

FYERS ASSET MANAGEMENT PRIVATE LIMITED

CIN: U66301KA2023PTC180380 SEBI Registration No.:

Regd. Address: 901-902 Brigade Magnum, Flr9 Wing A, SYNO104&106/8, Kodigehalli, Bangalore
North, Bangalore- 560092

Tel No: 080 - 6000 1111

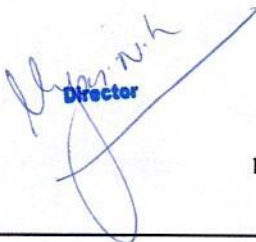
Email ID: compliance-pms@fyers.in

FYERS ASSET MANAGEMENT PRIVATE LIMITED

(SEBI Registration No.: INP000xxxxx)

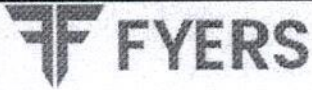
Disclosure Document
For
Portfolio Management Services

For FYERS ASSET MANAGEMENT PRIVATE LIMITED


Director

For FYERS ASSET MANAGEMENT PRIVATE LIMITED


Director



FYERS ASSET MANAGEMENT PRIVATE LIMITED

CIN: U66301KA2023PTC180380

SEBI Registration No.:

Regd. Address: # 901-902 Brigade Magnum, Flr9 Wing A, SYNO104&106/8, Kodigehalli,
Bangalore North, Bangalore- 560092

Tel No: 080 – 6000 1111

Email ID: compliance-pms@fyers.in

Dear Investor,

We confirm that:

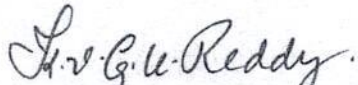
The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines, amendments made thereafter and directives issued by the Board from time to time;

The disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us/ investment through the Portfolio Manager;

The Disclosure Document has been duly certified by an independent chartered accountant _____ bearing registration no. _____ on _____.

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

For and on behalf of **Fyers Asset Management Private Limited**


Venkata Gopala Krishna Reddy Kavalireddi

(Principal Officer)

Place: Bangalore

Date: 07.12.2023



PORTFOLIO MANAGEMENT SERVICES- DISCLOSURE DOCUMENT

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

1. The Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
2. The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a portfolio manager.
3. The Document contains necessary information about the portfolio manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.
4. The Disclosure Document shall be provided to the existing client as and when there is a material change in the contents of Disclosure Document and the same shall be available at the Website of the Company www.fyersassets.com.
5. The Portfolio Manager shall provide to the client, the Disclosure Document along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020, prior to entering into an agreement with the client as referred to in sub-regulation (1) of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
6. This Disclosure Document is prepared in regard to introduction of the new offerings post the granting of license by the regulatory authority.
7. The name, phone number, and e-mail address of the Principal Officer designated by the Portfolio Manager are as follows:

Name of Principal Officer: Mr. Venkata Gopala Krishna Reddy Kavalireddi

Telephone No. : +91 95736 04451

E-mail address : compliance-pms@fyers.in

8. This Disclosure Document is dated:



INDEX

Sr. No.	Content	Page No.
1	Disclaimer	5
2	Definitions	5
3	Description of The Portfolio Manager	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 against the Portfolio Manager	19
5	Services offered by the Portfolio Manager	20
6	Risk Factors	24
7	Client Representations & Disclosure of related parties	26
8	Policy for Investments in Group / Associate Companies	27
9	Details of conflicts of interest related to services offered by group companies or associates of the Portfolio Manager	27
10	Related parties disclosure	28
11	Financial Performance of the Portfolio Manager	29
12	Portfolio Management performance of the Portfolio Manager in the last 3 years	29
13	Audit Observations of the preceding 3 Years	29
13	Nature of Costs and Expenses for Clients	29
15	Taxation	33
16	Accounting Policies	51
17	Anti-money laundering Compliance	52
18	Audit	53
19	Investor Services	54
20	Grievance /Dispute Handling Mechanism	54
21	Custodian and Fund Accounting	55
22	Diversification Policy	55
23	Details of Investments in the Securities of Related Parties of The Portfolio Manager	56



(T)



1. DISCLAIMER:

This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended from time to time and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

2. DEFINITIONS:

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

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

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

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

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

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

"Client" means any individual, HUF, partnership firm, any body corporate, association of person, body of individuals, trust, statutory authority, or any other person who registers with the portfolio manager for availing the portfolio management services rendered by the portfolio manager.

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

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





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

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

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

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

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

"Portfolio" means the total holdings of securities belonging to the client, the idle cash and cash equivalents.

"Portfolio Manager" (PM) means **FYERS ASSET MANAGEMENT PRIVATE LIMITED (FAMPL)** who has obtained certificate from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993, vide Registration No. INP00000xxxx.

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

"Regulation" means the Securities and Exchange Board of India (Portfolio Manager) Regulations, 1993 as amended by Securities and Exchange Board of India (Portfolio Managers) Amendment Regulations, 2020 and as may be amended by SEBI from time to time.

"Related party" means—





- (i) a director, partner or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, partner, manager or his relative is a partner;
- (iv) a private company in which a director, partner or manager or his relative is a member or director;
- (v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital; (
- (vi) 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;

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

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





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

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

3. DESCRIPTION OF THE PORTFOLIO MANAGER:

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

FYERS ASSET MANAGEMENT PRIVATE LIMITED (FAMPL) (the Company) having Corporate Identification Number (CIN) U66301KA2023PTC180380 was incorporated on 30th October 2023, having its registered office at # 901-902 Brigade Magnum, Flr9 Wing A, SYNO104&106/8, Kodigehalli, Bangalore North, Bangalore- 560092

The Company is presently applying for its Portfolio Management license from SEBI and is expected to be engaged in providing portfolio management services to Individuals, NRIs, Corporates, Firms, Trusts, LLPs and any other approved entities as per SEBI (Portfolio Managers) Regulations, 2020.

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

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

Promoters of the Company:

No.	Name	Role	Description
1.	Nagendraprasad Khoday Tejas	Promoter	Tejas Khoday is the Co-founder, Promoter of FYERS Asset Management Private Limited. He is also the Promoter, Co-founder, Director and CEO of FYERS Securities Private Limited, a technology-focused brokerage firm, set up in 2015, with the goal of transforming the trading/investment landscape for all traders and investors.
2.	Nagendra Prasad Khoday Yashas	Promoter	Yashas Khoday is the Promoter, Co-founder and Director of FYERS Asset Management Private Limited. He is also the Promoter, Co-founder, Director and CTO of FYERS Securities Private Limited.
3.	Shreyas Nagendra Prasad Khoday	Promoter	Shreyas Khoday is the Promoter of FYERS Asset Management Private Limited. He is also the





		Promoter, Co-founder and Director for FYERS Securities Private Limited.
--	--	---

Directors of the Company:

1. Nagendraprasad Khoday Tejas – Managing Director and Chief Executive Officer

Education:

2011	Indian School of Business and Finance, Delhi <i>Post Graduate Diploma in Finance (PGDF)</i>
2010	Bengaluru University, Bengaluru, Karnataka <i>Bachelor of Business Management (BBM)</i>

Experience:

2015 – Present	FYERS Securities Private Limited., Bangalore, India - <i>Co-Founder, Designated Managing Director and Chief Executive Officer</i> <ul style="list-style-type: none">• FYERS is a bootstrapped stock broking firm with over 500,000 customers as on October 2023, with a pan India presence of customers. Based out of Bangalore, FYERS employs more than 350 professionals to provide capital market related products and services.• FYERS is a debt free, profitable Co. with a net worth of Rs.100+ crores. The firm offers cutting edge and modern trading & investment services to DIY retail investors, successfully navigating the continuous regulatory changes and market disruptions over the last 8 years.• FYERS is a trading member & self-clearing member of NSE, BSE and MCX. FYERS is also a Depository Participant (DP) with CDSL and NSDL.
2012 – 2015	Sovereign Hotels Private Limited, Bangalore, India - <i>Head of Operations</i> <ul style="list-style-type: none">• Providing operational stability for the family hospitality business by actively managing financial accounting, costing, and turning around the business after incurring capital expenditure to upgrade the infrastructure and ensure business continuity.
2012	Futures First – GHF Group, London, UK - <i>Proprietary Trader – Energy Markets (NYMEX)</i> <ul style="list-style-type: none">• Active trading in Energy contracts as a medium-frequency market-maker• Based out of the Bangalore operation centre, responsibilities included trading across European & American markets.
2011	Zerodha Broking Services Private Limited, Bangalore, India - <i>Dealing and Customer Support</i>



- Among the first employees of Zerodha, providing customer support for trade placement and risk management.

