

DISCLOSURE DOCUMENT

As required under Regulation 22(3) of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

- a) The Disclosure Document (hereinafter referred as the **“Document”**) has been filed with the Securities and Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 (**“Regulations”**).
- b) The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging “Asteya Investment Managers LLP” (hereinafter referred as the **“Portfolio Manager”**) as the portfolio manager.
- c) The Document contains the necessary information about the Portfolio Manager required by an investor before investing. The investor may also be advised to retain the Document for future reference.
- d) The name, phone number, e-mail address of the Principal Officer as designated by the Portfolio Manager along with the correspondence address of the Portfolio Manager are as follows:

Name of the Principal Officer	Manindra Gupta
Phone	+91-98922 88518
Email	manindra.gupta@asteyaglobal.com
Registered / Corporate Office Address	Keshava Commercial Premises, Office no.110, 1st Floor, E-Block, Bandra Kurla Complex [BKC] Bandra East, Mumbai – 400051

Name of the Portfolio Manager	Asteya Investment Managers LLP,
Registered and Corporate office	Keshava Commercial Premises, Office no.110, 1st Floor, E-Block, Bandra Kurla Complex [BKC] Bandra East, Mumbai – 400051
Telephone	+91-98922 88518
Email	info@asteyaglobal.com

Contents of the Disclosure Document:

Sr. No.	Content	Page Number
1	Disclaimer	3
2	Definitions	3
3	Description	9
4	Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority	12
5	Services offered / proposed to be offered	13
6	Risk factors	20
7	Client representation	25
8	Financial performance of Portfolio Manager	26
9	Portfolio Management Performance for last three years	27
10	Audit Observation of last 3 preceding years	27
11	Nature of Expenses	27
12	List of third-party service providers involved in proposed Portfolio Management Service	29
13	Taxation	29
14	Accounting policies	41
15	Investor Services	42
16	Details of investments in the securities of related parties of the Portfolio Manager	43
17	Details of the diversification policy of the Portfolio Manager	43
18	General Provisions	43

1. Disclaimer

The particulars set out in this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended till date and filed with SEBI. This Disclosure Document has neither been approved or disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Disclosure Document.

2. Definitions

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:

- (i) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- (ii) **“Account Activation Date”** means the date on which a unique Client code is generated by the Portfolio Manager.
- (iii) **“Account Activation Anniversary Date”** means the 12 (twelve) month anniversary of the Account Activation Date and every 12 (twelve) month anniversary, thereafter.
- (iv) **“Agreement”** means this Discretionary Portfolio Investment Management Service (DPMS) Agreement executed between the Portfolio Manager and the Client in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 issued by the Securities and Exchange Board of India & includes any amendment thereto made in writing upon mutual consent of the Parties hereto and also includes the account opening form and schedules to this DPMS agreement provided that a Client request via its registered email address regarding change in information submitted by the client at the time of account opening with portfolio manager, fees, top up or redemption that has been accepted by the Portfolio Manager via its registered email address shall be considered as a valid amendment to this Agreement.
- (v) **“Applicable Laws”** means any applicable local or national statute, regulation, notification, circular, ordinance, requirement, directive, guidance or announcement issued by any Authority.
- (vi) **“Application”** means the application made by the Client to the Portfolio Manager to invest its funds and/or Securities as mentioned therein with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- (vii) **“Assets”** means (i) the Portfolio and/or (ii) the Funds and (iii) all accruals thereto, and (iv) expenses due from the Client’s portfolio, payable by the Client as applicable.

- (viii) **“Authority”** means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the government including but not limited to the SEBI or the Reserve Bank of India.
- (ix) **“Bank Account”** means one or more omnibus bank accounts opened, maintained and operated by the Portfolio Manager in the name of the Client or pool account managed in the name of the Portfolio Manager for the purpose of managing funds on behalf of the Client with any of the Scheduled Commercial Banks.
- (x) **“Board”** means the Securities and Exchange Board of India established under sub- section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- (xi) **“Body Corporate”** shall have the meaning assigned to it in or under clause (11) of Section 2 of the Companies Act, 2013.
- (xii) **“BPS”** means basis point.
- (xiii) **“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 holds a certificate of practice under the provisions therein.
- (xiv) **“Client”** means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio and /or Funds.
- (xv) **“Client Bank Account”** means one or more bank accounts opened, maintained and operated by the Portfolio Manager for the purpose of managing funds on behalf of the Client with any Scheduled Commercial Bank.
- (xvi) **“Client Depository Account”** means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.
- (xvii) **“Corpus Investment Value”** shall mean funds given and value of securities at the time of initial funding or subsequent top-up of DPMS account, by the client and included by the Portfolio Manager in its Assets under Management or Assets under Advisory in accordance with SEBI PMS regulations.
- (xviii) **“Custodian”** means an entity that has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996.
- (xix) **“Depository”** means Depository as defined in Depositories Act, 1996 (22 of 1996).
- (xx) **“Depository Account”** means one or more account or accounts opened, maintained

and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

- (xxi) **“Derivatives”** shall have the definition as per the Securities Contract Regulation Act, 1956.
- (xxii) **“Disclosure Document”** shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the Regulations.
- (xxiii) **“Discretionary Portfolio Management Services” (DPMS)** means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the Agreement and in accordance with the various provisions of the Act, Rules and Regulations and/or other applicable laws in force and amendments made from time to time, where under the Portfolio Manager exercises discretion as to the investment and the management of the Assets of the client entirely at the Client’s risk, in such manner as the Portfolio Manager may deem fit in accordance with the terms of this Agreement.
- (xxiv) **“Discretionary Portfolio Manager”** means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the Client, as the case may be.
- (xxv) **“Financial Year”** means the year starting from April 1 and ending on March 31 of the following year.
- (xxvi) **“Fixed Fee”** means a fixed fee payable by the Client to the Portfolio Manager for DPMS Services, as further specified in the Fee Schedule.
- (xxvii) **“Fixed Fee Billing Period”** means the frequency at which the Fixed Fees will be payable by the Client to the Portfolio Manager as set out in the Fee Schedule”.
- (xxviii) **“Funds”** means the funds managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the funds mentioned in the Application, any further funds placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other funds arising from the Assets, withdrawals, expenses and accruals so long as the same is managed by the Portfolio Manager in accordance with the provisions of the Agreement. **“High Water Mark”** shall mean the higher of either ‘corpus investment value’ or ‘highest NAV (before charging Performance Fee)’ on which client has paid a Performance Fee to the Portfolio Manager’.

- (xxix) **“Hurdle Rate of Return”** shall mean a certain agreed level of return (as specified in the Fee Schedule) achieved in a Performance Fee Billing Period calculated on the relevant Performance Fee Billing Period’s opening NAV.
- (xxx) **“Lock-in period”** shall mean the time period during which withdrawal of investment by the client from Portfolio Management Services shall be subject to penal charge in the form of ‘exit load’ being levied by the Portfolio Manager on such withdrawal. Such exit load would be mentioned in the schedules to this agreement and shall be levied in accordance with the terms agreed upon between client and the Portfolio Manager.
- (xxxi) **“Net Asset Value”** The Net Asset Value in respect of a particular quarter shall be determined based on daily average AUM (Assets under Management) over the course of the quarter. The Net Asset Value for any given day will be calculated by aggregating the following:
- i. The total market value of all Securities as on the end of the day,
 - ii. Cash/Bank balance as at the end of the day,
 - iii. All income (dividend, interest, etc.) accrued on the investments over the course of the day.
 - iv. And reducing from this aggregate the charges, fees, expenses and other costs.
 - v. All receivables and payables due from / to the client at the end of the day.
- (xxxii) **“Minimum Investment”** for the purpose of compliance with SEBI’s PMS Regulations shall be computed by aggregating the market value of all securities and cash/bank balance of Client which are being managed by the Portfolio Manager at the time of such computation. Client has to adhere to minimum investment requirement specified by SEBI or the Portfolio Manager, whichever is higher.
- (xxxiii) **“Non-discretionary Portfolio Management Services” (NDPMS)** means a portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client’s account in any type of security entirely at the Client’s risk and ensure that all benefits accrue to the Client’s Portfolio.
- (xxxiv) **“Parties”** means the Portfolio Manager and the Client; and “Party” shall be construed accordingly.
- (xxxv) **“Performance Fee”** shall mean a performance linked fee payable by the Client to the Portfolio Manager for the PMS Services, as further specified in the Fee Schedule that will be payable if the Portfolio Manager achieves a rate of return that is greater than the Hurdle Rate of Return for the relevant Performance Fee Billing Period subject to the High Water Mark for the relevant Performance Fee Billing Period.
- (xxxvi) **“Performance Fee Billing Period”** means a 12-months period from the Account activation Date or Account Activation Anniversary Date, as the case may be.

