received by a person (herein referred to as collectee) from a specified person. The proposed TCS rate in this section is higher of the following rates:

- twice the rate specified in the relevant provision of the Act; or
- the rate of five percent

If the provision of section 206CC of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be collected at higher of the two rates provided in this section and in section 206CC of the Act.

#### **IV. Carry-forward of losses and other provisions:**

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

#### **V. General Anti Avoidance Rule (“GAAR”)**

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

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

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the IT Rules. The IT Rules provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 30 million.

On January 27, 2017, the CBDT has issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause (‘LOB’) in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crore cannot be read in respect of a single taxpayer only.

#### **VI. FATCA Guidelines**

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

- the name, address, taxpayer identification number [(‘TIN’) (assigned in the country of residence)] and date and place of birth [‘DOB’ and ‘POB’ (in case of an individual)]
- where an entity has one or more controlling persons that are reportable persons:
  - o the name and address of the entity, TIN assigned to the entity by the country of its residence; and

the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;

- account number (or functional equivalent in the absence of an account number);
- account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and
- the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and Other reportable accounts (i.e. under CRS)

## **VII. Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting**

The Organization of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting. MLI is an agreement negotiated under Action 15 of the OECD/G20 BEPS Project. As opposed to bilateral Double Taxation Avoidance Agreements, the MLI is intended to allow jurisdictions to swiftly amend their tax treaties to include the Tax Treaty-related BEPS recommendations in multiple Tax Treaties. MLI seeks to curb tax planning strategies that have the effect of shifting profits to low or no tax jurisdictions, supplements or modifies existing tax treaties etc.

The final impact of the MLI on a Tax Treaty is dependent on both the contracting states to the Tax Treaty having deposited their respective instruments of ratification with their final MLI Positions with the OECD Depository. The MLI includes both mandatory provisions (i.e. the minimum standards under the BEPS Project) as well as nonmandatory provisions.

India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs. The Union Cabinet of India issued a press release dated 12 June 2019, approving the ratification of the MLI to implement Tax Treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty. On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The MLI entered into force from 1 October 2019 and operational with effect from the financial year beginning from 1 April 2020 in respect of certain treaties signed by India.

Once MLI evolves and is implemented in future, one would need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries. There is limited guidance or jurisprudence at present on how the above will be interpreted by the Revenue authorities and applied.

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

## **13 Accounting Policies**

### **13.1 Following are the key accounting policies**

- a) All investments will be marked to market.



- b) Investment in shares will be valued on the basis of closing market prices of the National Stock Exchange Ltd. If securities are not listed on the National Stock Exchange Ltd., then the closing market values on the Bombay Stock Exchange Ltd or on any other exchange on which the securities are listed will be considered for valuation.
- c) Investments in Mutual funds will be valued at the repurchase NAV declared for the relevant schemes on the date of the report or the most recent NAV will be reckoned.
- d) Realized gains/losses will be on the basis of FIFO (First in First Out) principle. For example, the earliest purchased quantity will be reckoned for the current / most recent sale at the respective prices at both points in time.
- e) Unrealized gains/losses are the differences, between the current market value/ NAV and the historical cost of the Securities.
- f) The equity shares of unlisted companies will be valued on the fair value at the year/period end based on the valuation certificates of qualified Chartered Accountants.
- g) Transactions relating to equity instruments will be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during the year are recorded and reflected in the financial statement for that year.
- h) Transactions for purchase or sale of investments relating to debt instruments would be recognized as of the settlement date.
- i) The costs of investments acquired or purchased would include brokerage, goods and services tax, transaction charges, stamp charges and any charge customarily included in the brokers' contract note/ trade confirmation or levied by any statute.
- j) For derivative transactions (if any) unrealized gains and losses on open positions will be calculated by the mark-to-market method.
- k) Valuation of derivatives will be based on mark-to-market valuation methodology based on quotes from National Stock Exchange.
- l) For Corporate Actions, Ex-date accounting will be followed. Dividend income earned on Equity by the Portfolio shall be recognized on the date intimation is received from the Custodian. In case Mutual Funds declares dividend then the same would be accounted on the day, Funds Accounting team receives the intimation from the respective Mutual Funds. Same procedure will be followed for Bonus and Split.
- m) Interest (if any) shall be accounted on accrual basis.

### **13.2 Basis of Accounting**

Books and Records would be separately maintained in the name of the Client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Management) Regulations, 2020, as amended from time to time. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles. As SEBI (Portfolio Management) Regulations, 2020, do not explicitly lay down detailed accounting policies regarding valuation and accounting, such policies which are laid down under SEBI (Mutual Fund) Regulations would be followed, in so far as accounting and valuation for equities or equity related instruments are concerned.