Others – Certifications, Memberships, Accolades, Achievements, Awards

Advanced Programme in Banking and Leadership for a Digital World by National Institute of Bank Management (NIBM), Pune and TalentSprint	Registration ID - 2300004	Nov 2022 to April 2023
Chartered Market Technician (CMT) – Level 1	Registration ID - 222249882	Since: June 2022 Valid Till: Ongoing (NA)
Chartered Financial Analyst (CFA) – Level 1		Since: 2011
Commodity Participants Association of India (CPAI)	Vice Chairman (South India)	Since: April 2023
Bombay Stock Exchange (BSE) Brokers Forum	Governing Board Member	Since: July 2022
Association of National Exchange Members of India (ANMI)	Member	Since: 2021
ET Startup Awards	Nominated for "Bootstrapped Startup of the Year"	October 2023
MCX Awards	Leading Broker – Energy Markets	November 2022
Entrepreneur Awards	"Bootstrapped Startup of the Year"	August 2021
Achievers Awards	Promising Company	July 2021
Entrepreneur (India)	Featured in 35 Under 35	February 2021
Prior Certifications	MCX Certified Commodity Professional	Registration ID - 1004267
	NISM-Series-X-A: Investment Adviser (Level 1) Certification	Enrolment Number – 1800125593
	NISM-Series-V-A: Mutual Fund Distributors Certification	Enrolment Number – 1500045329
	NISM-Series-VII: Securities Operations and Risk Management Certification	Enrolment Number – 1400028311
	NISM-Series-I: Currency Derivatives Certification	Enrolment Number – 1400028294
	NISM-Series-VIII: Equity Derivatives	Enrolment Number –



	Certification	1400028302
--	---------------	------------

2. Nagendra Prasad Khoday Yashas – Director and Chief Technology Officer

Education:

2022	Indian Institute of Management, Bangalore, Karnataka <i>Executive Education Programme in Project, Program and Portfolio Management</i>
2016	QuantInsti Quantitative Learning, Mumbai, Maharashtra <i>Executive Program in Algorithmic Trading, Quantitative Finance</i>
2014	Christ University, Bangalore, Karnataka <i>Bachelor's in Economics (Honors)</i>

Experience:

2015 – Present	<p>FYERS Securities Private Limited., Bangalore, India</p> <p>- <i>Co-Founder and Chief Technology Officer</i></p> <ul style="list-style-type: none">• FYERS is a bootstrapped stock broking firm with over 500,000 customers as on October 2023, with a pan India presence of customers. Based out of Bangalore, FYERS employs more than 350 professionals to provide capital market related products and services.• FYERS is a debt free, profitable Co. with a net worth of Rs.100+ crores. The firm offers cutting edge and modern trading & investment services to DIY retail investors, successfully navigating the continuous regulatory changes and market disruptions over the last 8 years.• FYERS is a trading member & self-clearing member of NSE, BSE and MCX. FYERS is also a Depository Participant (DP) with CDSL and NSDL.• Providing invaluable insights into the complexities & opportunities within the financial landscape, shaping technological developments.• Responsible for innovative technology introductions and periodic upgrades addressing the tech-savvy, digital age customer requirements.
2014	<p>Sharekhan Ltd, Bengaluru</p> <p>- <i>Client Manager</i></p> <ul style="list-style-type: none">• Understand client goals and risk profiles to provide portfolio allocation opportunities.• Analyse research reports provided by the Head Office & educate clients in making sound investment decisions based on their finances.• Creating investor awareness on capital markets, benefits, risks and



	<p>opportunities.</p> <ul style="list-style-type: none"> Responsible for handling HNI clients in offering personalized investment services. Organize regular investor education programs across locations in Bengaluru.
2012	<p>SSK Co-Operative Society Bank</p> <ul style="list-style-type: none"> Graduate Intern An enriching internship, delving into the intricacies of the banking sector, gaining valuable insights into the institution's operations. Primary responsibilities include comprehend the bank's functions thoroughly, and actively contributed to the integration of innovative tools aimed at enhancing overall productivity.

Professional Accolades and Achievements

Recognition	Type	Details
Business World (2021)	30 Under 30	Recognized and awarded as 30 people under 30 by BW Business World Magazine for contribution towards building the technology stack at FYERS.
NSE Membership	One of the youngest stock brokers of NSE	At age 22, achieved the distinction of being one of the youngest members of a stockbroking team to secure NSE membership in 2014.

Prior and Current Regulatory Certifications:

Name	Certification	Details
NCFM/ NISM	NISM Series-III-A - Securities Intermediaries Compliance (Non-Fund)	Date: 8 Jul 2014 Enrolment: 00001156697
NCFM/ NISM	NISM Series-VII - Securities Operations and Risk Management	Date: 23 Jul 2014 Enrolment: 00001156697
NCFM/ NISM	Back Office Operations Module	Date: 22 Sep 2014 Enrolment: 00001156697
NISM	Series-VI - Depository Operations	Date: 08 Aug 2014 Enrolment: 1400028444
NISM	Series-V-A - Mutual Fund Distributors	Date: 30 Dec 2015 Enrolment: 1500170621
NISM	Series-VIII - Equity Derivatives	Date: 29 Sep 2017 Enrolment: 1700171755
NISM	Series-I - Currency Derivatives	Date: 18 Oct 2017 Enrolment: 1700195051
NISM	Series-VA - Mutual Fund Distributors	Date: 1 Mar 2019 Enrolment: 1900056152
NISM	Series-XIII - Common Derivatives	Date: 3 Sep 2023 Enrolment: 2310242870



NCFM	Algorithmic Trading Module	Date: 27 Oct 2023 Enrolment: 00001446715
NISM	Series-VII - Securities Operations and Risk Management	Date: 5 Nov 2023 Enrolment: 2310320536

Details of Key Investment Management and other personnel:

1. Venkata Gopala Krishna Reddy Kavalireddi – Principal Officer

Education:

2006	Great Lakes Institute of Management, Chennai, India <i>Post Graduate Program in Management</i>
2002	Florida International University, Miami, Florida, US <i>Master of Science in Mechanical Engineering</i>
1998	Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, India <i>Bachelor of Science in Mechanical Engineering</i>

Experience:

Oct 2017 - Present	FYERS Securities Private Limited., Bangalore, India <i>- Vice President – Research</i> <ul style="list-style-type: none">• Providing free research-based analytical support to FYERS clients for investing• Framing methodologies, investment objectives, designing portfolios & management• Continuous research to fortify portfolios aimed at various categories of clients• Author monthly newsletters and articles on stock markets and mutual funds for investor awareness across print and online media
Jul 2014 – Sep 2017	Multiple Consulting Firms, India <i>- Independent Consultant</i> <ul style="list-style-type: none">• Offer expertise to private firms in renewable energy projects, investment opportunities, macroeconomic trends, and industry developments
Jul 2010 – Jun 2014	Siemens Gamesa, Chennai, India <i>- Head of Sales and Operations Planning</i> <ul style="list-style-type: none">• Prepare, implement & monitor the sales & operations plan to support the annual targets of Gamesa India• Strategic planning, implementation and monitoring in sales & project operations, logistics, key account management, product configuration, manufacturing, change management, and cost optimization for Indian operations• Business case formulation of annual/strategic business plans for CXO-level decisions
Jun 2006 – Jun 2010	Thermax Limited, Pune, India <i>- Executive Assistant to Chairperson</i>





	<ul style="list-style-type: none"> Responsible for overseeing the preparation and implementation of strategic & annual business plans across all divisions of Thermax Successfully led companywide initiatives of carbon footprint estimation, supply chain strengthening & stabilization and execution of other strategic decisions
Sep 2004 - April 2005	Firepro Systems Private Limited, Bangalore, India - Project Coordinator Worked on large projects related to fire alarm & sprinkler systems implementation
Jan 2000 - April 2003	Hemispheric Center for Environmental Tech, Florida, US - Project Coordinator <ul style="list-style-type: none"> Worked on projects related to alternate decontamination processes, technology development, integration & deployment programs for Department of Energy

Others – Certifications, Memberships, Accolades, Achievements, Awards:

NISM – Series XXI-B: Portfolio Managers Certification	Registration Number - NISM - 201900099496 Enrolment Number - 2310261838	Valid Till: September 02, 2026
NISM – Series XV: Research Analyst Certification	Registration Number - NISM - 201900099496 Enrolment Number - 2100281885	Valid Till: November 29, 2024
XLRI Jamshedpur, India	Management Development Program in Finance	2007
Authored 'School of Stocks' – a FYERS investor awareness Initiative focused on stock market concepts. A prolific writer on economy and investments across diversified print and online media.		