- (xxxvii) **“Person”** includes an individual, a Hindu Undivided Family, a corporation, Company (as defined in section 2(20) of the Companies Act, 2013), a Body Corporate as defined in section 2 (11) of the Companies Act, 2013, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
- (xxxviii) **“Portfolio”** means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes any Securities mentioned in the Application and any further Securities placed by the Client with the Portfolio Manager for being managed from time to time, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- (xxxix) **“Portfolio Manager”** shall have the same meaning as given in regulation 2 (o) of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.
- (xl) **“Portfolio Management Services”** means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Advisory Services, as the context may be and may include services such as advisory, investment management, custody of securities and keeping track of corporate benefits associated with the securities.
- (xli) **“Power of Attorney”** means the power of attorney to be executed by the Client in favor of the Portfolio Manager in the format specified by the Portfolio Manager, including any additional powers of attorney from time to time, in favor of the Portfolio Manager.
- (xlii) **“Principal Officer”** means a senior employee or director of the Portfolio Manager who assumes responsibility for the activities of the Portfolio Manager and who has been designated as such by the Portfolio Manager.
- (xliii) **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended from time to time.
- (xliv) **“Related Party”** in relation to a portfolio manager means—(i) a director, partner or his relative; (ii) a key managerial personnel or his relative; (iii) a firm, in which a director, partner, manager or his relative is a partner; (iv) a private company in which a director, partner or manager or his relative is a member or director; (v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two percent of its paid-up share capital; (vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager; (vii) any person on whose advice, directions or instructions a director,

partner or manager is accustomed to act provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity; (viii) any body 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;

- (xiv) **“Schedule to the Agreement”** means the schedules to this Discretionary Portfolio Investment Management Service Agreement which have been filled, signed and executed by the Client for the purpose of availing portfolio management services from the portfolio manager in accordance with terms of this Agreement & includes any amendment thereto made in writing upon mutual consent of the Parties hereto. These schedules could be executed at the time of signing of this Agreement or at any date subsequent to date of execution of this Agreement and it is hereby understood between parties that if Portfolio Manager accepts Client’s request received from Client’s email address registered with the Portfolio Manager provided such request is regarding change in fees, top up, redemption or alteration of terms and details listed in schedules to this Agreement then it shall be considered as a valid amendment to this Agreement and schedules thereto.
- (xlv) **“Scheduled Commercial Bank”** means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- (xlvii) **“SEBI”** means the Securities and Exchange Board of India established under sub- section (1) of Section 3 of the Securities and Exchange Board of India Act 1992 as amended from time to time.
- (xlviii) **“Securities”** includes: “Securities” as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and includes:
 - (a) “Securities” as defined under the Securities Contracts (Regulations) Act, 1956;
 - (b) Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or a pooled investment vehicle or other Body Corporate;
 - (c) derivative;

- (d) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- (e) security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- (f) units or any other such instrument issued to the investors under any mutual fund scheme;
- (g) units or any other instrument issued by any pooled investment vehicle
- (h) any certificate or instrument (by whatever named called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt;
- (i) Government securities;
- (j) such other instruments as may be declared by the Central Government to be securities;
- (k) rights or interest in securities;
- (l) Exchange Traded Funds; and
- (m) Liquid Funds

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

3. Description

(a) History, Present, and Background of the portfolio manager

The Company, having LLP Identification Number (LLPIN) AAB-2746, was incorporated on 20th December 2012 and has its registered and corporate office at Keshava Commercial Premises, Office no.110, 1st Floor, E-Block, Bandra Kurla Complex [BKC] Bandra East, Mumbai – 400051, Maharashtra, India. The Company is incorporated with the objective of carrying out Portfolio Management, Investment Management and Advisory services. Asteya has been registered as a Portfolio Manager with SEBI on April 10, 2019 vide registration No: INP000006536 under SEBI (Portfolio Managers) Regulations, 1993.

(b) Promoters of the Portfolio Manager, directors and their background

The promoters of the Company have 25 years of experience in Financial markets, Investment Research and Portfolio Management. The details of the Managing Partners are as below:

Name	Qualification	Brief Experience
Arun Bahl	Arun is a Bachelor of Science (Honors) in Physics from University of Delhi and earned distinction of being Top Scorer in college. He has received various accolades/certificates from the college. He is also a gold medalist and a Scholarship holder from NIIT for software programming.	Arun Bahl – Arun brings 32 years of experience with 20 years in Global Banks and 12 years in investment firm. Viz., ABN AMRO BANK, ROYAL BANK OF SCOTLAND, DEUTSCHE BANK, DAIWA CAPITAL MARKETS AND ASTEYA INVESTMENT MANAGERS.
Manindra Gupta	Manindra Gupta holds degree in B.E (Mechanical) and M.B.A (Finance)	Manindra Gupta – Manindra Gupta brings more than 25 years of experience with 4.5 years in Equity research on sectors such as Automobile, Engineering, IT & Telecom, Debt market research, Participated in Investment Banking mandates; 10 years in Handling Global Treasury Investments, Cash Management, Strategic Planning, Banking activities, Forex risk management operations, Loans and other liabilities; 12+ Years in Equity and Debt portfolio advisory activities and Forex risk management activities.

(c) Group company information

Asteya Investment Managers Pvt Ltd ('Asteya') has no group companies.

(d) Details of the services being offered by the Portfolio Manager

The Portfolio Manager intends to offer services of discretionary portfolio management, non-discretionary portfolio management and that of investment advisory as set out in the details provided below. All clients will have the option to be onboarded directly to avail these services, without intermediation of persons engaged in distribution services.

(i) Discretionary Services:

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

negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Statements in respect to Client's Portfolio shall be sent to the respective Client at a frequency not less than as determined by law.

(ii) Non – Discretionary Services:

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

(iii) Advisory Services:

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

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

- (i) All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made there under relating to Portfolio Management Services.

None

- (ii) The nature of the penalty/direction.

None

- (iii) Penalties imposed for any economic offence and/or for violation of any securities laws.

None

- (iv) Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.

None

- (v) Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency in relation to Portfolio Management Services for which action may have been taken or initiated.

- (vi) Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder : **None**

5. Services offered / proposed to be offered:

5.1. The Portfolio Management Services to be offered shall be as per the following Investment Approaches under Equity Strategy:

(i) Investment approach – Asteya Large & Mid Cap Fund (Under Discretionary Services)

STRATEGY CLASSIFICATION: EQUITY

1. Investment Objective – To generate sustainable returns over medium to long term by making investments which primarily comprise of equity securities.
2. Description of Securities – Under Asteya Large & Mid Cap Fund, client funds would primarily be invested in equity shares and equity linked instruments issued by companies, listed in India and which fall in the Large cap and Mid Cap categories. Some part of client funds might be invested in units of money market, Overnight Funds, Ultra Short term Funds and liquid funds and some part might be retained as bank balance in bank account.
3. Basis of Selection of type of security – Asteya Large & Mid Cap Fund's investment approach is based on generating returns by investing in participating instruments of companies – a) which, in view of investment team of Asteya, have a good track record in their respective domains and have the potential to continue making progress on that path; and/or b) which are established businesses and are available at deep discounts vs. their intrinsic value as per investment team's judgement. Hence, under this investment approach, investments are primarily made in equity shares and equity linked instruments issued by companies listed in India which fall under above mentioned categories and are ranked at 250 or above in the list of companies ranked according to market capitalization on date of first investment. To keep some part of client funds in liquid form, such funds are either invested in units of money market funds, overnight funds, ultra short term funds or liquid fund or they are retained in the bank account in form of bank balance.
4. Allocation of portfolio across types of securities - The Portfolio shall be primarily focused on Equity shares. However strategically may get invested in units of liquid funds or money market funds, units of mutual funds, ETFs or other permissible securities/products as per applicable regulations and part of funds might be retained as cash balance in bank account.

5. Appropriate Benchmark to compare performance – Weighted average performance of Nifty 50 (Total Return Index)
6. Basis for choice of benchmark – Most of the portfolio companies fall in large-cap and mid-cap categories based on market Capitalization with a likely skew towards large cap category. Further, the portfolio managers reinvest the dividends received unless the client provides instruction for pay-out of dividend. Hence, Weighted average performance of Nifty 50 (Total Return Index) has been selected as the benchmark for comparing performance.
7. Minimum investment – The minimum value of Funds/investments which will be accepted towards initial corpus under Asteya Large & Mid Cap Fund's Investment Approach would be decided by the Portfolio Manager from time to time and the minimum sum will not be less than any amount as may be stipulated by the Regulations from time to time. The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager held in cash or deployed in liquid fund schemes, exchange traded index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits and other short-term avenues for investment.
8. Indicative tenure or investment horizon – 3 years – 20 years
9. Minimum tenure – not applicable under this investment approach.
10. Lock-in period – DPMS Investments managed under Asteya Large & Mid Cap Fund shall not be subject to any lock-in period.
11. Exit loads – There shall be no levy of exit load on withdrawal of funds being managed under this approach.
12. Redemptions / Partial withdrawals – Partial withdrawal shall be allowed only to such extent that portfolio value after recovery of fees, charges and payment of withdrawal amount is not less than the minimum investment specified in Clause 7 of this schedule.
13. Use of 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 at all in his/her portfolio, then, he/she can mention Derivatives as negative security in client agreement and the Portfolio Manager would be barred from using derivatives in the client's portfolio.
14. Risks associated with the investment approach – Please refer the clause 6 on Risk Factors.

