

STALLION ASSET PRIVATE LIMITED

CIN: U65990MH2018PTC305551

**Regd. Address: - 1406/A, Brighton Tower, Road No – 2, Lokhandwala Complex, Andheri (West),
Mumbai -400053.**

Tel No: - 022-68680250; Email ID: pms@stallionasset.com

**STALLION ASSET PRIVATE LIMITED
(SEBI REGISTRATION NO.: INP000006129)**

**DISCLOSURE DOCUMENT
FOR
PORTFOLIO MANAGEMENT
SERVICES**

STALLION ASSET PRIVATE LIMITED

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FORM C

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

Dear Investor,

We confirm that:

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

The disclosure 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 Strategy;

The Disclosure Document has been duly certified by an independent Chartered Accountant – Mr. Aneel Lasod, a Partner of M/s. Aneel Lasod and Associates, Chartered Accountants, having membership no. 40117 and office at 1101-1103, Corporate Annexe, 11th Floor, Sonawala Road, Goregaon (East), Mumbai – 400 063 on 21st October, 2024.

Signature of the Principal Officer

Name: Amit Jeswani

Date: 21st October, 2024

Place: Mumbai

DISCLOSURE DOCUMENT

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

- (i) The Document has been filed with the Board (SEBI) along with the certificate in the prescribed format in terms of regulation 22 of SEBI (Portfolio Managers) Regulation, 2020 and amendments made thereafter.
- (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 investors 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, and the investor is advised to retain the document for future reference.
- (iv) The following are the Details of the Portfolio Manager:

| | |
|--------------------------------------|--|
| Name of the Portfolio Manager | Stallion Asset Private Limited |
| SEBI Registration Number | INP000006129 |
| Registered Office Address | 1406/A, Brighton Tower, Road No – 2, Lokhandwala Complex, Andheri (West), Mumbai -400053 |
| Correspondence Office Address | 1001 Omkar Summit Business Bay, Andheri Kurla Road, Next to WEH Metro Station, Andheri East, Mumbai 400093 |
| Phone | 022-68680250 |

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

| | |
|--------------------------------------|--|
| Name of the Principal Officer | Amit Mohanlal Jeswani |
| Phone | +91-9930581281 |
| Email | pms@stallionasset.com |
| Registered Office Address | 1406/A, Brighton Tower, Road No – 2, Lokhandwala Complex, Andheri (West), Mumbai -400053 |

- (v) This Disclosure Document is dated **21st October, 2024.**

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1 DISCLAIMER

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

2 DEFINITIONS

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” means this Portfolio Management Agreement and includes any recitals, schedules, annexures or exhibits to this Agreement and any amendments made to this Agreement by the Parties in writing.

“Board” or **“SEBI”** means the Securities and Exchange Board of India established under the section of the Act.

“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” means any individual, HUF, partnership firm, 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.

“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.

“DP” means the Depository Participant who holds the shares, securities and funds on behalf of the client.

“Effective Date” means the date on which the Portfolio Management account of the client is activated in the books of Portfolio Manager.

“Funds” means the monies managed by the Portfolio Manager on behalf of the client pursuant to this 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 this 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.

“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 (h) 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 securities belonging to the client, the idle cash and cash equivalents.

“Portfolio Manager” (PM) means **STALLION ASSET PRIVATE LIMITED (SAPL)** who has obtained certificate from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 2020, vide Registration No. INP000006129.

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

“Regulation” means the Securities and Exchange Board of India (Portfolio Manager) Regulations, 2020 and as may be amended by SEBI from time to time.

“Related party” means–

- (i) a director, partner or his relative;
- (ii) key managerial personnel or his relative;
- (iii) a firm, in which a director, partner, manager or his relative is a partner;
- (iv) a private company in which a director, partner or manager or his relative is a member or director;
- (v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) anybody corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;
- (vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) anybody corporate which is–

- (A) a holding, subsidiary or an associate company of the portfolio manager; or
- (B) a subsidiary of a holding company to which the portfolio manager is also a subsidiary;
- (C) an investing company or the venturer of the portfolio manager;

Explanation. – For the purpose of this clause, “investing company or the venturer of a portfolio manager” means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate.

- (ix) a related party as defined under the applicable accounting standards;
- (x) such other person as may be specified by the Board:

Provided that,

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:

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

“Rules” means the Securities and Exchange Board of India (Portfolio Managers) Rules, 2020.

“Product” means any of the current investment Product or such Products that may be introduced at any time in future by the portfolio manager.

“Securities” includes: “Securities” as defined u/s 2(h) of the Securities Contract (Regulations) Act, 1956.

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 purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

3 DESCRIPTION OF THE PORTFOLIO MANAGER

3.1 History, Present Business and Background of the Portfolio Manager

STALLION ASSET PRIVATE LIMITED (the Company) having Corporate Identification Number (CIN) U65990MH2018PTC305551 was incorporated on 24th Feb 2018 having its registered office at 1406/A, Brighton Tower, Road No – 2, Lokhandwala Complex, Andheri (West), Mumbai -400053.

The Company secured its Portfolio Management license from SEBI on 31st August 2018 vide Registration no. INP000006129. The Company is engaged in providing Portfolio Management services to Individuals, NRIs, Corporates, Trusts, Firms and LLP.

On July 12th 2019 the Company Received approval for Research Analyst Activities (INH000007270), the company commenced business as Research analyst from 2nd September, 2019 with Acquisition of Clients & Software of Stallion Asset proprietor Amit Jeswani (SEBI- INH000002582). Stallion Asset Private Limited has surrendered their SEBI license INH000007270 for Research Analyst with effect from July 10th, 2024.

3.2 Promoters of the Portfolio Manager, Directors and their background

| Sr. No. | Name | Role | Description |
|---------|---------------|---|---|
| 1. | Amit Jeswani | Principal Officer & Promoter Director | Amit Jeswani , Principal Officer and founder of Stallion Asset Private Limited has around 12 years of experience in Economic Research, Capital Market, Advisory and Portfolio Management. He is a Proud CFA Charter holder from CFA Institute (USA) and has also earned Chartered Market Technician (USA). He has been in capital Markets as soon as he finished his graduation in Business Hons. from Kingston University London. He has appeared several times on Media giving his views on Market, Economy and Portfolios on Economic Times, ET NOW, Bloomberg Quint etc. |
| 2. | Rohit Jeswani | IT Head, Compliance Officer & Promoter Director | Rohit Jeswani is a Bachelor of Engineering in Information Technology from TSEC Mumbai. He was instrumental in building Stallionasset.com platform for Stallion Asset & was working with Media.net Pvt Ltd. and Unotech Software Pvt. limited as a Software Test Engineer before joining Stallion Asset. |
| 3. | Anita Jeswani | Business Women & Director | Anita Jeswani was a sub-broker with Angel Broking Ltd since 2008 vide SEBI Registration No INS014703115. |

3.3 Top 10 Group Companies under the same Management, of the Portfolio Manager in India:

STALLION ASSET PRIVATE LIMITED does not have any company under the same management. Note that Mr. Amit Jeswani was Proprietor of Stallion Asset which was into Research Analyst activities vide SEBI registration No INH000002582 dated 20/01/2016-19/09/2019.