2. Vikram Kumar – Compliance Officer

Education:

2003	University of Rajasthan, Jaipur Master of Arts. Political Science
2001	Babu Shobharam College of Arts, University of Rajasthan-Jaipur Bachelor of Arts

Experience:

Aug 2022 - Present	FYERS Securities Private Limited., Bangalore, India Manager -DP and Operations <ul style="list-style-type: none"> Supervision of Day-to-day DP operation Ensuring Clearing and Settlement of Securities end to end Monitoring operations of NRIs Ensuring smoothness Audit and Inspection of DP-CDSL and DP-NSDL
June 2017 -	BgSE Financials Limited





Aug 2022	<p>Manager – DP and KYC</p> <ul style="list-style-type: none"> • Supervision of Day-to-day DP operation • Ensuring Clearing and Settlement of Securities end to end • Ensuring smoothness Audit and Inspection of DP-CDSL and DP-NSDL • Ensuring KRA and C-KYC with TAT • Mutual fund operations
July 2011 – May 2017	<p>SIC Stocks & Services Private Limited Operations</p> <ul style="list-style-type: none"> • Handling onboarding of NRIs and Retails • Handling Dealing desk • Development of Branch, Ahmedabad • Involvement in Compliance- Part of IAR/CAR

Others – Certifications, Memberships, Accolades, Achievements, Awards:

NISM – Series- VI- Depository Operations Certification Examination	<p>Registration Number - NISM - 201700160203 Enrolment Number – 2310253131 Valid till- 14 May 2025</p>
NISM – Series III-A-Securities Intermediaries Compliance (Non-Fund)	<p>Registration Number - NISM - 201700160203 Enrolment Number – 2200134800 Valid till- 09 Sept 2026</p>

3.3. Top ten Group companies/ firms of the Portfolio Manager on turnover basis: (as per the audited financial statements of March 31, 2023)

Name of the Company	Relationship	Incorporation Date
FYERS Securities Private Limited U65990KA2018PTC118169	Group Company	30/10/2018
FYERS Investment Advisors Private Limited U74900KA2013PTC072798	Group Company	31/12/2013
FYERS Foods Private Limited U15490KA2020PTC136130	Group Company	18/07/2020



3.4 Details of the services being offered:

FYERS Asset Management Private Limited will be primarily engaged in providing discretionary portfolio management services but may in future provide non-discretionary and/or advisory services. The broad details of the possible services are given as below:

Comment[Janhavi Mehta][Done]: Keep which is required

DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

In the case of discretionary portfolio management services, the Portfolio Manager shall independently manage the funds and securities of the Client in accordance with the provisions of the portfolio management service agreement. The Portfolio Manager shall have the sole and absolute discretion to invest on behalf of the Client in any type of security as per the executed agreement and make such changes in the investments and invest some or all of the Funds in such manner and in such markets as it deems fit. However, the client can specify securities they are prevented from investing in because of insider trading or other restrictions.

The Portfolio Managers' decision in deployment of the Clients' account is absolute and final and cannot be called to question or review at any time during the currency of the agreement or at any time thereafter except on grounds of mala fide, fraud, conflict of interest or gross negligence. Investment under the portfolio management services will be only as per the applicable SEBI regulations.

The un-invested parts of the Client's Funds may at the discretion of the Portfolio Manager be held in cash or deployed in liquid fund schemes, exchange traded liquid or index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits, or other short-term avenues for investment. The Client's portfolios under the discretionary services are based on Client's investment objectives and should not be construed as any scheme promoted by the company.

NON- DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

Under this category, the Investment decisions of the Portfolio Manager are guided by the instructions received from the Clients under an agreement executed between the Portfolio Manager and the Client. The deployment of funds and/or securities is the sole discretion of the client and is to be exercised by the Portfolio Manager in a manner that strictly complies with the Clients instruction for execution. The decision of the client in deployment of Funds and/or securities and the handling of his/her/its Portfolio is absolute and final.

The role of Portfolio Manager apart from adhering to investments or divestments upon instruction of the Client is restricted to providing market intelligence, research reports, trading strategies, trade statistics and such other material which will enable the Client to take





appropriate investment decision. However, the Portfolio Manager will continue to act and be strictly guided by relevant guidelines, Acts, Rules, Regulations and notifications in force from time to time.

For the purpose of acting on the Client's instruction, the Portfolio Manager shall take instructions in writing or through any other medium mutually agreed such as e-mail, fax, telephone etc and may include managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio for an agreed fee structure and for a definite described period, entirely at the Client's risk.

INVESTMENT ADVISORY SERVICES

Under Advisory services, the Portfolio Manager in terms of the Regulations include the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the Clients' Portfolio, for an agreed fee and for a period as agreed, entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market including NRIs, FIIs, etc.

The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment/ divestment of securities and/ or an administrative activity on the Client's Portfolio. The Portfolio Manager shall, provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and /or the Client, from time to time, in this regard. The Portfolio Manager shall not in any event and at any point of time be responsible in any manner whatsoever for any investment decision taken by the Client on the basis of the investment advice provided by the Portfolio Manager.

The Portfolio Manager may act upon any in-house research, commercially available databases & news services, external meetings and visits, third-party & broker research reports, publicly available information etc. Neither the Portfolio Manager nor any of its affiliates (nor any of their respective control persons, directors, officers, employees or agents) shall be liable to the Client or to any other person claiming through the Client for any claim, loss, damage, liability, cost or expense suffered by the Client or any other person arising out of or related to the advisory services provided therein.

3.5 Option of Direct On-Boarding of Clients:

The Portfolio Manager offers the option of direct on-boarding to the client without any involvement of a broker/distributor/agent engaged in distribution services. At the time of on-boarding of clients directly, no charges except statutory charges shall be levied for the on-boarding. The client can open an account by directly contacting us or sign up for our services by writing to us.





The Client can also make investment through a distributor. Accordingly, the distributor commission shall be borne by the Client, which shall be in the range of 0.5% to 1.0% of the total investment of the client. Actual commission paid to the distributor shall be provided in the Client report on a quarterly basis.

1.5. Minimum Corpus:

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

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

Sr.No.	Particulars	Remarks
1	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made there under:	None
2	The nature of the penalty / direction:	Not Applicable
3	Penalties imposed for any economic offence and/or violation of any securities laws	None
4	Any pending material litigation / legal proceedings against the portfolio manager/ key personnel with separate disclosure regarding pending criminal cases, if any:	None
5	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency:	None
6	Any enquiry / adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee under the Act or Rules or Regulations made there under:	None



5. SERVICES OFFERED BY THE PORTFOLIO MANAGER:

i. DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES:

The following Investment Approach is *Planned to be Offered* by the Portfolio Manager under discretionary services. The investment objectives and policies including the types of securities in which the Portfolio Manager generally invests are concisely stated as follows:

1. Name of the Investment Approach: FYERS Genesis Fund

Investment Objective:

In India, the listed universe of stocks is growing constantly, with many emerging businesses in established and new domains coming to the fore. With the Indian economy expanding at a faster pace to reach the USD 5 trillion goal, led by private consumption and capex, the demand-supply dynamics are necessitating the advent of new firms. The strategy aims to identify opportunities predominantly in the mid and small cap space, based on the in-house Pillars of Prosperity (PoP) model, to generate capital appreciation and appropriate risk-adjusted returns for investors.

Description of Types of Securities:

Under this approach, the portfolio would be primarily invested in listed equities to meet the investment objective. However, based on market valuation and availability of opportunities, the portfolio may allocate a portion of the investment in units of mutual funds, ETFs and other permissible securities or products as defined under the Securities Contract (Regulation) Act, 1956. A portion of the AUM may be held in cash from time to time to take advantage of any specific market mispricing, corporate actions or special situations that may arise in any company.

Scope of Interest and Research for Portfolio Investment:

The Portfolio Manager's research and investment would be oriented towards sectors and companies that aim to take advantage of the prevailing economic activity, contributing to the GDP of India. These would include companies geared towards private consumption, capital expenditure, manufacturing and service exports.

Unless a compelling story evolves or large tailwinds emerge, the Portfolio Manager would not be inclined to invest in public sector undertakings or companies where either central or state governments are majority shareholders.