(ii) Investment approach: Asteya Small and Micro Cap Fund (Under Discretionary Services)

STRATEGY CLASSIFICATION: EQUITY

1. Investment Objective – To follow the Capital First principal and try to preserve the purchasing power of the client’s capital whilst providing sustainable returns over long periods of time.
2. Description of Securities – Client funds would primarily be invested in equity shares and equity linked instruments issued by companies listed in India and would focus on generating returns by investing in participating instruments of companies which are able to demonstrate making inroads into promising business areas, addressing sizable market size, developing new products / processes and / or have visionary leadership, in the judgement of Asteya’s Investment Team, which can help the company to grow rapidly. Some part of client funds might be invested in units of money market funds, overnight funds, ultra short term funds and liquid funds and some part might be retained as bank balance in bank account.
3. Basis of Selection of type of security – The investment approach is based on generating returns by investing in participating instruments of companies which are able to demonstrate making inroads into promising business areas, addressing sizable market size, developing new products / processes and / or have visionary leadership, in the judgement of Asteya’s Investment Team, which can help the company to grow rapidly. Hence, under this investment approach, investments are primarily made in equity shares and equity linked instruments issued by companies listed in India and which are ranked below 250 in the list of companies ranked according to market capitalization on date of first investment. To keep some part of client funds in liquid form, such funds are either invested in units of money market funds, overnight funds, ultra short term fund or liquid funds or they are retained in the bank account in form of bank balance.
4. Allocation of portfolio across types of securities - The Portfolio shall be primarily focused on Equity shares. However strategically may get invested in units of liquid funds or money market funds, units of mutual funds, ETFs or other permissible securities/products as per applicable regulations and part of funds might be retained as cash balance in bank account.
5. Appropriate Benchmark to compare performance – S&P BSE 500 Total Returns Index
6. Basis for choice of benchmark – Most of the portfolio companies would fall in small cap category. Thus, we believe, S&P BSE 500 Total Returns Index would be the most appropriate Benchmark out of the Options available under regulations.

7. Minimum investment – The minimum value of Funds/investments which will be accepted towards initial corpus under Asteya Small Cap Fund would be Investment Approach would be decided by the Portfolio Manager from time to time and the minimum sum will not be less than any amount as may be stipulated by the Regulations from time to time. The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager held in cash or deployed in liquid fund schemes, exchange traded index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits and other short-term avenues for investment.
8. Indicative tenure or investment horizon – 3 years to 10 years
9. Minimum tenure – 3 years
10. Lock-in period – DPMS Investments managed under Investment Approach shall be subject to lock in period of three years, which shall apply from the date of the placement (i.e. date on which the investments/funds are accepted). If the client wishes to withdraw investments before the expiry of lock-in period, portfolio manager shall be entitled to charge exit load specified in clause 11 of this schedule. The Client will be at liberty to withdraw full/partial Funds/Securities at any time after the lock-in- period and/or minimum period. Non-withdrawal of Funds/Securities as mentioned above will be deemed to be continuance of the agreement for managing the Funds/securities portfolio.
11. Exit loads – Exit load shall be levied in following manner – (i) 3% of AUM withdrawn if investments are withdrawn within 1 year from date of investment, (ii) 2% of AUM withdrawn if investments are withdrawn within 1 year and 2 years from date of investment, and (iii) 1% of AUM withdrawn if investments are withdrawn within 2 year and 3 year from date of investment
12. Redemptions / Partial withdrawals – Partial withdrawal shall be allowed only to such extent that portfolio value after recovery of fees, charges, exit load (if any) and payment of withdrawal amount is not less than the minimum investment specified in Clause 7 of this schedule.
13. Use of 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 at all in his/her portfolio, then, he/she can mention Derivatives as negative security in client agreement and the Portfolio Manager would be barred from using derivatives in the client's portfolio.

14. Risks associated with the investment approach – Please refer clause 6 on Risk Factor.

(iii) Investment Approach – Asteya’ Curation – I (Under Non-Discretionary Services)

STRATEGY CLASSIFICATION: EQUITY

1. Investment Objective – To preserve the purchasing power of the Investment Portfolio whilst providing sustainable returns over long periods of time.
2. Description of Securities – Under Asteya’ Curation – I, client funds would primarily be invested in equity shares issued by companies operating in India with image of good corporate governance and good capital allocation track record. Some part of client funds might be retained as bank balance in bank account.
3. Basis of Selection of type of security – The Asteya’ Curation – I investment approach is based on generating returns by investing in participating instruments of companies operating in companies which have image of good corporate governance and good capital allocation track record. Hence, under this investment approach, investments are primarily made in equity shares issued by companies listed in India. Some part of client funds might be retained as bank balance in bank account.
4. Allocation of portfolio across types of securities - The Portfolio shall be primarily focused on Equity shares. However strategically may get invested in units of liquid funds or money market funds, units of mutual funds, ETFs or other permissible securities/products as per applicable regulations and part of funds might be retained as cash balance in bank account.
5. Appropriate Benchmark to compare performance – Nifty 50 Total Return Index.
6. Basis for choice of benchmark – The portfolio will consist of a combination of large, mid and small cap companies with a bias towards large and mid cap companies. Further, the portfolio managers reinvest the dividends received. NIFTY 50 Total Returns Index would be the most appropriate Benchmark out of the Options available under regulations.
7. Minimum investment – The minimum value of Funds/investments which will be accepted towards initial corpus under Asteya’ Curation – I Investment Approach would be decided by the Portfolio Manager from time to time and

the minimum sum will not be less than any other amount as may be stipulated by the Regulations. The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager held in cash or deployed in liquid fund schemes, exchange traded index funds, debt oriented schemes of mutual funds, gilt schemes, bank deposits and other short term avenues for investment. The Portfolio Manager may call for the amount in tranches which shall be detailed in a separate Schedule. The Portfolio Manager will, however, be at liberty to call for the amounts payable under the tranches ahead of the dates for payment mentioned in the said Schedule by giving a prior written notice of 10 days to the Client. The Client has the option to pay such amounts ahead of the dates to the Portfolio Manager if he/it deems fit.

8. Indicative tenure or investment horizon – 3 years to 10 years.
9. Minimum tenure – not applicable under this investment approach.
10. Risks associated with the investment approach – Please refer clause 6 Risk Factors for other Risk.

(iv) Investment Approach – Liquid STP (Under Discretionary Services and Non-Discretionary Services)

STRATEGY CLASSIFICATION: Debt

1. Investment Objective – To invest the client's capital in liquid, money market, ultra short term or overnight funds.
2. Description of Securities – Under Liquid STP, client funds would primarily be invested in units of money market, ultra short term, overnight and liquid funds and some part might be retained as bank balance in bank account.
3. Basis of Selection of type of security – The Liquid STP investment approach is based on investing money in units of liquid funds / overnight funds / debt oriented funds/ money market funds or simply as bank balance till the funds are invested in one of the other investment approaches of Asteya.
4. Allocation of portfolio across types of securities

Type of security	Allocation in portfolio
Money market funds / Liquid funds / Gilt schemes/ Debt oriented schemes/ Bank balance	100%

5. Appropriate Benchmark to compare performance – Crisil Composite Bond Fund Index
6. Basis for choice of benchmark – The portfolio will largely consist of units of money market, ultra short term, overnight and liquid funds. Out of the options available under regulations, CRISIL Composite Bond Fund Index was considered to be most appropriate.
7. Minimum investment – The minimum value of Funds/investments which will be accepted towards initial corpus under Liquid STP Investment Approach would be decided by the Portfolio Manager from time to time and the minimum sum will not be less than the amount stipulated by the Regulations from time to time.
8. Indicative tenure or investment horizon – Not applicable under this approach
9. Minimum tenure – Not applicable under this investment approach
10. Lock-in period – DPMS Investments managed under Liquid STP Approach shall not be subject to any lock in period.
11. Exit loads – Exit loads on withdrawal of funds being managed under this approach shall be agreed upon with each client and specified in more detail in the Asteya's DPMS agreement with the client.
12. Redemptions / Partial withdrawals – Partial withdrawal shall be allowed only to such extent that portfolio value after recovery of fees, charges, and payment of withdrawal amount is not less than the minimum investment specified in Clause 7 of this schedule.
13. Use of 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 at all in his/her portfolio, then, he/she can mention Derivatives as negative security in client agreement and the Portfolio Manager would be barred from using derivatives in the client's portfolio.

14. Risks associated with the investment approach – Please refer the clause 6 Risk Factor.

5.2. The policies for investments in associates/group companies of the Portfolio Manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/Guidelines

The Portfolio Manager will not invest the funds of the Clients in any Security of an associate or group companies of the Portfolio Manager.

5.3. Details of conflicts of interest related to services offered by group companies or associates of the portfolio manager:

Asteya Investment Managers LLP has no group companies or associates.

6. Risk Factors

The investments made in Securities are subject to market risk and there is no assurance or guarantee that the objectives of investments will be achieved, and the Portfolio Manager has no liability for any losses resulting from the Client availing of the Portfolio Management Services. The following are the current risk factors as perceived by management of the Portfolio Manager. This list is not intended to be exhaustive in nature and is merely intended to highlight certain risks that are associated with investing in Securities:

- (i) Risks associated with investment in equity instruments using Quantitative Analysis/ Quant Model: Some of the Risks attached with Quantitative Analysis are: (i) Market Risk: Like any other equity investments, these are subject to market risk.(ii) Modelling Error: Quant models are subject to price and volume inputs. It is possible that some of these inputs are entered incorrectly either by in-house staff or third party data providers whose data platforms are used by the portfolio manager. The quant model selected by the Portfolio Manager may not perform as tested; such a scenario is entirely possible and can result in a loss
(iii) Deviation from theoretical model: A quant model is theoretical in nature, however at times the market may act unexpectedly resulting in a loss, the quant model cannot account for any such market behavior. The quant model may initiate a sell signal; however, the stock may not have adequate liquidity at that moment forcing the portfolio manager to further drive down the stock price.