STALLION ASSET PRIVATE LIMITED secured License for Research Analyst Activities on 12/July/2019 (SEBI - INH000007270) in a Separate Division providing Independent Research Analyst Services where we charge a fixed subscription fees annually from our clients. Stallion Asset Private Limited Acquired Technology along with all the Clients from Stallion Asset Proprietor Amit Jeswani (SEBI - INH000002582) which was a related Party Transaction on 2nd September 2019.

3.4 Details of the Services offered

The Portfolio Manager intends to offer services of discretionary portfolio management.

Discretionary

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 the 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 client's funds in such manner and in such markets as it deems fit. The portfolio managers' decision (taken in good faith) in deployment of the Clients' account is absolute and final and cannot be called in question or be open to review at time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence.

The Portfolio Manager provides the facility to the Client for Direct on-boarding with us without any Involvement of a broker/distributor/agent engaged in distribution services. The Client can sign up for our services by writing to us at pms@stallionasset.com.

4 PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY:

| Sr. No. | Particulars | Remarks |
|---------|--|----------------|
| 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: | Not Applicable |
| 3 | Penalties imposed for any economic offence and/or violation of any securities laws | None |
| 4 | Any pending material litigation / legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any: | None |
| 5 | Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency: | None |

| | | |
|---|---|--|
| 6 | 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: | A quasi-judicial proceeding had been initiated against Amit Jeswani who is the Director & Principal officer of Stallion Asset Private Limited via letter dated 20 th August SEBI/HO/IMD/IMD-II/DoF-7/OW/13562/2020 in regards to selling model portfolio products to his clients. The letter is issued to Amit Jeswani, proprietor of Stallion Asset in the capacity of Research Analyst (Registration no. INH000002582). Further an inspection was conducted by SEBI & a show cause notice was issued bearing no. SEBI/HO/EAD/EAD4/P/OW/2021/0000009903/1 on 4 th May 2021 for which, he had filed settlement application with SEBI on 27 th October 2021. On 13 th April, 2022, SEBI has accepted the settlement terms and passed the Settlement order on 06 th , May 2022. |
|---|---|--|

Minimum Investment- The aggregate amount agreed by the Client to be contributed for investments should be INR 50,00,000/- or such other minimum amount as may be stipulated by SEBI from time to time. However, Portfolio Manager can fix a higher limit for such minimum amount as mutually agreed and/or communicated to the Client from time to time.

5 SERVICES OFFERED:

The Portfolio Management Services offered shall be as per the following Investment Approaches-

1. STALLION ASSET CORE FUND
2. STALLION ASSET LIQUID FUND

5.1 STALLION ASSET CORE FUND

- 1) **Investment objective:** The objective of this service is to provide the Client with a structure that can achieve preservation and growth of its capital, the Portfolio Manager shall endeavor to apply its professional expertise in order to help the Client achieve its goals as per the product options chosen by the Client. However, the Client agrees and acknowledges that while the aforesaid is the objective, there is no guarantee that the objectives will be achieved nor there is any guarantee of any returns or of there being no capital loss.
- 2) **Types of securities:** Stallion Asset may invest in any security as described under Securities Contracts (Regulation) Act, 1956 to meet the investment objective.
- 3) **Basis of Selection of Securities:** Selection of Securities will be done to meet client's investment objectives on best effort basis depending on Market conditions.
- 4) **Strategy:** The strategy for above investment approach will be Equity.
- 5) **Allocation of Portfolio across types of securities:**

| Proportion % of Net Assets | Minimum | Maximum |
|---|---------|---------|
| Equity Exposure | 0% | 100% |
| Other Investable Securities as per Securities Contract (Regulation) Act, 1956 | 0% | 100% |

- 6) **Appropriate benchmark:** Stallion Asset Core Fund benchmarks itself to S&P BSE 500 TRI.
- 7) **Basis of Selection of Benchmark:** The S&P BSE 500 TRI is in line with the manager's long-term focus on companies regarding market capitalization. Hence, S&P BSE 500 TRI has been selected as the benchmark for comparing performance.
- 8) **Clients Investment Horizon:** We expect the client to have an Investment Horizon of at least 3 years + in the Scheme.
- 9) **Tenure of Portfolio Investments:** The Portfolio Investments may be short term, medium term or long term in Nature depending on investment objectives & prevailing market conditions.
- 10) **Risks associated with the investment approach:** Please refer the clause 6 Risk Factors.
- 11) **Derivatives** - The Portfolio Manager might transact in derivatives in case it deems it necessary to protect the value of client's portfolios in periods of market instability. If the client does not want the Portfolio Manager to use derivatives in his/her portfolio, then, he/she can mention Derivatives as negative security and the Portfolio Manager would be barred from using derivatives in the client's portfolio.

5.2 STALLION ASSET LIQUID FUND

- 1) **Investment objective:** The fund is intended to aid investors who primarily are desirous of investing into equities but are unsure of market movements in the near term and do not want to invest all the funds in equity at one go. Such investors can invest into Stallion Asset Liquid Fund and can subsequently transfer funds to Stallion Asset Core Fund over a period of time as agreed between the parties.
- 2) **Types of securities:** Stallion Asset will primarily invest client's capital in Liquid Funds, Debt Funds, Money market, Overnight Funds, ETF or retain fund in bank account.
- 3) **Basis of Selection of Securities:** Stallion Asset Liquid Fund is based on investing client's funds in liquid funds/debt funds/overnight funds/money market funds/ETF or simply keep the funds as bank balance till the funds are invested in Stallion Asset Core Fund.
- 4) **Strategy:** The strategy for above investment approach will be Debt.
- 5) **Allocation of Portfolio across types of securities:**

| Proportion % of Net Assets | Maximum |
|---|---------|
| Liquid Funds /debt Funds /Money market/Overnight Funds/ETF/Cash | 100 % |

- 6) **Appropriate benchmark:** Stallion Asset Liquid Fund benchmarks itself to CRISIL Composite Bond Fund Index.
- 7) **Basis of Selection of Benchmark:** As the portfolio will consist of Liquid / Debt funds / ETF, CRISIL Composite Bond Fund Index is selected to be the benchmark for comparing performance.
- 8) **Clients Investment Horizon:** Short Term with an objective of interim parking of money.
- 9) **Tenure of Portfolio Investments:** Not applicable under this approach. The funds managed under this scheme shall not be subject to any lock in period.
- 10) **Risks associated** with the investment approach: Please refer the clause 6 Risk Factors.
- 11) **Derivatives** - The Portfolio Manager might transact in derivatives in case it deems it necessary to protect the value of client's portfolios in periods of market instability. If the client does not want the Portfolio Manager to use derivatives in his/her portfolio, then, he/she can mention Derivatives as negative security and the Portfolio Manager would be barred from using derivatives in the client's portfolio.