Sectors of Interest and Research for Portfolio Inclusion





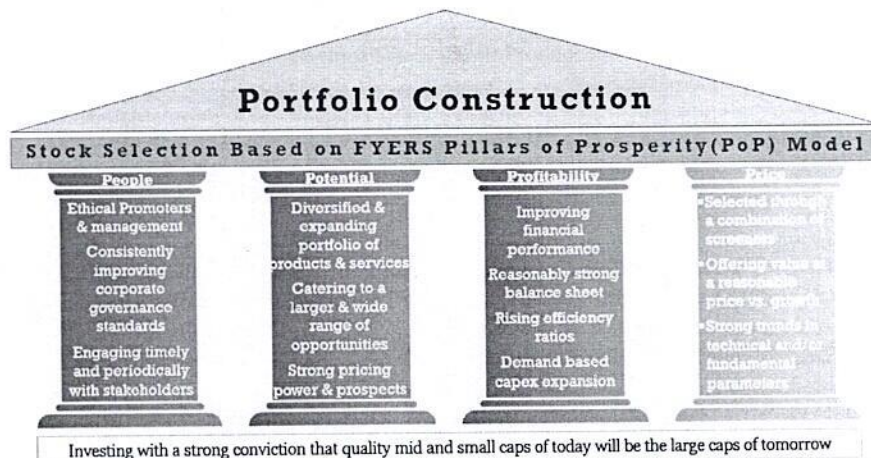
Automotive & Ancillaries	Chemicals	Infrastructure	Allied Manufacturing
Banking and Financials	Electricals	Plastic Products	Ship Building
Capital Goods	FMCG	Realty	Diamond & Jewellery
Construction Materials	Hospitals	Retailing	Agriculture
Consumer Durables	Hospitality	Textile	Any emerging sector with tailwinds

Basis of Selection of Securities:

The portfolio manager aims to generate superlative returns to the investors through capital appreciation of the stocks held with a medium to longer time horizon. This is expected to be achieved by a strong and a disciplined selection process, through the FYERS in-house built Pillars of Prosperity (PoP) Model. Selected sectors will be tracked on an ongoing basis and rebalancing will be undertaken based on evolving future prospects and valuations.

FYERS Pillars of Prosperity (PoP) Model of Stock Selection:

The portfolio manager strongly believes that a portfolio of stocks constructed through a combination of qualitative and quantitative aspects is the keystone to generating superior returns. The four priority components of a business being – People, Potential, Profitability and Price.



Prioritizing maximization of investor returns through an appropriate combination of stocks, optimally diversified across sectors

Pillar 1: People – represents the promoters, management and employees of the company

The promoters are responsible for setting the mission, vision and values of a company, implemented through a strong management team. An ethical promoter group and future-ready management, through a combination of improving corporate governance standards along with timely and periodic engagement of stakeholders, is a key pillar to the success of a business. The





Portfolio Manager aims to thoroughly evaluate the 'people' first, based on the publicly available information, before shortlisting a company for a better and in-depth analysis.

Pillar 2: Potential – represents the prospects of the goods and services offered by the company

A customer experience, made possible by the timely offering of goods and services, is the benchmark of today's business. A product portfolio is a collation of products and services offered by a company, providing an understanding of the company's business and sector allocation. The portfolio manager aims to select stocks based on the potential of the product portfolio's market offerings and positioning, array of applications, geographical spread, pricing power, and scalability of revenues.

Pillar 3: Profitability – represents the financial performance of the company

The measure of a company's performance is its financial statements, defined by its profit and loss statement, balance sheet and cash flow statement. These financial parameters are essential to understanding the progress of a company from various aspects, and to provide the portfolio manager with an appropriate insight into the company's operations and growth.

All businesses are cyclical to an extent and have a certain periodicity in their business growth. Companies may face temporary headwinds due to external and internal factors, which could impact the business. A profit and loss statement impact could be limited to a few quarters, but a balance sheet impact may debilitate the company's ability to progress sustainably. The portfolio manager intends to maintain a rigorous monitoring mechanism and take appropriate measures based on the expected nature of impact.

Pillar 4: Price – represents the valuations and share price of the company

Valuations of a company are an essential element of investing and to maximize returns to the investors. It is imperative that investment decisions are taken in a timely manner. Buy at any price or chasing growth at any price are not the appropriate paths to generating superior returns. Based on the growth prospects, market dynamics, and suitability of the securities, the portfolio manager intends to follow a combination of fundamental and technical factors in selecting a stock for timely inclusion in the portfolio.

Portfolio Thesis: Every business has a story – some well discovered, some emerging over time, and some waiting to be revealed. Identifying and decoding the story ahead of time and being part of the company's journey is a recipe for successful investing. The Portfolio Manager aims to identify stocks considering qualitative and quantitative analysis encompassing the aspects of management integrity, product reach and depth, earnings growth, capital efficiency and relative margin of safety to valuations. The Portfolio Manager intends to follow the path, in discovering new businesses which could grow tremendously over the medium to longer term, and create wealth for investors.





Allocation of the Portfolio:

Particulars	Allocation
Equity Exposure	0 -100%
Other investible securities approved as per law, restricted to a maximum of	0 -100%

Investment Philosophy Matrix:

The Portfolio Manager believes strongly in incorporating the concepts of standard finance with behavioural finance across different facets of investing – momentum/growth, contrarian/value and opportunistic, and deploy the right strategy based on prevailing market conditions. The aim would always be to provide optimized and/or maximized returns to clients based on their risk profile, investment horizon and financial goals.

Investment Philosophy Matrix			
Period of Investment	Momentum/Growth	Contrarian/Value	Opportunistic
Short term (less than 3 months)	<ul style="list-style-type: none"> • Technical momentum indicators – Buy stocks based upon evolving trends and trading volumes. • Information based: Buying based on positive news (earnings, corporate actions, dividend and acquisition announcements) 	<ul style="list-style-type: none"> • Technical contrarian indicators – mutual fund holdings, large investor buying. These can be for individual stocks or based on overall market conditions. 	<ul style="list-style-type: none"> • Very short-term opportunities in securities or fixed income markets • Technical demand indicators – Patterns in prices which may result in short term upside.
Medium term (greater than 3 months to a maximum of 2 years)	<ul style="list-style-type: none"> • Relative strength: Buying trending stocks impacted by positive news flow, regulatory or company specific tailwinds • Information based: Buy mid & small cap stocks with substantial insider/promoter buying. 	<ul style="list-style-type: none"> • Market timing, based upon normal PE or normal range of other fundamental parameters. • Information Based: Buying after bad news (eg: buying after a poor earnings season due to temporary headwinds) 	<ul style="list-style-type: none"> • Medium Term Opportunities: Buying discounted stocks based on valuations • Special Situation Opportunities: Buying paired stocks and/or companies involved in mergers & acquisitions.



Long Term
(greater than 2
years)

- | | |
|--|---|
| <ul style="list-style-type: none"> • Passive growth investing: Buying stocks where growth trades at a reasonable price (PEG ratios). • Emerging companies in new domains or with applications due to specific tailwinds and addressing a large market opportunity. | <ul style="list-style-type: none"> • Passive value investing: Buy stocks with low P/E, P/BV or P/S ratios. • Contrarian value investing: Buying stocks with temporary challenges or headwinds impacting P&L |
|--|---|

6. RISK FACTORS:

Stock market investments are subjected to market risk, and in addition, companies are subjected to specific risk. Businesses in general are impacted by the macro and micro economic factors prevailing in the respective country and across the world. Currency movements, inflation rates, interest rates, economic growth, economic growth or slowdown, money supply in the system, country specific regulations, taxation are some of the factors which impact each business in a different manner.

While the systematic or market risks are unavoidable and cannot be diversified, the Portfolio Manager will try to ensure, to the best possible extent, mitigate company specific risks from impacting the investments of clients beyond a threshold limit, as defined by the client's risk profile in the agreement.

Mid cap and small cap companies inherently carry higher risk, compared to the large cap or blue-chip companies. However, considering the immense opportunity offered by the mid and small cap firms in generating superior returns for client, the element of higher risk has to be embraced.

The portfolio manager, at all times, will monitor and take necessary action which is aligned with the client's investment and risk profile. Appropriate diversification across sectors and businesses would be the preferred choice to mitigate the company specific risks to a certain extent. Necessary information related to risk are highlighted under clause 8 of this document.

Appropriateness of the Benchmark: BSE500 TRI

As the Portfolio Manager intends to invest majorly in a diversified portfolio of mid and small caps, a widely tracked benchmark like the BSE 500 TRI would be suitable for comparison purposes.

Indicative tenure or investment horizon: Investments with a medium to long term horizon of 3-5 years.