- (ii) Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- (iii) As with any investment in Securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- (iv) The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- (v) The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns.
- (vi) The performance of the Assets of the Client may be adversely affected by the performance of individual Securities, changes in the marketplace and industry specific and macro-economic factors. The investment approaches are given different names for convenience purpose and the names of the approaches do not in any manner indicate their prospects or returns.
- (vii) Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the Net Asset Value of the portfolio may be subject to fluctuation.
- (viii) Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- (ix) The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the Client's portfolio to liquidity risks.
- (x) Engaging in Securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party. The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.
- (xi) Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself.
- (xii) Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include

the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

- (xiii) Re-investment Risk: This risk refers to the interest rate levels at which cash flows received from the Securities under a particular portfolio are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- (xiv) There are inherent risks arising out of investment objectives, investment approach, asset allocation and non-diversification of portfolio.
- (xv) Prepayment risk: there may be unscheduled return of principal on a particular Security, which may result in a reinvestment risk.
- (xvi) Credit Risk: Credit risk or default risk refers to the risk that an issuer of a fixed income Security may default. Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well any actual event of default.
- (xvii) The Net Asset Value may be affected by changes in settlement periods and transfer procedures.
- (xviii) Risks related to index linked securities: Performance of the reference index will have a direct bearing on the performance of the strategy. In the event the reference index is dissolved or withdrawn by the Index Provider; in case of Securities such as debentures, the debenture trustees upon request by the issuer may modify the terms of issue of the debentures so as to track a different and suitable index. Tracking errors are also inherent in any equity linked security and such errors may cause the equity index-linked security to generate returns which are not in line with the performance of the reference index or one or more Securities covered and/or included in the reference index.
- (xix) Risks pertaining to investments in Gold ETF's will be as provided in the disclosure document of the Portfolio Management Services. However, some of the specific risks may include market risks, currency risks, counter party risk, liquidity risk and loss of physical gold.
- (xx) Currency Exchange Rate Risk: The Client's portfolio may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the price of the Client's portfolio Securities or in foreign exchange rates or prevent losses if the prices of these Securities should decline. Performance of the Client's Portfolio may be strongly influenced by movements in foreign exchange rates because currency positions held by the Client's portfolio may not correspond with the Securities positions held.
- (xxi) In case of investments in mutual fund, the Client bear the recurring expenses of the Portfolio Manager in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what

the Client may have received had he invested directly in the underlying Securities of the mutual fund schemes.

- (xxii) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be a delay in deployment. In such a situation the Client may suffer opportunity loss without any indemnity for such opportunity loss by the Portfolio Manager.
- (xxiii) Risks related to Special Situations: Special situation trades are subject to all risks under equity; however, in certain cases the risks can be specific as are mentioned: (i) The promoter may choose not to accept the discovered prices (ii) Regulatory hurdles may delay any specific corporate action.
- (xxiv) Spread risk: Investments in corporate bonds are exposed to the risk of widening of the Spread between corporate bonds and gilts. Prices of corporate bonds tend to fall if this spread widens which will affect the Strategy accordingly.
- (xxv) Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer.
- (xxvi) Risks related to Special Situations: Special situation trades are subject to all risks under equity; however, in certain cases the risks can be specific as are mentioned: (i) The promoter may choose not to accept the discovered prices (ii) Regulatory hurdles may delay any specific corporate action.
- (xxvii) Risk Associated with Securitized Debt: Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
- (xxviii) Risk factor specifically while using Options: The Portfolio Manager might buy options to enhance yield. In buying options the profit potential is unlimited, whereas the maximum risk is the premium paid to buy the options. The Portfolio Manager may use Derivatives instruments like equity futures & options, or other Derivative instruments as permitted under the Regulations and guidelines. Usage of Derivatives will expose the strategies to liquidity risk, open position risk, and opportunities risk etc. Such risks include the risk of mispricing or improper valuation and the inability of Derivatives to correlate perfectly with underlying assets, rates and indices. In case of the Derivative strategies, it may not be possible to square off the cash position against the corresponding Derivative position at the exact closing price available in the Value Weighted Average Period.
- (xxix) Risk factors associated with Derivatives: Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the Investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and the 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. 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. Trading in derivatives has the following risks: (i) An exposure to Derivatives in excess of the hedging requirements can lead to losses. (ii) An exposure to Derivatives, when used for hedging purpose, can also limit the profits from a genuine investment transaction. (iii) Derivatives carry the risk of adverse changes in the market price. (iv) Illiquidity Risk i.e. risk that a Derivative trade may not be executed or reversed quickly enough at a fair price, due to lack of liquidity in the market.

- (xxx) The risks of investing in equity instruments include share price falls, receiving no dividends or receiving dividends lower in value than expected. They also include the risk that a company restructure may make it less profitable.
- (xxxi) Equity instruments face market volatility risk: Stock market tends to be very volatile in the short term. Even if fundamentals of the underlying companies do not materially change in the short term, volatility in the broader stock market can result in volatility in share prices of stocks forming part of the Client's portfolio
- (xxxii) Equity instruments face fundamental risk: If fundamentals of the companies chosen by the Portfolio Manager deteriorate over time, there is no guarantee or assurance that the Portfolio Manager's analysts and fund managers will be able to identify such deterioration in fundamentals and take appropriate action in a timely manner which could lead to higher volatility and a lower return from the portfolio companies.
- (xxxiii) Equity instruments face macro-economic and geo-political risks: Sudden changes to the macro-economic and geo-political environment within which Portfolio Manager's companies operate, could lead to increase in volatility of share prices of these companies.
- (xxxiv) Operational and IT Risk: there may be risks related to the exposure to loss due to human error or fraud, or from a system of internal controls that fails to adequately record, monitor and account for transactions or positions. There may also be risks related to hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fires, cyclones or floods and other force majeure events.
- (xxxv) The Portfolio Manager has multiple Investment Approach(s), funds and advisory mandates that run simultaneously. As such there may be a risk that investment opportunities in toto may not be offered to the investors of a particular approach, fund or mandate. To that extent, potential returns from the opportunity might be curtailed. The Portfolio Manager may run the same approach in different formats for different investors and to that extent available investment opportunities might be shared with such other investors.

7. Client Representation

The client representation as on 30th August 2024:

Category of client	No. of clients	Funds Managed (Rs. Cr)	Discretionary / Non-discretionary (if applicable)
Associate / Group company (Last 4 years)			
As on 31st March 2022	0	0	NA
As on 31st March 2023	0	0	NA
As on 31st March 2024	0	0	NA
As on 31st March 2025	0	0	NA
Others (Last 4 years)			
As on 31st March 2022	0	0	NA
As on 31st March 2023	0	0	NA
As on 31st March 2024	0	0	NA
As on 31st March 2025	0	0	NA

Disclosure regarding transactions with related parties:

(a) Names of enterprises with whom significant influence is exercised:

Name of Entity	Relationship
Asteya Investment Managers LLP	LLP Firm

(b) Names of Key Management Personnel

Mr. Arun Bahl	Managing Partner
Mr. Manindra Gupta	Managing Partner

Appointment of Custodian

The Portfolio Manager may appoint a custodian for its Portfolio Management Services.

8. Financial Performance

The Portfolio Manager is incorporated in December 2012, Details are per audited financial statements are as below:

Summarized Financial Statements - Balance Sheet			
Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023	For the year ended 31st March 2022
	(Indian Rupees in Thousands)	(Indian Rupees in Thousands)	(Indian Rupees in Thousands)
EQUITY AND LIABILITIES			
Capital account			
(a) Partners fixed account	1,300	1,300	1,300
(b) Partners current account	72,664	80,537	82,388
Current liabilities			
(a) Other current liabilities	54	75	46
(b) Short-term provisions	-	-	-
(c) Sundry creditors	-	1	-
Total	74,018	81,913	83,734
ASSETS			
Non-current assets			
(a) Property, plant and equipment	6,186	7,092	80
(b) Investments	64,574	67,250	76,838
(c) Other non-current assets	250	330	330
Current assets			
(a) Cash and cash equivalents	2,677	6,858	6,267
(b) Short-term loans and advances	331	383	205
(c) Trade receivables		-	14
Total	74,018	81,913	83,734

9. Portfolio management performance of the Portfolio Manager for the last three years, and in case of Discretionary Portfolio Manager disclosure of performance indicators calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

The Portfolio Manager has not started the PMS Business. Accordingly, the same is not applicable.

10. Audit Observations (audit observations of the preceding 3 years)

The Portfolio Manager is incorporated in December 2022, Since then there is no Audit observations.

11. Nature of Expenses

The nature of expenses will be as specified in the Annexure hereto.

(i) Portfolio Management Fee:

Portfolio Management Fee charged may be a Fixed Fee or a return-based fee (Performance Fee) or a combination of both. Fixed fees charged to clients will range from 0 BPS to 250 BPS per annum. The Portfolio Manager also intends to charge Performance Fees which will kick in after a Hurdle Rate of Return per annum is achieved. The Portfolio Manager intends to claim between 0%-100% (zero percent to hundred percent) of the upside generated over and above the Hurdle Rate of Return agreed with the Client. All specifics of Portfolio Management Fee for an Investment Approach would be agreed with each Client and set out in more detail in the Fee Schedule of the Asteya PMS Agreement.

(ii) Custodian fee

These charges relate to the opening and maintenance of Depository Accounts and/or custody fee and charges paid to the Custodian and/or Depository Participant, dematerialization of scrips, Securities lending and borrowing and their transfer charges in connection with the operation and management of the Client's portfolio account and is expected to be in the range of 1-25 BPS.

(iii) Fund accounting charges:

Up to 5 BPS

(iv) Registrar and transfer agent fee

This is fee payable to the Registrar and Transfer Agent for giving effect to transfers of Securities and may *interalia* include stamp duty costs, courier, post and notary charge and would be recovered on actual basis.