- a) The Books of Account of the Client is maintained on an historical cost basis.
- b) Realized gains/losses will be calculated by applying the first in/first out method.
- c) For derivatives/futures and options, unrealized gains and losses will be calculated by marking all the open positions to market.
- d) Unrealized gains/losses are the differences between the current market values/ NAV and the historical cost of the securities.
- e) All income and expenses will be accounted on accrual basis.
- f) Purchases and Sale transactions are accounted for on trade date basis.
- g) The cost of investments acquired or purchased will include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered will be reduced from the cost of the investment.
- h) Purchases are accounted at the cost of acquisition inclusive of brokerage, goods and services tax, stamp duty, transaction charges, or any other charges charged by the Broker and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, goods and services tax, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax and Demat Charges on purchase / sale transaction would be accounted as expense on receipt of bills.
- i) Transactions for purchase or sale of investments will 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 financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which there is an enforceable obligation to pay the price or, in the event of a sale, when there is an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- j) Bonus shares are recorded on the ex-benefit date (ex-date).
- k) Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis.
- l) Dividends accrued where credited to the Client's bank account linked to the respective demat account and where the Portfolio Manager does not hold the power of attorney to operate the Client bank account will be shown as corpus outward. In all other cases, dividend accrued and received shall continue to be part of the Corpus.
- m) Interest on Debt instrument / Fixed Deposit with banks is accounted on accrual basis.
- n) In case of Fixed Income instruments, purchased/ sold at Cum-interest rates, the interest component upto the date of purchase /sale will be taken to interest receivable/payable account and net of interest will be the cost/sale for the purpose of calculating realized gains/losses.
- o) Tax deducted at source (TDS) on interest on Fixed Deposits is considered as withdrawal of Portfolio and debited accordingly.

- p) Portfolio received from the Clients in the form of securities will be accounted at previous day's closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted at closing price on NSE on the date of withdrawal. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, closing price on Bombay Stock Exchange Ltd (BSE) will be used for aforesaid accounting purpose.

The Client may contact the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

### **13.3 Audit of Accounts**

The books of account will be audited yearly by qualified auditor to ensure that the portfolio manager has followed proper accounting methods and procedures and that the portfolio manager has performed his duties in accordance with the law.

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 Clients.

- 13.4** The Client may appoint a Chartered Accountant to audit the books and accounts of the Portfolio Manager relating to his transactions and the Portfolio Manager shall co-operate with such Chartered Accountant in course of the audit.

## **14 Investor Services**

Name, address and telephone number of the investor relations office who shall attend to the Client's queries and complaints.

Name	:	Mrs. Nandita Bhardwaj
Address	:	202, Basera Green Meadows Apartments 90/91, A.P. Text Book Colony Karkhana, Secunderabad Hyderabad – 500 009 Telangana
Telephone	:	91 040 27812676
Email address	:	<a href="mailto:helpdesk@wealthbridge.in">helpdesk@wealthbridge.in</a>

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and the means to handle investor complaints.

### **Grievance Redressal / Dispute handling Mechanism**

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable, amicable manner and within 30 days time. If the Client remains dissatisfied with the remedies offered, the Client and the Portfolio Manager shall abide by the following mechanisms.

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with the provisions of The Arbitration and Conciliation Act, 1996 or any statutory requirement, modifications

or re-enactment thereof for the time being in force. Such arbitration proceedings shall be held at **Hyderabad** or such other place as the Portfolio Manager thinks fit. The Arbitration proceedings shall be conducted in English.

There will be occasions when investors have a complaint against intermediary registered with **SEBI**. In the event of such complaint investor should first approach the concerned intermediary against whom investor has a complaint. However, if investor may not be satisfied with their response, then investor may lodge their complaint online with SEBI in SEBI Complaints Redress System platform ("SCORES"). The following is the link of the same: <http://scores.gov.in/>

SCORES facilitates investors to lodge their complaint online with **SEBI** and subsequently view its status.

After exhausting all aforementioned options for resolution, if the client is not satisfied with the outcome, they can initiate dispute resolution through the Online Dispute Resolution Portal (ODR) at <https://smartodr.in/login>, 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.

## 15 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.

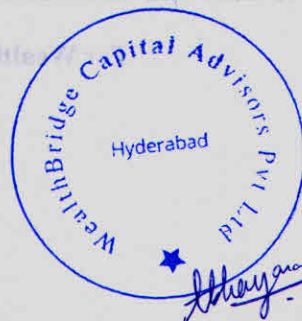
For **WealthBridge Capital Advisors Private Limited**



**Director**

**Place** : Hyderabad

**Date** : 23<sup>rd</sup> January 2025



CIN: U65923TG2005PTC046708

**FORM C**

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

**Portfolio Manager: WealthBridge Capital Advisors Private Limited**

We confirm that:

The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;

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 in the Portfolio Management Scheme;

The Disclosure Document has been duly certified by Kamlesh Bhargava, Chartered Accountants, (Membership No.: 16307) having office at 235 Adarsh Nagar, Hill Fort Road, Hyderabad -500063, Telangana (Tel No +91 40 23234952) on 23<sup>rd</sup> January 2025. Enclosed is a copy of the Chartered Accountant's certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make well-informed decision.