Usage of Derivatives: Derivatives were primarily introduced for the purpose of hedging the portfolio, to limit the loss from any unforeseen market movements or black swan events. It is merely an insurance against portfolio-impacting drawdowns. The Portfolio Manager may transact in derivatives if it deems necessary to protect the value of the client's portfolios during periods of extreme market volatility. If the client does not wish for the Portfolio Manager to use derivatives in his/her portfolio, then, he/she can mention the same in writing at the time of signing the client agreement.

ii. NON- DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

The following Investment Approaches are offered by the Portfolio Manager under Non- non-discretionary Portfolio Management services: **None at present**

General Risk Factors:

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

- i. Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the investment will be achieved.
- ii. Past performance is not an indication that returns in the future with regard to either the same Product or any other future Product that may be launched by the Portfolio Manager, will be achieved. Investors are not being offered any assurance, insurance or guarantee either that the objective of the Product will be achieved or of any indicative returns or of protection of initial corpus or of appreciation of the Portfolio through these Products and the names of the product do not, in any manner, indicate their prospects or returns.
- iii. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolio Products.
- iv. The investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- v. The value of the Portfolios may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, the level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- vi. The Portfolio Manager may invest in the shares, mutual funds, debt instruments, deposits and other financial instruments of affiliates / companies, subject to the relevant regulatory requirements. Such decisions will be on an arm's length basis.
- vii. The investment made by the Portfolio Manager is subject to risk arising out of non – diversification, if any.
- viii. The portfolio manager has no previous experience/ track record of portfolio management.
- ix. The names of the products do not in any manner indicate their prospects and returns.



- x. The Portfolio Manager may appoint advisors and consultants for the purpose of investment advice/recommendation. The advice rendered by the advisor or consultant may or may not be followed by the Portfolio Manager. The appointment of such an advisor or consultant and the advice received, whether followed or not, may or may not give the desired result sought to be achieved. If the advice rendered by the consultant is not appropriate or is not executed in time or even if the advice is satisfactory and successfully implemented but due to market conditions, the desired results may not be achieved.
- xi. The Clients may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients. The Client may incur a higher rate of TDS/Dividend Distribution Tax in case the investments are aggregated in the name of the Portfolio Management plan.
- xii. The portfolio manager shall take all reasonable steps to invest the funds in a prudent manner such decisions shall not always prove to be profitable or correct. Consequently, any loss arising from such decisions shall be a risk assumed by the client.
- xiii. Limited liquidity in the market, settlement risk, impeding readjustment of portfolio composition, highly volatile stocks money markets in India. There is also risk of total loss of capital.
- xiv. Performance of the Portfolios may be impacted as a result of specific investment restrictions provided by the client.
- xv. The Portfolio Manager is not guaranteeing or assuring any return on investment

7. CLIENT REPRESENTATION & DISCLOSURE OF RELATED PARTIES.

Client Representation for last 3 years

Category of Clients	No. of Client	Funds Managed (Rs. in Cr)	No. of Client	Funds Managed (Rs. in Cr)	No. of Client	Funds Managed (Rs. in Cr)	Discretionary / Non-Discretionary (if available)
	2020-2021		2021-2022		2022-2023		
Associate/ Group Companies (Last 3 Years)	Nil	Nil	Nil	Nil	Nil	Nil	None
Others (Last 3 Years)	Nil	Nil	Nil	Nil	Nil	Nil	None



Associate/ Group Companies (Last 3 Years)	Nil	Nil	Nil	Nil	Nil	Nil	None
Others (Last 3 Years)	Nil	Nil	Nil	Nil	Nil	Nil	None
Total	Nil	Nil	Nil	Nil	Nil	Nil	None

8. POLICY FOR INVESTMENTS IN GROUP / ASSOCIATE COMPANIES:

The Portfolio Manager will not invest clients' funds in its subsidiaries or associate companies. In case of any necessity arising for investment in associate companies or group subsidiaries at a later date, the Portfolio Manager shall provide necessary disclosures and inform the clients and regulatory agencies of the same via an updated disclosure document.

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

The Portfolio Manager and its Related Parties/ group companies/associates are engaged in a broad spectrum of activities in the financial services sector. The Portfolio Manager may utilize such services of its Related Parties or group companies or associates for managing the Portfolios of the Clients. These include availing trading, broking and distribution services provided by FYERS Securities Private Limited.

Details of FYERS Securities Private Limited's registrations are as given below:

SEBI Registration No: INZ000008524

DP Registration No: IN-DP-432-2019

NSE Member Code: 90061

MCX Member Code: 56100

BSE Member Code: 6697

CDSL Member Code: 12089400

NSDL Member Code: IN304502

FYERS Securities Private Limited holds a licence with the Association of Mutual Funds in India ("AMFI") bearing registration no. **ARN-167507**, valid until **26th July 2026**, and is therefore eligible to act as a distribution for the Portfolio Manager. The Portfolio Manager may avail the services of other Related Parties or group companies as may be deemed necessary, from time to time. In such scenarios, the Portfolio Manager shall act in a fiduciary capacity in relation to





the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates, in a manner which is not detrimental to the Client. In line with the SEBI circular dated 13 February 2020, charges for all the transaction the financial year (brokerage, demat, custody charges etc.) through self or associates shall be capped at 20% by value per associate (including self) per service. The Portfolio Manager shall ensure that any charges to self/associate shall not be at rates more than that paid to the non-associates providing the same service.

10. RELATED PARTIES DISCLOSURE:

Complete disclosure of transactions with related parties for the financial year ended March 31, 2023 (Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below):- NIL

A. Name of the related parties and description of the relationship:

- i. Holding Company: NIL
- ii. Fellow Subsidiaries: NIL
- iii. Other related entities:

No.	Name	Role	Description
1.	Shreyas Nagendra Prasad Khoday	Promoter	Promoter, Co-founder and Director for FYERS Securities Private Limited.
2.	Nagendraprasad Khoday Tejas	Promoter	Promoter, Co-founder, Director and CEO of FYERS Securities Private Limited.
3.	Nagendra Prasad Khoday Yashas	Promoter	Promoter, Co-founder, Director and CTO of FYERS Securities Private Limited.

iv. Key Management Personnel (KMP) of the entity or its parent:

No.	Name	Role	Description
1.	Venkata Gopala Krishna Reddy Kavalireddi	Vice President	Research
2.	Vikram Kumar	Manager	Compliance

- v. Other related parties (Close members of the family of KMP of the entity or its parent):
NIL

B. The nature of transactions during the year / Balance as at year-end with the above-related parties in the ordinary course of business are as follows:

- I. Holding Company & Fellow Subsidiaries: NIL

- a) Transaction during the year:



	2021-2022	2022-2023
None		

b) Balance as at year end

	2021-2022	2022-2023
None		

II) Key Management Personnel (KMP) of the entity or its parent and other related parties:

- a) Transaction during the year - NIL
- b) Balance as at year end - NIL

III) Compensation to Key Managerial Personnel: NIL at the end of 31 March 2023

IV) Amount due to/from Key Managerial Personnel as on: NIL at the end of 31 March 2023

11. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER:

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

Summarized Financial Statements: Balance Sheet – Not Commenced Operations
Summarized Financial Statements: Profit & Loss A/c.- Not Commenced Operations
Net Worth as on March 31, 2023: Not Commenced Operations as of 31 March 2023

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

Investment Approach-wise performance of the Portfolio Manager against the respective benchmark for the last three years, for Discretionary Portfolio Services with performance indicators calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020: **NIL as of 31 March 2023.**

13. AUDIT OBSERVATIONS OF THE PRECEDING 3 YEARS:



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

Audit Period	Audit remarks/observations
2020-2021	NIL
2021-2022	NIL
2022-2023	NIL

14. NATURE OF COSTS AND EXPENSES FOR CLIENTS:

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

1. Portfolio Management and Advisory Fees:

The fee will be a fixed percentage of the quantum of invested funds as per the agreed terms in the client agreement.

- Maximum investment and advisory Fees chargeable to the clients will be fixed at **1% of average Assets Under Management (AUM)**, chargeable on a quarterly basis.

2. Performance Fees:

- A performance fee of **10% of profit over the hurdle rate** and transaction costs shall be levied, as indicated and agreed in the PMS Client agreement.
- The hurdle rate for charging the performance fees would be benchmarked to the India 10 Year G Sec rate prevailing at the time of levying of the performance fees.





- The performance fee shall be computed on the basis of the High-Water Mark principle over the life of the investment.

High Water Mark Principle: High Water Mark shall be the highest value that the portfolio has reached. The value of the portfolio for computation of high-water mark shall be taken to the value on the date when performance fees are charged. For the purpose of charging a performance fee, the frequency shall be a period of 1 year from the date of onboarding of the client. The portfolio manager shall charge a performance fee only on the increase in portfolio value in excess of the previously achieved high water mark.

3. Custodian Fee/Depository Charges/Fund Accounting Fees:

- Custody of all securities of the client shall be with the Custodian, **ORBIS Financial Corporation Limited**, appointed by the Portfolio Manager. The Custodian shall act on instruction of the Portfolio Manager. All such Custodian fees charged by the custodian shall be payable by the client. Custody Charges levied would be on actuals, but not exceeding the limits prescribed as per regulations.
- Fund Accounting is managed by **ORBIS Financial Corporation Limited**, appointed by the Portfolio Manager. Fund Accounting Charges levied would be on actuals, but not exceeding the limits prescribed as per regulations.
- Demat Charges are proposed to be waived off as per the offer provided by FYERS Securities Private Limited.