(v) Brokerage and transaction cost

These are amounts payable to the broker for opening of an account, execution of transactions on the stock exchange or otherwise for the transfer of Securities and may interalia include service charges, stamp duty costs, GST, STT etc. and is expected to be in the range of 10-15 BPS.

(vi) Goods and Service Tax: As applicable from time to time, charged over and above all fees and charges billed to the Client.

(vii) Depository Charges: As may be applicable from time to time.

(viii) Bank Charges: As may be applicable at actuals.

(ix) Stamp duty: As may be applicable at actuals.

(x) Legal costs and professional fees: Costs incurred for documentation, certifications, attestation and instituting or defending legal suits, audit fees and other similar charges.

(xi) Incidental expenses: Charges in connection with day to day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account or any other out of pocket expenses as may be incurred by the Portfolio Manager in the course of discharging his duties to the Client.

(xii) Portfolio Manager shall not charge any fees to Clients at the time of onboarding except the specific charges applicable for execution of the agreement and related documents for account opening.

(xiii) Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM).

12. List of third-party service providers whose services are being used by Portfolio Manager for the proposed Portfolio Management Service -

Sr. No.	Name of the service provider	Nature of services provided
1	HDFC BANK LTD	Custodian Services & Depository Participant

13. Taxation

It may be noted that the information given hereinafter is only for general information purposes and is based on the Portfolio Manager's understanding regarding the Tax laws and practices currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change or it may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment will be accepted by the tax authorities or will continue to be accepted by them indefinitely.

Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Portfolio Manager to induce any investor to invest whether directly from the Portfolio Manager or indirectly from any other persons by the secondary market operations. In view of the above, and since the individual nature of tax consequences may differ in each case on its merits and facts, each Investor is advised to consult his / her or its own professional tax advisor with respect to the specific tax implications arising out of its participation in the Portfolio Management Services, as an investor. In view of the above, it is advised that the Investors appropriately consult their investment / tax advisors in this regard.

The tax implications given hereunder are broad level implications as amended by the Finance Act (No. 2) 2024 enacted on August 16, 2024. Such implications may differ taking into account the specific facts of each individual case. Further, the tax rates and provisions are as applicable as on the date of issue of this document and would need to be considered as on the date of the taxable event.

The Clients are accordingly advised to avail the services of a professional consultant in determining their exact tax implications.

A. Treatment of Dividend from Companies and Mutual Funds:

a) Dividends declared, distributed or paid up to March 31, 2020:

Any dividend income from a domestic company, which is subject to dividend distribution tax (DDT) under section 115-O of the Income-tax Act, 1961 ('Act') is exempt from tax under section 10(34) of the Act. However, as per the proviso to section 10(34) of the Act, nothing contained under section 10(34) shall apply to any income by way of dividend chargeable to tax in accordance with the provisions of section 115BBDA of the Act. As per section 115BBDA of the Act, any income earned by a specified assessee who is resident in India, by way of dividend declared, distributed or paid by a domestic company in excess of INR 10,00,000 the same shall be chargeable to tax at 10% (excluding surcharge and health and education cess) on a gross

basis. Accordingly, the said tax shall be over and above the DDT paid by the domestic company distributing the dividend.

‘Specified assessee’ means a person other than (i) domestic company; or (ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution as referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act; or (iii) a trust or institution registered under section 12A or section 12AA or section 12AB of the Act.

Income (other than on transfer of units) from units of a Mutual Fund, registered with the Securities and Exchange Board of India (SEBI), is exempt from tax under section 10(35) of the Act.

b) Dividends declared, distributed or paid from April 01, 2020:

With effect from April 01, 2020, Finance Act 2020 has abolished the DDT charged under section 115-O and section 115R of the Act on the dividends paid by the domestic company and Mutual Fund, respectively, thereby transferring the tax burden completely in the hands of the shareholders/unitholders. Resultantly, section 10(34) and section 10(35) of the Act has also been deleted. Currently, the dividend is taxable in the hands of the unitholders/shareholders and also, subject to withholding of taxes at source by the Mutual Fund/Company, at applicable rates.

In addition to the above, where any income distributed up to March 31, 2020 which is subject to tax on distribution is received on or after April 01, 2020, the same shall continue to be exempt in the hands of shareholders/unitholders under section 10(34)/10(35) of the Act.

B. Proceeds on buy-back of shares by company:

As per Section 10(34A) of the Act, gains arising on buy-back of shares (not being shares listed on a recognised stock exchange) are exempt in the hands of investors. However, as per section 115QA of the Act, a distribution tax at the rate of 20% (plus applicable surcharge and health and education cess) is payable by an Indian company on distribution of income by way of buy-back of its shares if the buy-back is in accordance with the provisions of the Companies Act. Such distribution tax is payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian company at the time of issue of such shares, determined in the manner prescribed. In this regard, Rule 40BB of the Income tax Rules, 1962 (‘Rules’) provide for mechanism for determining the amount received by the Indian company in respect of issue of shares.

As per the Finance (No. 2) Act, 2019, any buy back of listed shares, on or after July 05, 2019, shall also attract buy-back tax under section 115QA of the Act. Accordingly, exemption under section 10(34A) of the Act is also extended on such buy-back transactions. However, as per the Ordinance 2019, there shall be no buy-back tax w.r.t those shares for which public announcement of buy-back was made before July 05, 2019.

The Finance (No. 2) Act, 2024 (FA 24) amended the taxation of buyback of shares effected on or after 1 October, 2024 in the hands of shareholder as under:

1. Buyback amount taxable as “Deemed Dividend”
2. Cost incurred for purchase of shares to be treated as “Capital Loss”

FA 24 has also made a consequential amendment in section 194 of the Act to provide for tax withholding at 10% on such consideration paid by the company.

C. Characterisation of Income earned from Transfer/ Sale of Securities.

Transaction in shares/ securities/ units of Mutual Fund may be either on the capital account (and chargeable to tax 'Capital gains' under section 45 of the Act) or on the trading account (and chargeable to tax as 'Profits and gains of business or profession' under section 28 of the Act).

The issue of income characterization as above is essentially a question of fact and dependent on various factors. Guidance can be sought from judicial precedents and clarifications issued by the Central Board of Direct Taxes (CBDT) vide circular/instructions.

In this regard, CBDT issued Circular No 6 dated February 29, 2016 on the tax treatment of surplus arising from transfer of listed shares/ securities whether capital gains or business income with a view to reduce litigation and uncertainty and in partial modification to earlier CBDT Circulars, the 2016 Circular instructs tax authorities to consider certain guidelines for classifying listed shares/ securities as under:

- i. Where the taxpayer itself, irrespective of the period of holding of the listed securities treats the gains from sale of such securities as business income, the same should be accepted by the tax authorities.
- ii. Where the taxpayer wishes to treat the gains arising from transfer of listed securities held for a period more than 12 months immediately preceding the date of its transfer as capital gains, the same should not be put to any dispute by the tax authorities. However, this stand, Once taken in a particular year, shall remain applicable to subsequent years and taxpayers shall not be allowed to adopt a different stand in this regard in subsequent years.
- iii. In all other cases, the nature of transaction (i.e. whether the same is in the nature of capital gains or business income) shall continue to be decided keeping in view the other notifications/ circulars issued by CBDT in this regard.

The aforementioned circular shall not apply in a case where the genuineness of the transaction itself is questionable. Based on the earlier Central Board of Direct Taxes ('CBDT') circulars and judicial decisions, following are inter alia the key factors and principles which need to be considered while determining the nature of assets as above:

- Motive for the purchase of shares;
- Frequency of transactions and the length of period of holding of the shares;
- Treatment of the shares and profit or loss on their sale in the accounts of the assessee;
- Source of funds out of which the shares were acquired – borrowed or own;
- Existence of an object clause permitting trading in shares – relevant only in the case of corporate bodies;
- Acquisition of the shares – from primary market or secondary market;
- Infrastructure employed for the share transactions by the client including the appointment of managers, etc.

Any single factor discussed above in isolation cannot be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously. Further, the background of the investor (professional vs. a trader in shares) would also be a relevant factor in determining the nature of the shares

CBDT has clarified that, it is possible for a taxpayer to have two portfolios, i.e., an investment portfolio comprising of securities which are to be treated as capital assets and a trading portfolio comprising of stock-in-trade which are to be treated as trading assets. Where an assessee has two portfolios, the assessee may

have income under both heads i.e., capital gains as well as business income.

In view of the above, the profits or gains arising from transaction in securities could be taxed either as “Profits or Gains of Business or Profession” under section 28 of the Act or as “Capital Gains” under section 45 of the Act.

D. Short-Term and Long-Term Capital Gains on Sale of Securities:

Type of instrument	Period of holding	Characterization
Listed Equity or preference Share, Securities (other than units) and units of equity-oriented mutual funds,	More than twelve (12) months	Long-term Capital Asset
	Twelve (12) months or less	Short-term Capital Asset
Units of Funds other than equity-oriented fund and market linked debentures	Irrespective of period of holding	Short-term capital Asset
Unlisted shares of a company	More than twenty four (24) months	Long-term Capital Asset
	Twenty four (24) or less	Short-term Capital Asset
Other securities	More than thirty six (36) months	Long-term Capital Asset
	Thirty six (36) months or less	Short-term Capital Asset

FA 24 rationalized the holding period for classification of capital assets as long-term or short-term from 23 July 2024. It is proposed that for all listed securities, the holding period is proposed to be 12 months and for all other assets, it shall be 24 months.