6 RISK FACTORS

An indicative list of the risks associated with investing through the services is set out below:

- 1) Securities investments are subject to **market and other risks** and the Portfolio Manager provides no guarantee or assurance that the objectives set out in the Disclosure Document and/or the Portfolio Management Services Agreement shall be accomplished.
- 2) 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, market closure, relatively small number of scrip's accounting for large proportion of trading volume. Consequently, the Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.
- 3) **Past performances** of the Portfolio Manager do not guarantee its future performance.
- 4) The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and Demat, in the Client's name, while price risk may arise on account of availability of share price from stock exchanges during the day and at the close of the day.

- 5) **Investment decisions** made by the Portfolio Manager may not always be profitable.
- 6) The Portfolio Manager has limited experience or track record.
- 7) Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- 8) Not meeting the obligation to make Capital Contributions in terms of the Agreement may have implications as set out in the Agreement and may also impact the profitability of the Portfolio.
- 9) The market prices of the Securities in the Portfolio may be volatile and may not truly reflect its fundamental or intrinsic value due to the lack of sufficient liquidity for those Securities.
- 10) **Equity and Equity Related Risks:** Equity risk is the risk that one's investments will depreciate because of stock market dynamics causing one to lose money. Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the Cash in a prudent manner in such instruments, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.
- 11) **Derivative Instruments Related Risks:** Derivative products can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price.

- 12) **Macro-Economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.
- 13) **Liquidity Risk (Debt Instruments):** These are considered to be safe in terms of protecting the Capital as compared to other type of investment. But there is an inflation risk associated with these types of Investments. If the rate of returns doesn't match or beat the inflation rate, there is no use in investing in Debts Funds/Instruments. Liquidity of investments in equity and equity related securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to

that particular security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold. This risk is higher under the Services since the Portfolio Manager may invest in unlisted securities. Even upon termination of the Agreement, the Client may receive illiquid securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets are un-invested and no return is earned thereon. The inability of the Portfolio Manager

to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.

- 14) **Credit Risk:** Debt securities are subject to the risk of the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.
- 15) **Interest Rate Risk:** This is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline.
- 16) **Acts of State, or sovereign action, acts of nature,** acts of war, civil disturbance are extraneous factors which can impact the Portfolio.
- 17) 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 various factors which by way of illustration include default or non-performance of a third party, Portfolio Company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.
- 18) **Non-Diversification Risk:** This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. As mentioned above, the Portfolio Manager will attempt to maintain a diversified Portfolio in order to minimize this risk.
- 19) **Mutual Fund Risk:** The level of risk in a mutual fund depends on what it invests in. Usually, the higher the potential returns, the higher the risk will be. For example, stocks are generally riskier than bonds, so an equity fund tends to be riskier than a fixed income fund. This risk arises from investing in units of Mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. Further, strategy specific risk factors of each such underlying scheme, including performance of their underlying stocks, derivative instruments, stock lending, off-shore investments etc., will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over, mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units.
- 20) Prospective clients should **review / study the Disclosure Document carefully** and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition holding, disposal (sale or conversion into money) of Portfolio and to the treatment of income (if any), capitalization, capital gains, any distribution and other tax consequences relevant to their Portfolio, acquisition, holding, capitalization, disposal (sale, transfer or conversion into money) of Portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding portfolio of securities before making an investment.
- 21) The Portfolio Manager is neither responsible nor liable for any losses resulting from the Services.
- 22) **Clients are not being offered any guaranteed / assured returns.**
- 23) The investments under the Portfolio may have exposure towards equity/equity related instruments of companies belonging to different sectors and hence shall be affected by risks associated with the respective companies / sectors. The performance of the companies which form the investment universe of the Portfolio would be affected by the growth and performance of the respective sector in the country

- 24) In case of investments in Mutual Fund units, the Client shall bear the recurring expenses of the Portfolio Management Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions
- 25) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.
- 26) Clients will not be permitted to withdraw the funds/Portfolio (unless in accordance with the terms agreed with the Client). In addition, they are not allowed to transfer any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.
- 27) In case of early termination of the Agreement, where Client Securities are reverted to the Client, additional rights available while the Securities were held as part of the Portfolio that were negotiated by the Portfolio Manager with an investee company or its shareholders may no longer be available to the Client.
- 28) The Client has read and understood the disclosures made by the Portfolio Manager in the Disclosure Document.
- 29) Changes in Applicable Law may impact the performance of the Portfolio.
- 30) **Volatility risk:** Volatility refers to the dynamic changes in price that securities undergo when trading activity continues on the stock exchange. Generally, higher the volatility of security, greater is its price swings. There may be normally greater volatility in thinly traded securities than in active securities. As a result of volatility, orders may only be partially executed or not executed at all or the price at which the order gets executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.
- 31) **Risk of Wider Spreads:** Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a security and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid securities. This in turn will hamper better price formation.
- 32) **Risk reducing orders:** most exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. the placing of such orders which are intended to limit losses to certain amounts may not be effective many a times because of rapid movement in market conditions may make it impossible to execute such orders.
- 33) **System Risk:** High Value trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution on confirmation. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.
- 34) **System / Network Congestion:** Trading on Exchange is in electronic mode, based on satellite/ leased-line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such other problem whereby not being able to establish access to the trading system/ network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.
- 35) 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- **No conflict of interest found.**

36) If the portfolio manager has group companies, a disclosure of conflict of interest related to services offered by group companies of the portfolio manager if any - **Portfolio Manager has no group companies.**

7 (i) CLIENT REPRESENTATION: THE CLIENT REPRESENTATION AS ON 30th SEPTEMBER, 2024:

| Category of Clients | No of Clients | Funds Managed (Rs. In Crs) | Discretionary/Non-Discretionary/Advisory |
|--------------------------------|---------------|----------------------------|--|
| Associates (FY20-21) | NIL | NIL | NA |
| Associates (FY21-22) | NIL | NIL | NA |
| Associates (FY22-23) | NIL | NIL | NA |
| Associates (FY23-24) | NIL | NIL | NA |
| | | | |
| Others-Active as on 31/03/2022 | 625 | 571.50 | Discretionary |
| Others-Active as on 31/03/2023 | 698 | 605.82 | Discretionary |
| Others-Active as on 31/03/2024 | 1,100 | 1446.13 | Discretionary |
| Others-Active as on 30/09/2024 | 2,241 | 3,239.66 | Discretionary |

Note: Stallion Asset Private Limited has invested its cash flows in the Stallion Asset PMS. As on 30/09/2024 the aum was Rs. 31.73 crores. We have considered the same under other client.