4. Registrar and Transfer Agents' fees:

- Fees payable to the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, affidavit costs, notary charges, postage and courier charges will be levied on actuals

5. Brokerage, Transaction Costs and other services:





- **No Brokerage charges** will be applicable as the Portfolio Manager's designated broker "FYERS Securities Private Limited" has put forward a proposal to waive the brokerage on transactions. Consequently, the Portfolio Manager will pass on the benefit to all clients. However, other charges such as Goods and Service Tax (GST), Transaction Tax (STT) + Exchange Transaction charges + Stamp Duty + any other Statutory levies imposed from time to time shall be levied on actuals
- 6. Certification or Professional Charges:**
- The charges payable to professional services like accounting, auditing, taxation, certification of any other legal services etc would be on actuals
- 7. Fees, exit loads and charges:**
- Mutual fund expenses or management fees, incidental expenses, and any such fees paid to the Asset Management Company (AMC) on behalf of the client shall be recoverable on an ongoing basis.
 - PMS Exit loads will be charged as per the SEBI mandated guidelines
 - In the first year of investment, maximum of 3% of the amount redeemed.
 - In the second year of investment, maximum of 2% of the amount redeemed.
 - In the third year of investment, maximum of 1% of the amount redeemed.
 - After a period of three years from the date of investment, no exit load
- 8. Any other incidental, and ancillary out of pocket expenses:**
- All incidental and ancillary expense not recovered from any of the earlier mentioned expenses but incurred by the Portfolio Manager in connection with the provision of the services would be levied on actuals.
9. All other operating charges except brokerage and management fees to not exceed: 0.50% per annum of the clients' Average Daily Assets Under Management (ADAUM)
10. Upon onboarding of the client by a distributor the Portfolio Manager shall pay a percentage of management and/or performance and/or other Fees to the Distributor as mutually agreed between the Portfolio Manager and Distributor. The percentage of





distributor commission shall be disclosed to client at the time of signing of contract with the client. The distributor's commission shall be paid from the total management and performance fees as mutually agreed between the Portfolio Manager and client in the PMS agreement.

15. TAXATION:

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

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

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or





have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the units.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "IT Act"), the Income-tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year and this summary reflects the amendments enacted by the Finance Act, 2023 (No. 17 of 2023) published on 31st March, 2023 in the Official Gazette of India ("Finance Act, 2023").

The tax rates mentioned in this document relate to Financial Year 2023-24 (Assessment Year 2024-25) and onwards as provided in the Finance Act, 2023, and are inclusive of surcharge and education cess as applicable to corporates, unless specified otherwise.

The maximum tax rates applicable to different categories of assesseees are as follows:

Assessee Category	Applicable Tax Rate
Resident individual & HUF	30% + surcharge & cess
Partnership Firms & Indian Companies (other than specified companies below)	30% + surcharge & cess
Indian Companies having turnover less than INR 400 crore during the financial year 2017-18	25% + surcharge & cess
Company opting for section 115BA (Manufacturing domestic companies)	25% + surcharge & cess
Company opting for section 115BAA	22% + surcharge & cess
Company opting for section 115BAB	15% + surcharge & cess
Non-resident Indians	30% + surcharge & cess
Foreign companies	40% + surcharge & cess

The Finance Act, 2020 has introduced a new tax regime vide Section 115BAC for Individual and HUF to tax the income of such assesseees at lower tax rates if they agree to forego prescribed deductions and exemptions under the Income Tax Act. Under the said provisions, maximum tax rate applicable shall be 30% plus applicable surcharge and education cess.

The Taxation Laws (Amendment) Act, 2019 has introduced a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed



without claiming any deduction, exemption or any set off of any loss carried forward or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). A company can choose to opt for the new tax rates in the financial year 2019-20 (i.e. assessment year 2020-21) or in any other financial year in the future. Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.

The Taxation Laws (Amendment) Act, 2019 has also introduced a lower tax regime for domestic new companies engaged in the business of manufacture or production of any article and research in relation to, or distribution of such article manufactured by it, vide Section 115BAB thereby levying the lower corporate rate of 15% on such companies, subject to certain conditions including that they do not claim certain deductions. Hence, in such case the rate of tax would be 17.16% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.

The amount of surcharge is calculated as a percentage of the tax payable i.e. the amount of tax not including surcharge and education cess. The applicable rate of surcharge in case of companies other than domestic companies ("foreign companies") is 2% where the income exceeds INR 10 million but is less than or equal to INR 100 million and is 5% where the income exceeds INR 100 million. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 10 million but not exceeding INR 100 million, surcharge of 7% on income tax is applicable. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 100 million, surcharge of 12% is applicable. In case of domestic companies opting for Section 115BAA or Section 115BAB, surcharge of 10% on income tax is applicable irrespective of amount of total income. In case of firms and LLPs having total income exceeding INR 10 million, surcharge of 12% is applicable.

For other resident and non-resident assesses including those opting for new tax regime under Section 115BAC, surcharge is levied at 10% if total income exceeds INR 5 million but is less than or equal to INR 10 million; it is levied at 15% if total income exceeds INR 10 million but is less than or equal to INR 20 million; it is levied at 25% if total income excluding capital gains referred to in Section 111A and Section 112A exceeds INR 20 million but is less than or equal to INR 50 million; if the total income excluding capital gains referred to in Section 111A and Section 112A exceeds INR 50 million, surcharge of 25% is applicable. If total income including the capital gains referred to in Section 111A and Section 112A exceeds INR 20 million but is less than or equal to INR 50 million, then surcharge is levied at 15% on capital gains referred to in Section 111A and Section 112A and at 25% on incomes other than capital gains referred to in



Section 111A and Section 112A. If total income including the capital gains referred to in Section 111A and Section 112A exceeds INR 50 million, then surcharge is levied at 15% on capital gains referred to in Section 111A and Section 112A and at 25% on incomes other than capital gains referred to in Section 111A and Section 112A. Vide The Taxation Laws (Amendment) Act, 2019, the increase in surcharge on capital gains tax on domestic and foreign investors has been rolled back and capped at 15% as explained above.

Further, Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge as per the provisions of the Finance Act, 2020. In this Disclosure Document, we have assumed that the highest surcharge rate would be applicable to an investor.

A. Taxation in hands of Clients

a) Characterization of income

Traditionally, the issue of characterization of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the Indian Revenue authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as 'business income' or as 'capital gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case.

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

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

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



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

B. Taxation of Resident investors

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

a) Dividend income

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

Further, The Finance Act, 2020 has amended Section 57 of the IT Act, in respect of deduction from the dividend income. The said amendment governs that no deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income. Also w.e.f. 1st April 2020 mutual fund / RTA shall be required to deduct TDS at 10 per cent only on dividend payment (Above Rs 5000); No tax shall be required to be deducted by the mutual fund on income which is in the nature of capital gain. However, with effect from 14th May 2020, TDS on dividend is reduced to 7.5% for FY2020-21 only.

b) Interest income

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

Interest income received by	Tax rate for the domestic investors
Resident companies	34.944%
Firms / LLPs	34.944%
Others	As per applicable slab rates, maximum being 42.744%

Note: In case of domestic companies having turnover or gross receipts not exceeding INR 4000 million in the Financial Year 2017-18 (Assessment Year 2018-19), a lower corporate tax rate of 25% is levied. Hence, in such case the rate of tax on interest income should be 29.12% (considering surcharge at the rate of 12% and Health and Education cess at the rate of 4%).

Further, The Taxation Laws (Amendment) Act, 2019 has proposed a lower tax regime for domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming any deduction, exemption or any set off of any loss carried forward



or depreciation from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%).