**For WealthBridge Capital Advisors Private Limited**

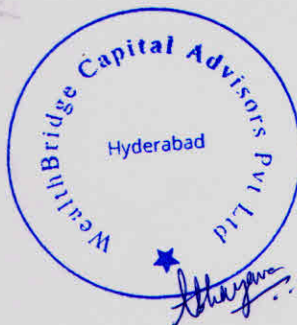
Date: 23<sup>rd</sup> January 2025

Place: Hyderabad

Signature of the Principal Officer

Name : Avantika Bhargava

Address : 202, Basera Green  
Meadows Apartments,  
90/91, A.P. Text Book Colony  
Karkhana, Secunderabad  
Hyderabad – 500 009



## Annexure-I

Related parties with whom transactions have taken place for the year ended 31.03.2024

		2023-24	
Name of related party and nature of relationship	Nature of transaction	Transaction value	Outstanding values standing in Balance Sheet
<b>Key Managerial Personnel (KMP) and their relatives</b>			
1.Vivek Bhargava (Executive Chairman)	Managerial Remuneration	24,00,000.00	-
	PMS Fees received	13,68,767.03	3,74,416.87
2.Anshu Bhargava (Executive Director)	Managerial Remuneration	24,00,000.00	-
	PMS Fees received	25,24,786.64	6,93,742.65
3.Avantika Bhargava (Whole Time Director)	Remuneration	21,00,000.00	-
	PMS Fees received	3,03,157.57	88,336.93
4.Karn Bhargava (Whole Time Director)	PMS Fees received	3,06,039.69	89,220.27
	Remuneration	17,00,000.00	-
5.Poonam Bhargava (Relative of KMP)	PMS Fees received	4,94,894.19	1,37,814.01





# KAMLESH KUMAR BHARGAVA

Chartered Accountant

To,

The Board of Directors,

WealthBridge Capital Advisors Private Limited,  
41, Gunrock Enclave (Second Floor), Phase-1,  
Secunderabad - 500009

## Sub: Auditors certification for Disclosure Document

- 1) We refer to the engagement letter dated January 20th, 2025, with WealthBridge Capital Advisors Private Limited ("the Company"), requesting me to certify, the contents of the Disclosure Document enclosed herewith as at December 31, 2024.
- 2) I, Kamlesh Bhargava, Chartered Accountant, the statutory auditor of the Company has examined the books of accounts of the Company and other relevant records and documents for the purpose of certifying the contents of Disclosure Document as at December 31, 2024. The Disclosure Document is prepared in accordance with model disclosure document as stated in Schedule V of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended from time to time ("the SEBI Portfolio Managers Regulations") for onward submission to the Securities Exchange Board of India ("SEBI") for compliance with Regulation 22(5) of the SEBI Portfolio Managers Regulations. The Disclosure Document has been certified by the Principal Officer of the Company in the manner prescribed in Form C of the SEBI Portfolio Managers Regulations.

## Management's Responsibility

- 3) The Company's Management is solely and entirely responsible for the preparation of the enclosed Disclosure Document in accordance with the model disclosure document as stated in Schedule V of the SEBI Portfolio Managers Regulations. This includes collecting, collating and validating data and presentation thereof in the Disclosure Document and design, implementation and maintenance of internal controls relevant to the preparation of the Disclosure Document, and the underlying financial and other information which the Company represents, is free from material misstatement, whether due to fraud or error.
- 4) The Company's Management is also responsible for complying with the provisions of the SEBI Portfolio Managers Regulations.

## Auditors' Responsibility

- 5) Our responsibility is to provide a limited assurance on the information contained in the Disclosure Document based on procedures performed on relevant records/documents provided to us by the Company's management. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less extent than for, a reasonable assurance engagement, and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