(ii) RELATED PARTY TRANSACTIONS:

STALLION ASSET PRIVATE LIMITED secured License for Research Analyst Activities on 12/July/2019 (SEBI - INH000007270) in a Separate Division providing Independent Research Services. Stallion Asset Private Limited acquired Technology and all Clients from Stallion Asset Proprietor Amit Jeswani (SEBI - INH000002582) who is also a Director of Stallion Asset Private Limited on 2nd September 2019.

As per the standards specified by the Institute of Chartered Accountants of India disclosure of transactions with Related Party is as below:

Related party transaction with directors and Key Management Personnel (KMP) in the ordinary course of business:

| Names of KMP: | Designation | Salaries (FY 23-24) | Salaries (FY 22-23) |
|------------------------|------------------------|---------------------|---------------------|
| Amit Mohanlal Jeswani | Director & Shareholder | 91,99,996 | 20,00,004 |
| Rohit Mohanlal Jeswani | Director & Shareholder | 35,00,004 | 18,00,000 |
| Anita Mohanlal Jeswani | Director & Shareholder | 20,00,004 | 18,00,000 |
| Ronisha Sanghvi | Company Secretary | 11,54,058 | 6,98,207 |

Related Party Closing Balance as on 31st March, 2024: **NIL**

8. FINANCIAL PERFORMANCE:

The financial performance of the company for the financial year ended 31st March, 2024 (audited) is as follows.

| Particulars | FY 23-24 (Rupees) | FY 22-23 (Rupees) | FY 21-22 (Rupees) |
|--|----------------------|----------------------|----------------------|
| Total Income | 30,41,08,064 | 9,92,33,212 | 10,89,69,163 |
| Profit/(Loss) Before Tax | 19,58,55,207 | 3,66,45,079 | 4,94,08,023 |
| Profit/(Loss) After Tax | 14,88,65,371 | 2,66,32,047 | 3,67,97,530 |
| Equity Capital (As of end of period) | 2,30,00,000 | 2,30,00,000 | 2,30,00,000 |
| Total Reserves (As of end of period) | 25,74,08,157 | 10,85,42,786 | 8,19,10,739 |
| Net Worth (As of end of period) | 27,79,08,157 | 12,90,42,786 | 10,49,10,739 |

9. PORTFOLIO MANAGEMENT PERFORMANCE

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

| Investment Approach | FY 21-22 | FY 22-23 | FY 23-24 | Current Year April 24-September 24 |
|--|----------|----------|----------|---------------------------------------|
| Stallion Asset Core Fund | 17.82% | -0.82% | 78.75% | 43.57% |
| Benchmark: S&P BSE 500 TRI | 22.26% | -0.91% | 40.16% | 20.20% |
| * Inception Date: 22nd October 2018 | | | | |

| Investment Approach | *FY 21-22 | FY 22-23 | FY 23-24 | Current Year April 24-September 24 |
|--|-----------|----------|----------|---------------------------------------|
| Stallion Asset Liquid Fund | 1.81% | 4.83% | 5.26% | 2.06% |
| Benchmark: CRISIL Composite Bond Fund Index | 2.00% | 3.80% | 8.26% | 4.73% |
| * Inception Date: 30th August 2021 | | | | |

1. Table above shows performance calculated on TWRR basis.
2. S&P BSE 500 TRI returns are computed using index value at the start and end of reporting period.

10. Audit Observations

There are no audit observations by Statutory Auditor of Stallion Asset Private Limited pertaining to PMS for the preceding three financial 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 Investment Management and Advisory Fees:

Professional charges related to Portfolio management services offered to clients may be a fixed charge or a fixed percentage of the quantum of funds managed. These charges may be return/performance based or a combination of these, as agreed upon by the clients in the PMS Agreement. There may be an exit Load of up to 3% for the first year, up to 2% for the second year and up to 1% for the third year as specified under the regulations and as agreed by the client in the PMS agreement.

Maximum Fees chargeable to client will be fixed at 5% of AUM and Variable at 40% of Profit or a combination of both as agreed in the PMS Agreement. Applicable taxes will be applied over and above the fees.

11.2 Custodian Fee

Custody of all securities of the client shall be with the Custodian, Nuvama Custodial Services Limited, appointed by the Portfolio Manager. The Custodian shall act on instruction of the Portfolio Manager. All such Custodian fees charged by the custodian shall be payable by the client.

Custody Charges - Up to 0.10% per annum

11.3 Fund Accounting Fee - up to 0.10% per annum

11.4 Registrar and Transfer Agents' fees – On actuals

11.5 Brokerage and Transaction Cost – On Actuals

11.6 Demat Charges – On Actuals

11.7 GST + Securities Transaction Tax (STT) + Exchange Transaction charges + Stamp Duty + any other statutory levies; - On Actuals

11.8 Bank Charges; - On Actuals

11.9 Fees, exit loads and charges in respect of investment in mutual fund; - On actuals

11.10 Certification charges or professional charges; - On actuals

11.11 Taxes as may be applicable from time to time;

11.12 Such other cost & expenses incurred by the Portfolio Manager directly in connection with the provision of the services. – On actuals

11.13 All other operating charges except brokerage and management fees to not exceed 0.50%

11.14 If the client on boards through the Distributor, then the Portfolio Manager shall pay a percentage of management, performance and/or other Fees to the Distributor as mutually agreed between the Portfolio Manager and Distributor. The percentage of distributor commission shall be disclosed to client at the time of signing of contract with the client.

The distributor's commission shall be paid from the total management and performance fees as mutually agreed between the Portfolio Manager and client in the PMS agreement.