As per the provisions of section 48 of the Act, capital gains/ losses are computed by reducing from the sale consideration:

- i. any expenditure incurred wholly and exclusively in connection with the transfer;
- ii. the cost of acquisition of the asset transferred and the cost of any improvement thereto; and where long-term capital gain arises from the transfer of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso, the provisions of clause (ii) shall have effect as if for the words "cost of acquisition" and "cost of any improvement", the words "indexed cost of acquisition" and "indexed cost of any improvement" had respectively been substituted.

Vide FA 24, it is enacted that the indexation benefit on cost of acquisition and cost of improvement shall not be available for long-term capital assets transferred on or after 23 July 2024. However, for cost step up based on fair market value as on 31 January 2018/1 April 2001 shall continue to be available.

Further, as per the FA 24 indexation benefit for the purpose of computing capital gain tax liability on sale of immovable property acquired on or before 23 July, 2024 by Resident Individual and Hindu Undivided Family (HUF) would be available. The tax payable by the taxpayer would be lower of following:

1. 12.5% without indexation benefit or

2. 20% of capital gains after considering the benefit of indexation

Further, section 48 of the Act provides that in the computation of capital gains, no deduction shall be allowed in respect of STT paid.

Additionally, the status of tax payer (i.e. whether the taxpayer is an individual, a corporate, etc.), whether the transfer has been subject to Securities Transaction Tax (STT), the nature of the instrument sold, etc. also impact the rate of tax applicable to capital gains arising from the transfer of a capital asset. Some of these aspects have been discussed below.

The Finance Act 2023 inserted new section 50AA providing that capital gains arising from transfer or redemption, or maturity of specified market linked debentures (MLD) shall be deemed to be short-term capital gains (STCG) arising from transfer of a short-term capital asset.

In addition to the MLD, the Finance Act 2023 also included unit of a 'Specified Mutual Fund' acquired on or after 1 April 2023 under the ambit of above provisions of section 50AA of the ITA.

Explanation to section 50AA is amended to provide the meaning of 'Specified Mutual Fund': 'Specified Mutual Fund' means a Mutual Fund by whatever name called, where not more than thirty five percent of its total proceeds is invested in the equity shares of domestic companies: Provided that percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.'

FA 24 further amends the definition of "Specified Mutual Fund" under section 50AA of the Act, to provide clarity regarding the proportion of investment being made in terms of debt and money market instruments, and investment requirements in case of a Fund of Fund (FOF). A Specified Mutual Fund shall mean: - a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or - a fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a). This amendment will be effective from 1 April 2026 and shall be applicable from AY 2026-27 onwards.

Securities Transaction Tax ("STT")

The following table provides the details in respect of the rate of STT applicable (as on date) to some of the taxable securities transactions:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates applicable (%)
Delivery based purchase transaction in units of equity oriented fund entered into in a recognized stock exchange	Purchaser	Value at which units are bought	Nil
Delivery based purchase transaction in equity shares or units of a business trust entered in a recognized stock exchange	Purchaser	Value at which shares/ units are bought	0.1

Delivery based sale transaction in equity shares or units of a business trust entered in a recognized stock exchange	Seller	Value at which shares/ units are sold	0.1
Delivery based sale transaction in units of equity oriented fund entered into in a recognized stock exchange	Seller	Value at which units are sold	0.001
Non-delivery based sale transaction in equity shares or units of equity oriented fund or units of a business trust entered in a recognised stock exchange	Seller	Value at which shares/ units are sold	0.025
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.001

FA 24 has increased the rate of STT in case of future and option sale transactions as follows:

Particulars	Existing Rates	Revised Rates
Sale of Futures	0.0125% of the price at which such futures are traded	0.02% of the price at which such futures are traded
Sale of options	0.0625% of the option premium	0.1% of the option premium

Capital gains tax on sale transaction on which STT is chargeable:

i. Long-term capital gains:

Finance Act 2018 has, with effect from April 01, 2018, withdrawn the exemption on long term capital gains on sale of specified assets on which STT is chargeable and has introduced new section 112A of the Act. Under the provisions of new section 112A of the Act, in respect of transfer of an equity share in a company or a unit of an equity oriented fund or a unit of a business trust on or after April 01, 2018, tax at the rate of 10 per cent (plus applicable surcharge and cess) shall be levied on long-term capital gains, exceeding Rs.1,00,000 where in case of an equity share in a company, STT has been paid on acquisition and transfer of such capital asset in nature of asset being an equity shares in a company, or in a case of a unit of an equity oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.

FA 24 enacted that the tax rate on long-term capital gains would be 12.5% and the tax rate on short-term capital gains would be 20% (on which STT is paid). It is also enhanced that the exemption for long-term

capital gains arising from the transfer of a listed equity share or unit of equity-oriented mutual fund or unit of a business trust on which STT has been paid. It is increased from INR 100,000 to INR 125,000. Unlisted debentures and unlisted bonds are considered as debt instruments and it has been amended that capital gains on them should be taxed at applicable rate, whether short-term or long-term. Further, FA 24 provides that Long Term Capital Gains arising to Non-Resident taxpayer on transfer of specified assets (unlisted shares and securities) shall be as under:

1. where transfer takes places before 23 July, 2024, 10% without benefit of indexation and foreign exchange fluctuation
2. where transfer takes place on or after 23 July, 2024 – 12.5% without indexation benefit and foreign exchange fluctuation

The long-term capital gains are required to be computed without giving effect to the first and second provision to section 48 of the Act, i.e. benefit of computation of capital gains in foreign currency and indexation in respect of cost of acquisition and improvement.

Further, for the purpose of computing capital gains in relation to a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, acquired before February 01, 2018, the cost of acquisition is deemed to be the higher of:

- The cost of acquisition of such asset; and
- The lower of –
 - a) the fair market value of the asset; and
 - b) the full value of consideration received or accruing as a result of the transfer of the asset. i.e. Sale Price "fair market value" means,—

(i) in a case where the capital asset is listed on any recognised stock exchange as on the 31st day of January, 2018, the highest price of the capital asset quoted on such exchange on the said date:

Provided that where there is no trading in such asset on such exchange on the 31st day of January, 2018, the highest price of such asset on such exchange on a date immediately preceding the 31st day of January, 2018 when such asset was traded on such exchange shall be the fair market value;

(ii) in a case where the capital asset is a unit which is not listed on a recognised stock exchange as on the 31st day of January, 2018, the net asset value of such unit as on the said date;

(iii) in a case where the capital asset is an equity share in a company which is

(A) not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer;

(B) listed on a recognised stock exchange on the date of transfer and which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later;

As stated above, to avail benefits of section 112A of the Act, equity shares should be subject to STT both at the time of acquisition and transfer of assets. However, to protect certain transactions, the CBDT issued a Notification (Notification No. 60/2018/F. No. 370142/9/2017-TPL dated October 01, 2018) stating that the condition of chargeability to STT at the time of acquisition, shall not apply to all transactions of acquisitions of equity shares entered into on or after October 01, 2004 other than the specified transactions.

ii. Short-term capital gains

Section 111A of the Act provides that short-term capital gains arising on sale of equity shares of a company or units of equity-oriented fund and on which STT is chargeable are liable to income-tax at a concessional rate of 15% plus surcharge as applicable and cess.

The FA 24 increased the tax rate of short-term capital gains covered under section 115A of the Act, from existing 15% to 20% on any transfer which takes place on or after 23 July, 2024.

In case of Resident individuals and Resident HUFs, where the taxable income as reduced by short-term capital gains is below the maximum amount not chargeable to tax, the short-term capital gains is reduced to the extent of the amount which falls short of the maximum amount not chargeable to tax and only the balance short-term capital gains will be charged at the applicable rate plus cess.

Capital gains tax on sale transaction on which STT is not chargeable:

For resident individuals, HUFs, partnership firms (including limited liability partnership) and Indian companies:

i) Long-term capital gains

Long-term capital gains earned in respect of a long-term capital asset, is chargeable to tax under section 112 of the Act at the rate of 20% plus surcharge as applicable and cess. Capital gains are computed after taking into account the cost of acquisition as adjusted by the cost inflation index notified by the Central Government (indexed cost) and expenditure incurred wholly and exclusively in connection with such transfer.

Further, in case of Resident individuals and Resident HUFs, where taxable income as reduced by long-term capital gains is below the maximum amount not chargeable to tax, the long-term capital gains is reduced to the extent of the amount which falls short of the maximum amount not chargeable to tax and only the balance long-term capital gains will be charged at the rate of 20% or 10% plus surcharge as applicable, and cess.

In the case of capital assets being bonds or debentures (other than capital indexed bonds issued by the Government and sovereign gold bonds issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015), the benefit of indexation is not available.

The FA 24 has removed the indexation benefit on cost of acquisition and cost of improvement for long-term capital assets transferred on or after 23 July 2024. However, for cost step up based on fair market value as on 31 January 2018/1 April 2001 shall continue to be available.

However, as per FA 24 in the case of transfer of long-term capital asset, being land or building or both, which is acquired before 23 July 2024, if the tax computed at the rate of 12.5% (i.e., without consideration of indexation benefit) exceeds the tax computed under the old mechanism i.e., tax at the rate of 20% along with the indexation benefit then such excess tax shall be ignored. The said amendment is applicable only in the case of Resident Individual and Resident HUF. In simple words, the tax payable by the taxpayer would be lower of following:

1. 12.5% without indexation benefit or
2. 20% of capital gains after considering the benefit of indexation

ii) Short-term capital gains

Short-term capital gains earned are chargeable to tax as per the normal rates applicable to the taxpayer

For non-residents (Other than NRIs, who may elect to be covered by the provisions of section 115E of the Act, as regards tax on investment income and long-term capital gains, where beneficial.)

i) Long-term capital gains

Under section 112 of the Act, long-term capital gains arising from the transfer of a capital asset, other than unlisted securities, are chargeable to tax at the rate of 20% plus surcharge as applicable and cess. In case of non-resident, capital gains arising from transfer of a capital asset being shares in, or debentures of, an Indian company (other than unlisted securities) shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was initially utilised in the purchase of the shares or debentures, and the capital gains so computed in such foreign currency shall be reconverted into Indian currency (hereinafter referred to as FC computation mechanism).