*Kamlesh Bhargava*



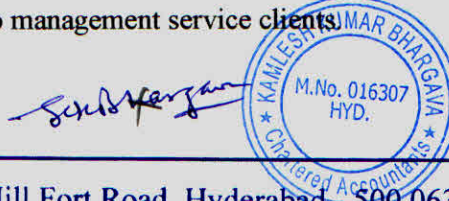




# KAMLESH KUMAR BHARGAVA

Chartered Accountant

- 6) We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ("Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
- 7) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- 8) The criteria against which the Information contained in the enclosed Disclosure Document were evaluated and reviewed by us are the following:
  - a) We have perused and relied on the Definition stated in para 2 of the Disclosure Document as defined by the Company.
  - b) The details mentioned in para 3 of Disclosure Document giving description about the Portfolio Manager, its Promoters, group companies and details of services offered by the Portfolio Manager are as per the information and explanations provided to us by the Company's management.
  - c) We have relied solely and entirely on the representations given by the Management of the Company about the penalties, pending litigations or proceedings, findings of inspection or investigations by any regulatory authority as set out in para 4 of the Disclosure Document.
  - d) We have relied solely and entirely on the representations given by the Management of the Company about the investment objectives, policies, product offerings offered and other details disclosed in para 5 of the Disclosure Document, in respect of existing strategy.
  - e) The risk factors as disclosed in para 6 and nature of costs and expenses as set out in para 11 of the Disclosure Document are traced from the agreements of the existing strategy entered into by the Company with the clients (Client Agreement), accounting policies stated in the audited financial statements of the respective years and other records as provided to us by the management. We make no representations regarding the completeness of the risk factors or the qualitative evaluation of these risk factors by the Company.
  - f) The financial and related disclosures set out in para 7 and 8 of the Disclosure Document have been traced to the audited financial statements of the Company for the years ended Mar
  - g) 2024, 2023 and 2022 and other financial records maintained by the Company. The disclosure relating to client representation for the period from April 01, 2024 to December 31, 2024 has been traced from the unaudited records and/or unaudited books of accounts maintained by the Company. Management of the Company has represented that the accounting policies for the Client Portfolio set out in para 13 of the Disclosure Document are generally accepted accounting policies and few of them have been traced from the audited financial statements for the year ended March 31, 2024, of the Portfolio management service clients.







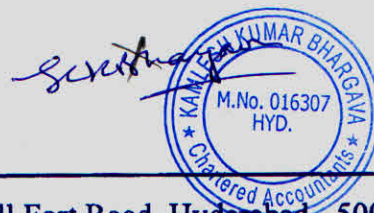
# KAMLESH KUMAR BHARGAVA

## Chartered Accountant

- h) For the purposes of the Portfolio Management performance of the Portfolio Manager set out in para 9 of the Disclosure Document, we have verified the arithmetical accuracy of the calculation of the portfolio performance percentage (%) of the strategy using the 'Time Weighted Rate of Return' method as prescribed in the Regulation 22 of the SEBI Portfolio Managers Regulations.
- i) We have perused the Auditor's Report on the Financial Statements of the Company for the past 3 years for reporting on para 10 of the Disclosure Document on Audit Observations.
- j) The Taxation related information set out in para 12 of the Disclosure Document lists the possible implications under the Income Tax Act, 1961 on the clients under the current tax law, presently in force in India. These benefits are dependent on the Company or its Clients fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the clients to derive these direct tax benefits is dependent upon their fulfilment of such conditions. This taxation related information is only intended to provide general information to Clients and is neither designed nor intended to be a substitute for professional tax advice. The contents of para 12 of the Disclosure Document are based on the representations obtained from the Company and based on our understanding of the business activities of the Company and the Income Tax Act, 1961. The taxation related information is not intended to provide any assurance as to whether:
- (i) Company and client have obtained or will obtain these benefits in future; or
  - (ii) The conditions prescribed for availing the benefits have been or would be met with by the Company or its clients.
- k) The details given in para 14 of the Disclosure Document on Investor Services is as per the information and explanation given by the management of the Company and relied upon by us. We have initialed the attached Disclosure Document for identification purposes only.

### Conclusion

- 9) Based on the work done as mentioned above and the information, explanations and representations given to us by the management, nothing has come to our attention which causes us to believe that the information contained in the Disclosure Document of the Company as at December 31, 2024 has not been prepared in the manner prescribed in Schedule V of the SEBI
- 10) Portfolio Managers Regulations and the financial information referred to above, pertaining to period up to March 31, 2024 are not in agreement with the audited books of account and those pertaining to period from April 1, 2024 to December 31, 2024 are not in agreement with the unaudited books of accounts and other relevant records maintained by the Company.





# KAMLESH KUMAR BHARGAVA

## Chartered Accountant

### Restriction on Use

- 11) This certificate has been issued at the request of the Company for onward submission to the SEBI. This certificate is intended solely for the information and use of the management of the Company and for onward submission to SEBI and should not be circulated, used/ referred to for any other purpose, without our prior written consent.

For Kamlesh Kumar Bhargava  
Chartered Accountant

Kamlesh Kumar Bhargava



Membership No. 16307  
UDIN : 25016307BMIMBH5824  
23<sup>rd</sup> January 2025