12. Taxation

- 12.1 The general information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management 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.
- 12.2 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 Services 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.
- 12.3 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 units.
- 12.3.1 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 the amendments enacted by the Finance (No.2) Act, 2024 published on 16th August 2024 in the Official Gazette of India. (‘Finance Act, 2024).
- 12.3.2 The tax rates mentioned in this Disclosure Document relate to Financial Year 2024-25 (assessment year 2025-26) as provided in the Finance Act, 2024, and are inclusive of surcharge and education cess as applicable to corporates, unless specified otherwise.
- 12.3.3 The maximum tax rates applicable to different categories of assessee are as follows:

| | |
|---|------------------------|
| Resident individual & HUF (refer note 1) | 30% + surcharge & cess |
| Partnership firms & Indian Companies (<i>other than specified companies below</i>) | 30% + surcharge & cess |
| Indian Companies having turnover less than INR 4000 million during the Financial Year 2022-23 | 25% + surcharge & cess |
| Company opting for section 115BA (manufacturing domestic companies) | 25% + surcharge & cess |
| Company opting for section 115BAA (refer note 2) | 22% + surcharge & cess |
| Company opting for section 115BAB (refer note 3) | 15% + surcharge & cess |
| Non-resident Indians | 30% + surcharge & cess |
| Foreign companies | 35% + surcharge & cess |

Notes to the above table:

1. The Finance Act, 2020 had introduced a new tax regime vide Section 115BAC for individual and HUF to tax the income of such assesseees at lower tax rates if they agree to forego prescribed deductions and exemptions under the Income Tax Act. Under the said provisions, maximum tax rate applicable shall be 30% plus applicable surcharge and education cess.
2. The Taxation Laws (Amendment) Act, 2019 had introduced a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming any deduction (other than deduction under section 80JJAA and section 80M), exemption or set off of any loss carried forward or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). A company can choose to opt for the new tax rates in the Financial Year 2023-24 (i.e., assessment year 2024-25) or in any other Financial Year in the future. Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years. Further the provisions of Minimum Alternative Tax (MAT) under section 115JB shall not apply.
3. The Taxation Laws (Amendment) Act, 2019 had also introduced a lower tax regime for domestic companies set-up and registered on or after the 1st day of October, 2019, and has commenced manufacturing or production of an article or thing on or before the 31st day of March 2024 vide Section 115BAB thereby levying the lower corporate rate of 15% on such companies, subject to certain conditions including that they do not claim certain deductions. Hence, in such case the rate of tax would be 17.16% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.
4. The amount of surcharge is calculated as a percentage of the tax payable i.e., the amount of tax not including surcharge and health & education cess. The applicable rate of surcharge in case of companies other than domestic companies ("**foreign companies**") is 2% where the income exceeds INR 10 million but is less than or equal to INR 100 million and is 5% where the income exceeds INR 100 million. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 10 million but not exceeding INR 100 million, surcharge of 7% on income tax is applicable under the old regime. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 100 million, surcharge of 12% is applicable under the old regime. Under the new regime, i.e., domestic companies opting for Section 115BAA or Section 115BAB, surcharge is applicable at flat 10% on income tax is irrespective of amount of total income. In case of firms and LLPs having total income exceeding INR 10 million, surcharge of 12% is applicable.
5. For resident and non-resident taxpayers, including those opting for the new tax regime under Section 115BAC, the following surcharge rates apply:
 - **If total income exceeds INR 5 million but is less than or equal to INR 10 million:** A surcharge of 10% is levied.
 - **If total income exceeds INR 10 million but is less than or equal to INR 20 million:** A surcharge of 15% is levied.
 - **If total income exceeds INR 20 million (excluding capital gains under Sections 111A, 112, 112A, and 115AD(1)(b)):** A surcharge of 25% is applicable.
 - **For incomes exceeding INR 20 million:**

- On capital gains under Sections 111A, 112, 112A, and 115AD (1)(b): A 15% surcharge is applied.
- On other income: A surcharge of 25% is levied.

From Assessment Year 2024-25 onwards, the surcharge for all taxpayers opting for the new tax regime is capped at 25%. This cap ensures that even if the total income exceeds INR 20 million, the surcharge on capital gains under Sections 111A, 112, 112A, and 115AD remains at 15%, while for other income, it is capped at 25%.

For individuals opting for the old tax regime, a higher surcharge rate of 37% applies if their income exceeds INR 50 million.

Additionally, for an association of persons (AOP) consisting only of companies as its members, the surcharge on the amount of income-tax shall not exceed 15%.

The increase in surcharge on capital gains tax for both domestic and foreign investors, introduced earlier, was rolled back and capped at 15% by the Taxation Laws (Amendment) Act, 2019.

6. Further, Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge as per the provisions of the Finance Act, 2024. In this Disclosure Document, we have assumed that the highest surcharge rate would be applicable to an investor.

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

- Further, CBDT has issued clarification stating that the exception to transfer of unlisted Securities made along with control and management of underlying business would not apply to category I & II AIFs.

B. Taxation of resident investors

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

a) Dividend income

- Dividends distributed by an Indian company are taxable in hands of the shareholders/unit holders at the rates applicable to the respective assesses.
- No deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income.
- Also w.e.f. 1st April 2020 mutual fund / RTA shall be required to deduct TDS at 10 per cent only on dividend payment (above Rs 5000); No tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gain.

b) Interest income

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

| Interest income received by | Tax rate for the domestic investors |
|------------------------------------|---|
| Resident companies (refer note 1) | 34.944% |
| Firms / LLPs | 34.944% |
| Others (Refer Note 2) | As per applicable slab rates, maximum being 42.744% |

Notes to the above table:

1. In case of domestic companies having turnover or gross receipts not exceeding INR 4000 million in the Financial Year 2022-23 (assessment year 2023-24), a lower corporate tax rate of 25% is levied. Hence, in such case the rate of tax on interest income should be 27.82% (considering a surcharge at the rate of 7% and Health and Education cess at the rate of 4%) and 29.12% (considering a surcharge at the rate of 12% and Health and Education cess at the rate of 4%).

Further, The Taxation Laws (Amendment) Act, 2019 has proposed a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming any deduction, exemption or any set off of any loss carried forward or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%).

2. Assessee's opting for tax rates under Section 115BAC may consider relevant tax rate slabs for the purpose of taxation of interest income.