Further, the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing or arising from every reinvestment thereafter in, and sale of, shares in, or debentures of, an Indian company. Further, under section 112 of the Act, long-term capital gains arising from the transfer of a capital asset, being units of a mutual fund, to tax at the rate of 20% plus surcharge as applicable and cess; capital gains are computed by taking into account the indexed cost and expenditure incurred wholly and exclusively in connection with such transfer.

Long-term capital gains arising from transfer of a capital asset, being unlisted securities (or shares of a company not being a company in which the public are substantially interested) and unlisted units are chargeable to tax at the rate of 10% plus applicable surcharge and education cess. Such long-term capital gains would be calculated without indexation of cost of acquisition and FC computation mechanism.

FA 24 increased the tax rate on long-term capital gains from 10% to 12.5% on transfer to long term capital assets on or after 23 July 2024 (on which STT is paid). Further, FA 24 enhanced the exemption for long-term capital gains arising from the transfer of a listed equity share or unit of equity-oriented mutual fund or unit of a business trust on which STT has been paid, from INR 1,00,000 to INR 1,25,000. Unlisted debentures and unlisted bonds are considered as debt instruments and it has been amended that capital gains on them should be taxed at an applicable rate, whether short-term or long-term.

The FA 24 provides that Long-term Capital Gains arising to Non-Resident taxpayer on transfer of specified assets (unlisted shares and securities) shall be as under:

1. where transfer takes places before 23 July 2024, 10% without benefit of indexation and foreign exchange fluctuation
2. where transfer takes place on or after 23 July 2024 – 12.5% without indexation benefit and foreign exchange fluctuation

Further, the FA 24 reduced the rate of tax for long-term capital assets other than unlisted shares and

securities. The same shall be taxed as under:

1. where transfer takes place before 23 July 2024, 20% with benefit of indexation and foreign exchange fluctuation
2. where transfer takes place on or after 23 July 2024 – 12.5% without indexation benefit and foreign exchange fluctuation

ii) Short-term capital gains

Short-term capital gains earned are chargeable to tax as per the normal rates applicable to the taxpayer. The FC computation mechanism is available to non-resident/ NRI for computing the short-term capital gains arising from the transfer of shares.

The FA 24 increased the tax rate on short-term capital gains from existing 15% to 20% on any transfer which takes place on or after 23 July 2024 (on which STT is paid).

E. Business Income from Purchase and Sale of Securities:

If the investment under the portfolio management services is regarded as “Business/Trading Asset” then the gain arising there from is taxed as business income on Net Income basis. Where income referred to above is treated as business income, the person is eligible for deduction under section 36(1)(xv) of the Act for the amount of STT paid.

F. Losses under the head capital gains/business income

In terms of section 70 read with section 74 of the 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.

Business loss (other than speculative business losses) is allowed to be carried forward for 8 assessment years. Business losses are allowed to be set-off against any other income (except income under the head ‘salaries’) in the relevant assessment year. Further, if the business losses cannot be fully set-off in the relevant assessment year then it can only be set-off against business income in the subsequent years.

G. Bonus Stripping

Where any person buys or acquires any securities; or units of a mutual fund or the Unit Trust of India or business trust or Alternate Investment Fund within a period of three months prior to the record date (i.e., the date that may be fixed by a company or a Mutual Fund or the Administrator of the specified undertaking or the business trust or Alternate Investment Fund or the specified company, for the purposes of entitlement of the holder of the securities or units to receive additional security or unit, as the case may be, without any consideration) and such person is allotted additional securities or units (without any payment) on the basis of holding of the aforesaid securities or units on the record date, and if such person sells or transfers all or any of the original securities or units within a period of nine months after the record date while continuing to hold all or any of the additional securities or units, then any loss arising to him on account of such purchase and sale of all or any of the securities or units would be ignored for the purpose of computing his income

chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional securities or units as are held by him on the date of sale or transfer of original securities or units.

H. Tax Deduction at Source:

As per section 194, the company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment by any mode in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, deduct from the amount of such dividend, income-tax at the rate of ten per cent. Provided that no such deduction shall be made in the case of a shareholder, being an individual, if—

- (a) the dividend is paid by the company by any mode other than cash and
- (b) the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder, does not exceed five thousand rupees

Finance Act 2020 inserted a new section 194K of the Act whereby a person responsible for paying to a resident any income in respect of units of mutual fund specified under section 10(23D) of the Act shall withhold taxes at the rate of 10% provided such income exceeds INR 5,000. Further, the proviso to section 194K of the Act clarifies that such taxes are not required to be withheld where the income is in the nature of capital gains.

Any person responsible for paying to a non-resident, any income, which is chargeable to tax under the Act, is required to withhold income-tax thereon under section 195 of the Act, at the prescribed rates, at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.

Finance Act 2020 has also amended the provisions of section 196A of the Act whereby a person responsible for paying to a non-resident any income in respect of units of mutual fund specified under section 10(23D) of the Act shall withhold taxes at the rate of 20%.

In case of deduction of tax at source (TDS) on payments made to non-residents, the tax rates would be increased by surcharge and cess. However, in case of TDS on payments made to residents, the tax rates would not be increased by surcharge and cess.

FA 24 introduced the new provisions for tax on Buy-Back of shares. As per the amendment the income would to be taxed as dividend, a corresponding amendment has been made in section 194 of the Act whereby the said income will be subject to the withholding of tax at source @ 10%. This amendment will be effective from 1 October 2024. There are various amendments to the rate of withholding tax brought by FA 24, relevant changes are outlined as under:

Section	Present TDS Rate	Revised TDS Rate	With effect from
Section 194D - Payment of insurance commission (in case of person other than company)	5%	2%	1 st April 2025

Section 194DA - Payment in respect of life insurance policy	5%	2%	1 st October 2024
Section 194G – Commission etc on sale of lottery ticket	5%	2%	1 st October 2024
Section 194H - Payment of commission or brokerage	5%	2%	1 st October 2024
Section 194-IB - Payment of rent by certain individuals or HUF	5%	2%	1 st October 2024
Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	1 st October 2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	1 st October 2024
Section 194F - Payments on account of repurchase of units by Mutual Fund or Unit Trust of India	20%	Omitted	1 st October 2024

I. Advance Tax Instalment Obligations:

The Client is required to discharge the taxes (if any) on their respective share of income received from mutual funds at the applicable rates. The Client is therefore required to compute the advance tax liability in the manner as prescribed under the Act and discharge the advance tax liability, if any, on their respective share of income from the Mutual Fund.

Any shortfall or delay in discharging the advance tax liability by the Client may attract interest implications under section 234B and 234C of the Act. It will be the responsibility of the Client to meet the advance tax obligation instalments payable on the due dates under the Act.

J. Benefit of Double Taxation Avoidance Agreement:

As per the provisions of section 90(2) of the Act, in determining the taxability of a non-resident, the provisions of the relevant DTAA or the Act, whichever are more beneficial, shall apply. Accordingly, if the investor is a resident of country with which India has entered into a DTAA, the provisions of the DTAA or of the Act, whichever are more beneficial to the investor, shall apply.

Section 90(4) of the Act, provides that a taxpayer, not being a resident, to whom a DTAA applies, shall not be entitled to claim any relief under such DTAA unless a certificate of it being a resident in any country outside India is obtained by it from the Government of that country.

Further, section 90(5), provides that the taxpayer referred to in section 90(4) of the Act, shall also provide such other documents and information, as may be prescribed. In this connection, on August 01, 2013, the

CBDT issued a Notification substituting Rule 21AB of the Income-tax Rules, 1962 (Rules) and prescribing the format of information to be provided under section 90(5) of the Act, i.e. in Form No 10F.

A taxpayer would be required to furnish Form No 10F, where the required information is not explicitly mentioned in the aforementioned certificate of residency; in which case, the Notification additionally requires the taxpayer to keep and maintain such documents as are necessary to substantiate the information provided.

CBDT vide notification no. 03/2022 dated 16th July 2022 has now mandated that certain forms, including Form 10F, to be furnished electronically and e-verified on the Indian Income tax portal ('Portal') in a prescribed manner. The notification has come into force with immediate effect from 16 July 2022. However, partial relaxation was granted with respect to electronic submission of Form 10F till September 30, 2023, by non-residents not having PAN and not required to have PAN. Recently, the tax authorities have updated the utilities on the Income Tax Portal to enable such non-residents to electronically file Form 10F without requirement of PAN. Subsequently, the CBDT has introduced a new facility for non-residents who do not have a PAN to e-file Form 10F on the income tax portal by creating an account without the requirement of first obtaining a PAN.

As per the provisions of section 115A of the Act, where the income of a non-resident (not being a company) or a foreign company comprises of inter-alia dividend or interest income and appropriate taxes have been withheld in accordance with the provisions of Chapter XVII-B of the Act on such income by the payer, such non-resident is not required to furnish the return of income under section 139(1) of the Act.