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

c) Capital Gains

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

i. Period of holding

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

Nature of the Asset	STCG	LTCG
For assets being shares in a company or any other security listed on a recognised stock exchange in India i.e. equity shares, preference shares or debentures, or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero-coupon bonds	Held for not more than 12 months	Held for more than 12 months
For assets being shares of a company (other than shares listed on a recognised stock exchange in India) and immovable property being land or building	Held for not more than 24 months	Held for more than 24 months
For assets other than those specified above	Held for not more than 36 months	Held for more than 36 months

ii. Taxation of capital gains

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



Nature of Income	Tax rate (%) for beneficiaries who are resident companies	Tax rates (%) for resident Individuals / HUF / AOP / BOI	Tax rates (%) for other residents (Firms, LLPs)
STCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which Securities Transaction Tax ("STT") has been paid	17.472	17.94	17.472
Other STCG	34.944	42.744	34.944
LTCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) units of equity oriented mutual fund and on which STT has been paid	11.648 (without indexation)	11.648 (without indexation)	11.648 (without indexation)
LTCG on transfer of listed securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid	11.648 (without indexation) or 23.296 (with indexation), whichever is lower	11.96 (without indexation) or 23.92 (with indexation), whichever is lower	11.648 (without indexation) or 23.296 (with indexation), whichever is lower
LTCG on transfer of listed bonds and listed debentures	11.648 (without indexation)	11.96 (without indexation)	11.648 (without indexation)
LTCG on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund	23.296 (with indexation)	23.92 (with indexation)	23.296 (with indexation)



LTCG on transfer of unlisted securities (other than unlisted bonds and unlisted debentures)	23.296 (with indexation)	23.92 (with indexation)	23.296 (with indexation)
LTCG on transfer of unlisted bonds and unlisted debentures	23.296 (without indexation)	23.92 (without indexation)	23.296 (without indexation)

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

Note: In case of domestic companies having turnover or gross receipts not exceeding INR 4000 million in the Financial Year 2017-18 (Assessment Year 2018-19), a lower corporate tax rate of 25% plus applicable surcharge and cess is levied. Similarly, relevant lower corporate tax rates will be levied on companies opting for lower tax rates in accordance with Section 115BAA.

Note: The Finance Act, 2018 withdrew exemption from tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. The LTCG above INR 1 lakh on following transfers shall be taxable at 10% (plus surcharge and cess):

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

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

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

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

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

iii. Deemed Sale Consideration on sale of unquoted shares

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

d) Proceeds on buy-back of shares by company

As per the Section 10(34A) of the IT Act, gains arising on buy-back of shares are exempt in the hands of investors. However, as per section 115QA of the IT Act, a distribution tax at the rate of 23.296% 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, 2013.

The Finance (No. 2) Act, 2019 vide an amendment in Section 10(34A) and Section 115QA, proposed that with effect from 5 July 2019, buy back of shares listed on a recognized stock exchange will also be subject to a distribution tax at the rate of 23.296%. Income arising on such buy back shall be exempt in the hands of shareholders.

Such distribution tax should be payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed. In this regard, CBDT notified final buyback rules by inserting new Rule 40BB to IT Rules for determining the amount received by the Indian company in respect of issue of shares.

Gains arising on buy-back of shares listed on a recognised stock exchange should be taxed in the manner summarised above (for listed shares).

e) Deemed income on investment in shares / securities of unlisted companies in India

- Section 56(2)(x), provides that any assessee receives any property (including shares, debentures etc.) without consideration or for inadequate consideration in excess of INR 0.05 million as compared to the FMV shall be taxable in the hands of the recipient as Income from Other Sources.
- The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.
- Accordingly, such Other Income would be chargeable to tax

- (i) at the rate of 34.944% in case of Investors being resident companies
- (ii) at the rate of 34.944% in case of firms/LLPs; and
- (iii) as per applicable slab rates in case of individuals and others, maximum being 42.744%

f) Provisions related to dividend and bonus stripping

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

C. Taxation of Non-resident investor

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

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

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

The CBDT had vide its Circular dated January 24, 2017 issued guiding principles for determination of POEM of a company ("POEM Guidelines"). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the



decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017 clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts of Rs. 500 million or less than Rs 500 million during the Financial Year.

D. Tax Treaty Benefits

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

E. Tax Residency Certificate ("TRC")

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

The details required to be furnished are as follows:

- Status (individual, company, firm, etc.) of the assessee;
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
- Period for which the residential status, as mentioned in the TRC, is applicable; and • Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

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



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

I. Dividend Income

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

Further, The Finance Act, 2020 has amended Section 57 of the IT Act, in respect of deduction from the dividend income. The said amendment governs that no deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income.

The Finance Act, 2020 has, vide Section 80M, introduced a deduction allowed in case of domestic companies receiving dividends from a domestic company or a foreign company or a business trust. A deduction of the amount of dividends received by a domestic company is allowed in computing the total income to the extent of the amount of dividend distributed by such domestic company.

II. Interest

Interest income would be subject to tax at the rate of 43.68% for beneficiaries who are non-resident companies. For other non-resident beneficiaries, being individual, HUF, AOP or BOI, interest income would be subject to tax at the rate of 42.744%. For other non-resident beneficiaries, interest income would be subject to tax at the rate of 34.944%. The above rates would be subject to availability of Tax Treaty benefits, if any.

In case the investments made by the non-resident Indian ('NRI') Clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 28.496% on gross basis.

As per the IT Act, interest on rupee denominated corporate bonds and government securities payable to FPI would be subject to tax at the rate of 5% plus applicable surcharge and cess, if following conditions are satisfied:

- Such interest is payable on or after 1 June 2013 and 1 July 2020
- Rate of interest does not exceed the rate notified by Central Government



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

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

III. Capital Gains

- I. Period of holding: refer to the earlier provided information
- II. Taxation of capital gains

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

Nature of Income	Tax rate (%) for beneficiaries who are resident companies	Tax rates (%) for resident Individuals / HUF / AOP / BOI	Tax rates (%) for other residents (Firms, LLPs)
STCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which Securities Transaction Tax ("STT") has been paid	16.38	17.94	17.472
Other STCG	43.68	42.744	34.944
LTCG on transfer of (i) listed equity shares on a recognised stock exchange, (ii) units of	10.92 (without indexation)	11.96 (without indexation)	11.648 (without indexation)

equity oriented mutual fund and on which STT has been paid			
LTCG on transfer of listed securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid	10.92 (without indexation)	11.96 (without indexation)	11.648 (without indexation)
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity oriented fund	21.84 (with indexation)	23.92 (without indexation)	23.296 (without indexation)
Long-term capital gains on transfer of unlisted securities	10.92 (without indexation)	11.96 (without indexation)	11.648 (without indexation)

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

- Listed equity shares (STT paid on acquisition* and transfer)
- Units of equity oriented mutual fund (STT paid on transfer); and
- Units of business trust (STT paid on transfer)

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

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

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

Note: Based on judicial precedents, non-residents may avail the concessional tax rate (as mentioned above). However, the possibility of Indian Revenue Authorities disregarding the said position and applying a tax rate of 20% (plus applicable surcharge and cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures cannot be ruled out.

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

III. Deemed Sale Consideration on sale of unquoted shares

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

IV. Buy-back of shares

Refer earlier info for tax implications on income received from buy-back of shares.

V. Deemed income arising at the time of investment in shares of unlisted companies in India

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

VI. Provisions related to dividend and bonus stripping

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

II. Securities Transaction Tax

Delivery based purchases and sales of equity shares traded on recognized Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of purchase or sale. Further, STT @0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a stock exchange. STT is levied on the seller @0.025% on the sale of equity share in a company or unit of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery.

Further, an amendment was proposed which states that the levy of STT @0.125% on sale of an option in securities where option is exercised, would be limited to only the intrinsic value of options i.e. the difference between the settlement price and the strike price, with effect from 1 September, 2019.

III. Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax ('MAT') on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act. Vide the Taxation Laws (Amendment) Act, the MAT rate of 18.5% has been substituted for 15% with effect from 1st April, 2020, relevant to financial year 2020-21 and assessment year 2021-22. Corporate assesseees operating in International Financial Services Centre ('IFSC') shall be charged MAT at the concessional rate of 9%.





The Finance Act, 2020 has provided that all the domestic companies opting for lower tax regime u/s 115BAA or 115BAB will not be required to pay minimum alternate tax (MAT) under section 115JB of the Act. Further, the provisions regarding MAT credit will also not apply to companies opting for these sections.

If MAT is held to be applicable to the Client, then income receivable by such Client from their investment in the Fund shall also be included to determine the MAT.

The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

IV. Alternate Minimum Tax

The IT Act provides for levy of Alternate Minimum Tax ('AMT') under Section 115JC, on non-corporate assessee having adjusted total income exceeding INR 20 lac. If the tax payable as per Section 115JC at 18.5% of the adjusted total income exceeds the regular income-tax payable, then the assessee is liable to pay AMT. Further, non-corporate assessee operating in International Financial Services Centre ('IFSC') shall be charged AMT at the concessional rate of 9%. The Finance Act, 2020 has provided that assessee opting for lower tax regime u/s 115BAC will not be required to pay AMT. Further, the provisions regarding AMT credit will also not apply to assessee opting for this section.