c) 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 shall be liable to pay taxes on capital gains income as under:

i. Period of holding

- Capital assets are classified as long-term capital assets (“**LTCA**”) or short-term capital 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 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:

| Particulars | LTCG tax rate | STCG tax rate | Holding period for long term |
|--|---|------------------|------------------------------|
| Listed equity / units of REITs/InvITs, equity oriented mutual funds | 12.50% | 20% | More than 12 months |
| Unlisted equity | 12.50% | Applicable rates | More than 24 months |
| Immovable property (Physical asset) | 12.50% without indexation and 20% with indexation | Applicable rates | More than 24 months |
| Other assets viz. immovable property, gold and other unlisted assets | 12.5% | Applicable rates | More than 24 months |
| Listed debentures / bonds (including Sovereign Gold Bonds and Zero Coupon Bonds) | 12.5% | Applicable rates | More than 12 months |
| Unlisted debentures / bonds / market linked debentures / specified mutual funds | Applicable rates | | Deemed short term |
| Debt Oriented Mutual Funds | 12.5% | Applicable rates | More than 24 months |
| 1. Acquired before 1 April 2023 | | | |
| 2. Acquired on or after 1 April 2023 | Slab rate, irrespective of holding period | | |

ii. Taxation of capital gains

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

| Nature of Income | Effective Rate of tax i.e. including cess and surcharge as applicable to the highest tax rate | | |
|--|---|--|---|
| | Tax rate for beneficiaries who are resident companies % | Tax rates for resident Individuals / HUF / AOP / BOI % | Tax rates for other residents (Firms, LLPs) % |
| STCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which Securities Transaction Tax ("STT") has been paid | 23.30 | 23.92 | 23.30 |
| Other STCG | 34.944 (Refer Note 2) | 42.744 | 34.944 |
| LTCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) units of equity oriented mutual fund and on which STT has been paid (refer note 3 below) | 14.56 | 14.95 | 14.56 |
| LTCG on transfer of listed Securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid | 14.56 | 14.95 | 14.56 |
| LTCG on transfer of listed bonds and listed debentures (Note 1) | 14.56 | 14.95 | 14.56 |
| LTCG on transfer of units of mutual fund (listed or unlisted) other than equity- oriented fund | 34.944 | 35.88 | 34.944 |
| LTCG on transfer of unlisted Securities (other than unlisted bonds and unlisted debentures) | 34.944 | 35.88 | 34.944 |
| LTCG on transfer of unlisted bonds and unlisted debentures (if sold before 23 rd July 2024) | 14.56 | 14.95 | 14.56 |
| LTCG on transfer of unlisted bonds and unlisted debentures (if sold on or after 23 rd July 2024) | 34.944 | 35.88 | 34.944 |

| | | | |
|--|--|--|--|
| LTCG on transfer of Immovable property being physical asset in the form of land and building | 14.56 without indexation or 23.30 with indexation* | 14.95 without indexation or 23.92 with indexation* | 14.56 without indexation or 23.92 with indexation* |
|--|--|--|--|

* Only for immovable properties acquired before 23rd July 2024 for resident individuals and HUFs.

Notes to the above table:

1. The Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures.
2. In case of domestic companies having turnover or gross receipts not exceeding NR4000 million in the Financial Year 2022-23 (assessment year 2023-24), a lower corporate tax rate of 25% plus applicable surcharge and cess is levied. Similarly, relevant lower corporate tax rates will be levied on companies opting for lower tax rates in accordance with Section 115BAA.
3. The Finance Act, 2018 withdrew exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. The LTCG above INR 1.25 lakh on following transfers shall be taxable at 10% (plus surcharge and cess):
 - listed equity shares (STT paid on acquisition* and transfer)
 - units of equity oriented mutual fund (STT paid on transfer); and
 - units of business trust (STT paid on transfer)

The 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 (i) Fair market value as on 31 January 2018; and (ii) Value of consideration received upon transfer

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

*The CBDT has notified a circular to specify the transactions where the condition of STT on acquisition would not apply for applying tax rate of 10% on transfer of listed equity shares.

- iii. Deemed sale consideration on sale of unquoted shares

As per Section 50CA of IT Act, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has issued rules for computation of Fair Market Value (“FMV”) for the purpose of section 50CA of the IT Act. The taxability of such gains would be as discussed above.

- d) Proceeds on buy-back of shares by company
- As per the Finance Act, 2024, proceeds on buyback of shares shall be now considered as 'deemed dividend' and taxable in the hands of recipient as 'Income from other sources'.
 - Further, no deductions shall be allowed for any expenditure incurred in earning/ receiving the buyback proceeds.
 - For the purpose of capital gains calculation, the sale consideration shall be deemed to be Nil and the resultant capital loss on buyback would be allowed to be set off and/ or carried forward for set off against subsequent capital gains income.
- e) Deemed income on investment in shares / Securities of unlisted companies in India
- Section 56(2)(x) provides that any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.
 - The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.
 - Accordingly, such other income would be chargeable to tax (i) at the rate of 34.944% in case of investors being resident companies (ii) at the rate of 34.944% in case of firms/LLPs; and (iii) as per applicable slab rates in case of individuals and others, maximum being 39% under new regime and 42.744% in old regime.
- f) Provisions related to dividend and bonus stripping
- As per section 94(7) of the IT Act, losses arising from the sale/ transfer of any Securities/units (including redemption) purchased up to 3 months prior to the record date and sold within 3 months (in case of units - 9 months) after such date, will not be allowed to the extent of dividend / income distribution (excluding redemptions) on such Securities/units claimed as tax exempt by the shareholder/unit holder.
 - Further, section 94(8) of the IT Act provides that any person who buys or acquires any units within a period of 3 months prior to the record date and such person is allotted additional units without consideration (bonus units) based on the original holding, any subsequent loss on sale of original units within a period of 9 months from the record date, will be ignored for computing the income chargeable to tax. The loss so ignored will be deemed to be the cost of purchase or acquisition of bonus units (held at such time) when these bonus units are subsequently sold.

C. Taxation of non-resident investors

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

- The CBDT had vide its circular dated January 24, 2017, issued guiding principles for determination of POEM of a company (“**POEM Guidelines**”). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts of Rs. 500 million or less than Rs 500 million during the Financial Year.

- Tax Treaty Benefits

i.) 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 investors. 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.

ii.) 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.

iii.) 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 in subsequent paragraph.

a) Dividend Income

- The Finance Act, 2020 has abolished the provisions related to Dividend Distribution Tax (“**DDT**”) and hence the dividends distributed by an Indian company are taxable in hands of the shareholders’/unit holders at the rates applicable to the respective assesseees irrespective of their residential status.

- Further, The Finance Act, 2020 has amended Section 57 of the IT Act, in respect of deduction from the dividend income. The said amendment governs that no deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income.
- The Finance Act, 2020 has, vide Section 80M, introduced a deduction allowed in case of domestic companies receiving dividends from a domestic company or a foreign company or a business trust. A deduction of the amount of dividends received by a domestic company is allowed in computing the total income to the extent of the amount of dividend distributed by such domestic company.

b) Interest

- Interest income would be subject to tax at the rate of 38.22% for beneficiaries who are non-resident companies. For other non-resident beneficiaries, being individual, HUF, AOP or BOI, interest income would be subject to tax at the rate of 42.744%. For other non-resident beneficiaries, interest income would be subject to tax at the rate of 34.944%. The above rates would be subject to availability of Tax Treaty benefits, if any.
- In case the investments 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 investors opt to be governed by these provisions under the IT Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 28.496% on gross basis.
- As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to FPI would be subject to tax at the rate of 5% plus applicable surcharge and cess, if following conditions are satisfied:

- i. Such interest is payable on or after 1 June 2013 and 1 July 2020
- ii. Rate of interest does not exceed the rate notified by central government

If the above concessional tax rate is not available, then the interest income would be subject to tax rate at the rate of 20% plus applicable surcharge and cess for FPI investors.