Disclaimer: The tax information provided above is generic in nature and the actual tax implications for each client could vary substantially from what is mentioned above, depending on residential status, the facts and circumstances of each case. The Client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his income or loss and the expenses incurred by him as a result of his investment as offered by the Portfolio Manager.

14. Accounting Policies

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

- (i) **Recognition:** The Portfolio Manager shall follow accrual-based accounting policies in conformation with generally accepted accounting principles for fund management in India.
- (ii) **Client Accounts:** The investments under the Portfolio Management Service (PMS) are made on behalf of and in the respective names of the Clients. Hence separate bank accounts and demat accounts may be opened in the name of the Clients which are operated by the Portfolio Manager duly authorized for this purpose by a Power of Attorney. As the amount received under PMS and the corresponding investments are made on behalf of the Clients, they are not reflected in the balance sheet of the Portfolio Manager.
- (iii) **Income Accrual:** Dividends on shares and units in mutual funds shall be accounted on ex-dividend date, interest, stock lending fees earned etc., shall be accounted on receipt basis. The interest on debt instruments shall be accounted on receipt basis.

- (iv) **Cost of Investments:** Purchase/Sale consideration will be calculated by applying the "weighted average cost" method. The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's Contract note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- (v) **Portfolio Management Fees:** Portfolio management fees could include a fixed management fee and a variable performance fee. The amount of fixed and variable fees will be as agreed with the client and defined in the Agreement. Issues related to the frequency at which fees are charged and how they are calculated will also be as defined in the Agreement with each individual client. The fixed management fee will be as agreed in the Agreement terms and conditions and is payable quarterly. The performance fees as agreed with the client in the Agreement will be based on returns over a hurdle rate as agreed in the Agreement, with a high watermark. Performance fees will be charged on performance over the hurdle rate, management fee and any costs of trading. They will be charged quarterly or annually.
- The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

15. Investors Services

- (i) Details of investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:

Name of the person	Poonam Rawal
Designation	Compliance Officer
Address	Keshava Commercial Premises, Office no.110, 1st Floor, E-Block, Bandra Kurla Complex [BKC] Bandra East, Mumbai – 400051,India.
Email	grievance@asteyaglobal.com ;
Telephone	9833258518

- (ii) Grievance redressal and dispute settlement mechanism:

- The personnel/s of the Portfolio Manager as listed above will attend to and address any Client query / concern / grievance in accordance with the grievance redressal mechanism as per applicable Laws.
- In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge a complaint on SEBI's web-based complaints redress system (SCORES) at <https://scores.gov.in/scores/Welcome.html>.
- After exhausting the aforesaid mentioned options for resolution of the grievance, if the Client is still not satisfied with the outcome they can initiate dispute resolution mechanism that includes mediation and / or conciliation and / or arbitration, through the Online Dispute Resolution Portal (ODR Portal) at <https://smartodr.in/login> in accordance with the

procedure specified by SEBI vide SEBI circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated as on August 4, 2023), on “Online Resolution of Disputes in the Indian Securities Market”. A copy of the said SEBI circular is here – <https://www.sebi.gov.in/legal/master-circulars/aug-2023/online-resolution-of-disputes-in-the-indian-securities>.

16. Details of investments in the securities of related parties of the Portfolio Manager

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

17. Details of the diversification policy of the Portfolio Manager

Asteya has a bottom-up fundamentals-oriented philosophy where the list of portfolio companies is formed basis the resilience of fundamentals (as one of the many factors) of the respective companies against various external headwinds such as macro- economic factors, competitive intensity etc. This reliance in portfolio fundamentals provides the biggest source of downside protection against volatility in the external operating environment. For managing diversification risk and to reduce the exposure of massive drawdown of a single stock, Asteya investment in different types of stocks and accordingly curates the portfolio. We can have stocks ranging from 5 to 30 in a portfolio basis client requirement. Average number of stocks in our portfolio is around 12-15 stocks per portfolio. Asteya doesn't have sector-based diversification boundary. We can have a portfolio which has 100% allocation in as few as two or three sectors.

18. GENERAL PROVISION

The Prevention of Money Laundering Act, 2002 (PMLA Act) came into force with effect from July 1, 2005, forming the core of the legal framework to combat money laundering. As per the provisions of the PMLA Act, Intermediaries, including portfolio managers, have certain obligations regarding verification of the identity of their clients, maintaining records and furnishing information to the Financial Intelligence Unit–India (FIU- IND). SEBI vide its various circulars issued has directed all Intermediaries, including portfolio managers to formulate and implement policies and procedures for dealing with



money laundering and adoption of 'Know Your Customer' (KYC) Policy. The client should ensure that the amount invested in the Portfolio Management Service is through legitimate sources only and does not involve and is not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of the PMLA Act, the Prevention of Money Laundering Rules, 2005, Income Tax Act, Anti Money Laundering Guidelines, Prevention of Corruption Act, Act or any other applicable laws enacted by the Government of India from time to time.

The Portfolio Manager reserves the right to take all steps and actions, including recording clients telephonic calls and/or obtaining and retaining all documentation for establishing the identity of the Client, proof of residence, source of funds etc. in accordance applicable law from the client and/or the custodian as may be required to ensure appropriate identification/verification and re-verification of the Client, the course of fund etc. under its KYC policy as may be amended and updated from time to time. If at any time the Portfolio Manager believes that the transaction is suspicious in nature in accordance with applicable law, the Portfolio Manager shall have the absolute discretion to report the transaction to FIU-IND and/or any other statutory body that the Portfolio Manager is bound to report to from time to time. The Portfolio manager can also reject any application, freeze the account, compulsorily close the Client account and pay out the proceeds to the Client, at its option. The Portfolio Manager shall have no obligation to inform the Client or its agent/power of attorney holder in the event of such reporting.

The Portfolio Manager and its directors, employers, officers, agents and persons acting on its behalf shall not be responsible/liable for any loss suffered by the Client in any manner whatsoever due to any reporting to the FIU-IND by the Portfolio Manager, the rejection of any application or freezing or compulsory closure of any Client account or termination of the Agreement due to any non-compliance by the Client with the provisions of any applicable law, rule, regulation, KYC policy and/or where the Portfolio Manager has reported a suspicious transaction to FIU-IND.

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

For Asteya Investment Managers LLP

Arun Bahl Managing Partner	
Manindra Gupta Managing Partner	

Place: Mumbai

Date: 31st August 2024

FORM C

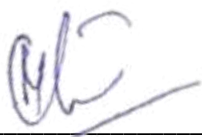
*Securities and Exchange Board of India
(Portfolio Managers) Regulations, 2020
(Regulation 22)*

Asteya Investment Managers LLP
Keshava Commercial Premises,
Office no.110, 1st Floor,
E-Block, Bandra Kurla Complex [BKC]
Bandra East, Mumbai – 400051, India.
Tel: +91-22-26514252
E-mail: manindra.gupta@asteyaglobal.com

We confirm that:

- (i) the Disclosure Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time;
- (ii) the disclosures made in the Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;
- (iii) the Disclosure Document has been duly certified by an independent Chartered Accountant Kailash S. Jain, of M/s. Kailash S. Jain Chartered Accountant (enclosed is a copy of the Chartered Accountants' certificate to the effect that the disclosures made in the Document are true, fair and adequate to enable the investors to make a well informed decision).

Signature of the Principal Officer:



Name and address of the Principal Officer:

Manindra Gupta

Keshava Commercial Premises, Office no.110, 1st Floor, E-Block, Bandra Kurla Complex [BKC]
Bandra East, Mumbai – 400051, India.

Date: September 30 2024,
Place: Mumbai



Kailash S. Jain

B.Com. F.C.A.,

CHARTERED ACCOUNTANT

M: 9820019434

Email : ks_jain_ca@hotmail.com

Bandra Off.: 4E/F, Siddhi Viyanayak Chamber, Opp. MIG Cricket Club, Above Amey Restaurant, Kala Nagar, Bandra (East), Mumbai - 400 051. **Tel.:** 2651 1619 / 2640 1347

Malad Off.: 203/A, Hemu Classic Bldg., Opp. New Era Talkies, Above LIC, S. V. Road, Malad (West), Mumbai - 400 064. **Tel.:** 2888 5977 / 2880 3843

CERTIFICATE

We have verified the Disclosure Document ("the Document") for Portfolio Management Services prepared by **M/s. ASTEYA INVESTMENT MANAGERS LLP**, a Portfolio Manager registered with SEBI under the SEBI (Portfolio Managers) Regulations, 2020 (SEBI Reg. No. **INP000006536**), dated May 16, 2025, having its Registered Office at Office No. 110, 1st Floor, Keshava Building, Plot No C-5, E Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051.

The disclosure made in the document is made on the model disclosure document as stated in Schedule V of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations 2020.

With regard to TWRR calculation method, we have been informed by the management that the TWRR has been calculated by their software as per the logic specified by SEBI.

Our certification is based on the audited Balance sheet of the LLP for the Financial Year Ended March 31, 2024, audited by Statutory Auditors S S Prabhu & Company, Chartered Accountants and examination of other records, data made available and information & explanation provided to us.

Based on such examination we certify that:

- a. The Disclosure made in the document is true, fair and correct and
- b. The information provided in the Disclosure Document is adequate to enable the investors to make well-informed decisions.

KAILASH S. JAIN
CHARTERED ACCOUNTANT

The enclosed document is stamped and initialed/ signed by me for the purpose of identification.

For Kailash S. Jain
Chartered Accountants



CA Kailash S. Jain
Proprietor
M. No.: 041427



UDIN : 25041427BMIETQ6089

Place: Mumbai
Date: 16.05.2025