- Further, CBDT had issued a press release on September 17, 2018, announcing tax exemption and withholding tax exemption for interest payable by an Indian company or a business trust to a non-resident, including a foreign company, in respect of rupee denominated bond issued outside India during the period from September 17, 2018 to March 31, 2019. The press release also stated that legislative amendments in this regard shall be proposed in due course. The Finance (No. 2) Act, 2019, thereby incorporated the provisions contained in the said press release into the Act by way of inserting the provisions through an amendment in Section 10.

c) Capital Gains

(i) Period of holding

Please refer Paragraph 11(I)(B)(c)(i) above for period of holding.

(ii) Taxation of capital gains

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

| Nature of Income | Tax rate for offshore investors foreign company % | Tax rates for non-resident Individuals / HUF / AOP / BOI % | Tax rates for other residents (Firms, LLPs) % |
|---|--|---|--|
| Short-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund, and on which STT has been paid | 21.84 | 23.92 | 23.3 |
| Other short-term capital gains | 38.22 | 42.744 | 34.944 |
| Long-term capital gains on transfer of (i) listed equity shares through the recognised stock exchange, or (ii) units of equity oriented mutual fund and on which STT has been paid (refer note 1) | 13.65 (Without indexation) | 14.95 (Without indexation) | 14.56 (Without indexation) |
| Long-term capital gains on transfer of listed bonds / listed debentures or other listed | 13.65 (Without indexation) | 14.95 (Without indexation) | 14.56 (Without indexation) |
| Long-term capital gains on Securities (other than units of mutual fund) on which STT has not been paid | 38.22 (Without indexation) | 35.88 (Without indexation) | 34.944 (Without indexation) |
| Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund | 38.22 (Without indexation) | 35.88 (Without indexation) | 34.944 (Without indexation) |

Notes to the above table:

- The Finance Act, 2018 has withdrawn exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. from Financial Year starting from 1 April 2018. The LTCG above INR 1.25 lakh on following transfers shall be taxable at 10% (plus surcharge and cess):
 - listed equity shares (STT paid on acquisition* and transfer)
 - units of equity oriented mutual fund (STT paid on transfer); and
 - units of business trust (STT paid on transfer)

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

- Actual cost of acquisition; and
- Lower of (i) fair market value as on 31 January 2018; and (ii) Value of consideration received upon transfer

* The CBDT has notified a circular providing certain specified transaction on which condition of paying STT at time of acquisition shall not apply for applying tax rate of 10%.

2. In case the investments made by the NRI Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, (i) any long-term capital gains should be taxable at the rate of 14.248% and (ii) any investment income should be taxable at 28.496%.

(iii) Deemed sale consideration on sale of unquoted shares

As per Section 50CA of IT Act, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has issued rules for computation of FMV for the purpose of section 50CA of the IT Act. The taxability of such gains would be as discussed above.

d) Buy-back of shares

Please refer Paragraph 11(I)(B)(d) above for tax implications on income received from buy-back of shares.

e) Deemed income arising at the time of investment in shares of Indian companies in India

- As per section 56(2)(x), if any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.
- The CBDT has rules providing mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.
- The shortfall in consideration is taxable in the hands of the acquirer as other income earned by a foreign company would be chargeable to tax (i) at the rate of 43.68% in case of offshore investors being foreign companies; (ii) at the rate of 34.944% in case of offshore firms / LLPs; and (iii) as per applicable slab rates in case of non-resident individuals and others, maximum being 42.744%.

f) Provisions related to dividend and bonus stripping

- As per section 94(7) of the IT Act, losses arising from the sale / transfer of any Securities / units (including redemption) purchased up to 3 months prior to the record date and sold within 3 months (in case of units - 9 months) after such date, will not be allowed to the extent of dividend / income distribution (excluding redemptions) on such Securities / units claimed as tax exempt by the shareholder / unit holder.
- Further, section 94(8) of the IT Act provides that any person who buys or acquires any units within a period of 3 months prior to the record date and such person is allotted additional units without consideration (bonus units) based on the original holding, any subsequent loss on sale of original units within a period of 9 months from the record date, will be ignored for computing the income chargeable to tax. The loss so ignored will be

deemed to be the cost of purchase or acquisition of bonus units (held at such time) when these bonus units are subsequently sold.

Others:

I. Securities Transaction Tax (STT)

- Delivery based purchases and sales of equity shares traded on recognized Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of purchase or sale. Further, STT @0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a stock exchange. STT is levied on the seller @0.025% on the sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery.
- Further, as per the amendment by Finance Act, 2024, securities transaction tax on sale of an option in securities has been increased from 0.0625 per cent to 0.1 per cent of the option premium, and on sale of a futures in securities from 0.0125 per cent to 0.02 per cent of the price at which such “futures” are traded.

II. Minimum Alternate Tax (MAT)

- The IT Act provides for levy of Minimum Alternate Tax (**‘MAT’**) on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act. Vide the Taxation Laws (Amendment) Act, the MAT rate of 18.5% has been substituted for 15% with effect from 1st April 2020, relevant to Financial Year 2020-21 (assessment year 2021-22) and subsequent years. Corporate assessee operating in International Financial Services Centre (**‘IFSC’**) shall be charged MAT at the concessional rate of 9%.
- All the domestic companies opting for lower tax regime u/s 115BAA or 115BAB will not be required to pay minimum alternate tax (MAT) under section 115JB of the Act. Further, the provisions regarding MAT credit will also not apply to companies opting for these sections.
- If MAT is held to be applicable to the Client, then income receivable by such Client from their investment in the Fund shall also be included to determine the MAT.
- The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

III. Alternate Minimum Tax

- The IT Act provides for levy of Alternate Minimum Tax (**‘AMT’**) under Section 115JC, on non-corporate assessee having adjusted total income exceeding INR 20 lac. If the tax payable as per Section 115JC at 18.5% of the adjusted total income exceeds the regular income-tax payable, then the assessee is liable to pay AMT. Further, non-corporate assessee operating in International Financial Services Centre (**‘IFSC’**) shall be charged AMT at the concessional rate of 9%.
- Assessee opting for lower tax regime u/s 115BAC will not be required to pay AMT. Further, the provisions regarding AMT credit will also not apply to assessee opting for this section.

IV. 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 Income-tax return, the following details and documents are prescribed:
 - a) Name, e-mail id, contact number;
 - b) Address in the country or specified territory outside India of which the deductee is a resident;
 - c) 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
 - d) 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.

V. Carry-forward of losses and other provisions (applicable to both equity products irrespective of the residential status):

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.

VI. 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 tests as mentioned below, can be declared as an ‘impermissible avoidance arrangement’.

- 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 if 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 30 million cannot be read in respect of a single taxpayer only.

VII. GST

Goods and Service Tax (GST) will be applicable on services provided by the Portfolio Manager to Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee to the Company.

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

THE PORTFOLIO MANAGER ACCEPTS NO RESPONSIBILITY FOR ANY LOSS SUFFERED BY ANY INVESTOR AS A RESULT OF CURRENT TAXATION LAW AND PRACTICE OR ANY CHANGES THERETO.

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) Investment in units of Mutual Funds will be valued on the basis of closing NAV declared by the respective Mutual Funds.
- 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) The equity shares of Private Limited Companies will be valued on the fair value at the year / period end based on the valuation certificates of qualified Chartered Accountants.
- f) 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.
- g) The costs of investments acquired or purchased would include brokerage, service tax, transaction charges, stamp charges and any charge customarily included in the brokers' contract note / trade confirmation or levied by any statute.

- h) For derivative transactions (if any) unrealized gains and losses on open positions will be calculated by the mark to market method.
- i) For Corporate Actions and mutual fund dividend Ex-date accounting will be followed.
- j) Interest (if any) shall be accounted on accrual basis.

13.2 Basis of Accounting

The following Accounting Policies will be applied for accounting the Investments of the Client and reporting to them.

- 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 will be accounted on accrual or receipt basis, whichever is earlier.
- f) All expenses will be accounted on due or payment basis, whichever is earlier
- g) Purchase and Sale transactions are accounted for on trade date basis.
- h) Purchases are accounted at the cost of acquisition inclusive of brokerage, service 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, service 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) Bonus shares are recorded on the ex-benefit date (ex-date).
- j) Dividend income is recorded on the ex-dividend date (ex-date).
- k) Interest on Debt instruments / Fixed Deposit with banks are accounted on accrual basis.
- l) Tax deducted at source (TDS) on interest on Fixed Deposits is considered as withdrawal of Portfolio and debited accordingly.

13.3 Books of accounts would be separately maintained in the name of the client as are necessary to account for the assets and any additions, income, receipts and disbursements in connection therewith as provided under SEBI (Portfolio Managers) Regulations, 2020.

13.4 Audit of Accounts

- 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.
- 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.

The client may contact the customer services official of the portfolio manager for the purpose of clarifying or elaborating on any of the above policy issues.

14. INVESTOR SERVICES

(i) Name, address and telephone number of the Investor Relations Officer who shall attend to the client's queries and complaints.

Name : **Behzad Kalantary**

Address : **1001, Omkar the Summit Business Bay,
Opposite WEH Metro station,
Andheri (East), Mumbai 400093**

Telephone No : **+919326771445**

Email address : **support@stallionasset.com**

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.

(ii) Grievance Redressal and dispute handling mechanism

The portfolio manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable, amicable manner and within 21 (twenty-one) 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 **Mumbai** or such other place as the portfolio manager thinks fit.

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 SCORES. The link for the same is: <https://scores.sebi.gov.in/scores-home>.

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

If the investor is not satisfied with the extent of redressal of grievance, there is a one-time option for 'review' of the redressal, which can be exercised within 15 days from the date of closure of the complaint on SCORES. Thereafter, the complaint shall be escalated to the supervising official of the dealing officer of SEBI.

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

15. DETAILS OF INVESTMENTS IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER

Portfolio manager does not have any investments made its related parties or associates as on date.

16. DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER

Portfolio diversification is a strategy of risk management used in investing, which allows to reduce risks by allocating the funds in multiple asset types. It helps to mitigate the associated risks on the overall investment portfolio.

The Portfolio Manager shall focus through a collection of core holdings and may or may not seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, from SME to large capitalization equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. The Portfolio Manager may also, from time to time, engage in hedging strategies by investing in derivatives and permissible securities/instruments as per Applicable Laws.

For investments in securities of Associates/ Related Parties, the Portfolio Manager shall comply with the following:

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

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

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

The aforementioned limits shall be applicable only to direct investments by Portfolio Manager in equity and debt/hybrid securities of its Associates/Related parties and not to any investments in the Mutual Funds.

With respect to investments in debt and hybrid securities, the Portfolio Manager shall ensure compliance with the following:

Under discretionary portfolio management services, the Portfolio Manager shall not make any investment in unrated and below investment grade securities.

Under non-discretionary portfolio management services, the Portfolio Manager shall not make any investment in unrated below investment grade listed securities.

However, Portfolio Manager may invest up to 10% of the assets under management of such clients in unlisted unrated securities of issuers other than associates/related parties of Portfolio Manager. The said investment in unlisted unrated debt and hybrid securities shall be within the maximum specified limit of 25% for investment in unlisted securities as per the PMS Regulations.

17. Prevention of Money Laundering & Know Your Customer (KYC) Requirements

SEBI has mandated for all registered intermediaries to formulate and implement a comprehensive policy framework on anti-money laundering and adopt 'Know Your Customer' ("KYC") norms as per the Applicable Law.

Accordingly, the Investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of the provisions of Income Tax Act 1961, Prevention of Money Laundering Act 2002 or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti money laundering laws and regulations in all of its operations.

The Portfolio Manager reserves the right to reject or refund or freeze the account of the client if the client does not comply with the internal policies of the SAPL or any of the Applicable Laws including the KYC requirements.

Further, the Portfolio Manager has put in place Client due diligence measures. Further, the Portfolio Manager shall take necessary action including rejection of application / refund of application money / freezing of investor account for future transactions/ submitting suspicious transactions report ("STR") to law enforcement authorities if the Portfolio Manager has reasonable grounds to believe/ suspect that the transactions involve money laundering or terrorist financing or proceeds of crime.

The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account / rejection or refund of the application etc due to non-compliance with the provisions of any of the aforesaid Regulations or Applicable Laws.

KYC is mandatory for all investors and registered intermediaries are required to upload the KYC data with Central KYC Records Registry ("CKYCR"). Each investor has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KYC registration agencies ("KRA") and the CKYCR. Applications shall be liable to be rejected if the investors do not comply with the aforesaid KYC requirements.

18. 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 STALLION ASSET PRIVATE LIMITED

AMIT JESWANI
DIRECTOR

ROHIT JESWANI
DIRECTOR

PLACE: MUMBAI

DATED: 21st October, 2024