V. Withholding at a higher rate

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number ("PAN"), then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents. As per Rule 37BC of the ITR, the following details and documents are prescribed:

1. Name, e-mail id, contact number;
2. Address in the country or specified territory outside India of which the deductee is a resident;



3. A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate; and
4. Tax identification number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

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

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

VII. General Anti Avoidance Rule ("GAAR"):

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

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



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

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

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ('LOB') in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.

GAAR is with respect to an arrangement or part of the arrangement and limit of INR 30 million cannot be read in respect of a single taxpayer only.

Goods and Services Tax (GST):

GST will be applicable on services provided by the portfolio manager to clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee to the company. There can be no guarantee that the above position regarding taxation would be necessarily accepted by the Indian tax authorities under the income tax act. No representation is made either by the portfolio manager or any employee, partner or agent of the manager in regard to the acceptability or otherwise of the above position regarding taxation by the Indian tax authorities under the Income Tax act. Investors are urged to consult their own tax advisers in this regard.

In view of the individual nature of tax consequences, each client is advised to consult his/her/its tax advisor with respect to the specific tax consequences to him/her/it of participation in the product offerings of the Portfolio Manager. The portfolio manager shall not be responsible for assisting in or completing the fulfilment of the client's tax obligations. For details on taxation, clients are requested to visit this link: <https://www.incometaxindia.gov.in/Pages/default.aspx>

16. 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 are 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.

17. Anti-Money Laundering Compliances:

- The Government of India has put a policy framework to combat money laundering through the Prevention of Money Laundering Act, 2002. Prevention of Money Laundering Act, 2002 and the rules notified there under came into effect from 1 July 2005. Director, FIU-IND, and Director (Enforcement) have been conferred with exclusive and concurrent powers under relevant sections of the Prevention of Money Laundering Act, 2002 to implement the provisions of the Prevention of Money Laundering Act, 2002. Consequently, SEBI has mandated that all registered



intermediaries formulate and implement a comprehensive policy framework on anti-money laundering and adopt 'Know Your Customer' ("KYC") norms

- Further, SEBI vide Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/20]8/104 dated 15 October 2019 (which supersedes all the earlier circular) issued a 'Master Circular for Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market intermediaries under the Prevention of Money Laundering Act, 2002 and Rules frame thereunder' consolidating all the requirements/instructions/obligations of securities market intermediaries.
- Accordingly, the investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any act, rules, regulations, notifications or directions of the provisions of Income Tax Act, 1961, Prevention of Money Laundering Act, 2002, Prevention of Corruption Act, 1988 and or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti-money laundering laws and regulations in all of its operations. Accordingly, the Portfolio Manager reserves the right to reject or refund or freeze the account of the client if the client does not comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements
- The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account/rejection or refund of the application etc. due to non-compliance with the provisions of any of the aforesaid regulations or Applicable Laws
- Investors are requested to note that KYC is mandatory for all investors. SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated 5 October 2011, and CIR/MIRSD/ 11/2012 dated 5 September 2012, has mandated that the uniform KYC form and supporting documents shall be used by all SEBI registered intermediaries in respect of all new clients from January 1, 2012. Further, SEBI vide circular no. MIRSD/Cir-23/2011 dated 2 December 2011, has developed a mechanism for centralization of the KYC records in the securities market to bring about uniformity in securities markets.
- Accordingly, KYC registration is being centralized through KYC Registration Agencies registered with SEBI. Thus, each Client has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KYC Registration Agencies. Applications shall be liable to be rejected if the Clients do not comply with the aforesaid KYC requirements.
- As per the 2015 amendment to PML (Maintenance of records) Rules, 2005, every reporting entity shall capture the KYC information for sharing with the Central KYC Records Registry in the manner mentioned in the PML (Maintenance of records) Rules, 2005, as per the KYC template for 'Individuals' finalized by Central Registry of Securitisation Asset Reconstruction and Security interest. Accordingly, the KYC template finalized by Central Registry of Securitisation Asset Reconstruction and





Security interest shall be used by the registered intermediaries as Part I of account opening form for Individuals.

18. AUDIT:

- The Portfolio accounts of the Portfolio Manager shall be audited annually by an independent chartered accountant to ensure that the Portfolio Manager has followed accounting methods and procedures and that the Portfolio Manager has performed his duties in accordance with the law. A certificate to this effect, if specified, to be submitted to SEBI within 6 months of close of Portfolio Manager's accounting period.
- The Portfolio accounts of the Portfolio Manager shall be audited annually by an independent chartered accountant and a copy of the certificate issued by the chartered accountant shall be given to the Client.
- The client may appoint a chartered accountant to audit the books and accounts of the Portfolio Manager relating to his transactions and the Portfolio Manager shall cooperate with such chartered accountant in course of the audit.
- 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 PMS Regulations.

19. INVESTOR SERVICES:

Name, address and telephone number of the officer who shall attend to the investor queries and complaints:

Name of Officer: **Mr. Vikram Kumar**

Address: # 901-902 Brigade Magnum, Flr9 Wing A, SYNO104&106/8, Kodigehalli, Bangalore North, Bangalore- 560092

Telephone Number: 080 6000 1111

Email: compliance-pms@fyers.in





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

20. GRIEVANCE /DISPUTE HANDLING MECHANISM:

The objective of grievance redressal system is to ensure that all clients are treated fairly at all times and that any complaints raised by the clients are dealt with courtesy and in time. The Portfolio Manager shall endeavour to address all complaints regarding services, deficiencies or causes for grievances, for whatsoever reason, in a reasonable and timely manner.

To ensure the same, the following system shall be put in place:

1. The Client should promptly notify any grievances to the Compliance Officer in writing, giving sufficient details to enable the Portfolio Manager to take necessary steps.
2. The Compliance Officer, on receipt of any such grievances, shall take prompt action to redress the same no later than 1 month from the date of receipt of complaint. The Compliance Officer shall also inform SEBI about the number, nature and other particulars of the complaints received.
3. If the grievance persists, all claims and disputes arising out of or in connection with the PMS Agreement or its performance shall be settled by arbitration by a sole arbitrator mutually acceptable to the Parties to such arbitration. If the Parties fail to agree on the appointment of a sole arbitrator within 30 days of the dispute being referred to arbitration, the sole arbitrator shall be appointed in accordance with the Arbitration & Conciliation Act, 1996 as amended from time to time. The arbitration shall be governed by the provisions of the Arbitration & Conciliation Act, 1996 as amended from time to time and unless otherwise agreed by the Parties to such arbitration, the arbitration proceedings shall be held in Bengaluru, Karnataka and the proceedings shall be conducted in English language. Any action or suit involving the PMS Agreement with a Client, or the performance of the PMS Agreement by either Party of its obligations will be exclusively in courts located at any place in India subject to the jurisdiction clause in the PMS Agreement. All the legal actions and proceedings are subject to the exclusive jurisdiction of court in Bengaluru, Karnataka only and are governed by Indian laws.
4. Alternatively, with effect from September 2011, SEBI has launched a web based centralized grievance system called SCORES i.e., SEBI Complaints Redressal System, for online filing, forwarding and tracking of resolution of investor complaints. The Client may also make use of the SCORES facility for any escalations on redressal of their grievances. Following is the link to visit the website and inform their dispute/complaints against the company



<https://scores.gov.in/scores/Welcome.html> or can reach at Toll free number: 1800 266 7575 or click <https://smartodr.in/login> to access SMART ODR portal.

5. In accordance with the SEBI Circular SEBI/HO/IMD/IMD-II_DOF7/P/CIR/2021/681 dated 10 December 2021, the following information shall be available on the website of the Portfolio Manager.
- The investor charter prescribed by SEBI; and
 - Monthly data on all complaints received against the Portfolio Manager, including SCORES complaints, by the 7th day of every month.

21. CUSTODIAN AND FUND ACCOUNTING:

The Portfolio Manager has appointed Orbis Financial Corporation Limited as the Custodian as well as for Fund Accounting Management of the present Investment Approaches offered.

22. DIVERSIFICATION POLICY:

The Portfolio Manager, taking into account the possibility of extreme market volatility coupled with the risks involved in mid and small cap investing, will constantly monitoring the economic cycles and performance of the companies on a regular basis. However, drawdowns are possible from time to time due to unforeseen market events. To protect client's investment from experiencing a large drawdown due to a single stock, the limit on investment in a single stock would be restricted to a maximum of 10% of the Assets Under Management. In addition, diversification of the risk would be achieved with investments spread across multiple sectors.

Average number of stocks in the portfolio is expected to be around 15, with minimum numbers of stocks at 10 and maximum number at 25.

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

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





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

- i. Portfolio Managers shall ensure that any material changes in the above information is updated in the Disclosure Document and uploaded on their respective websites within 7 days.

For and on behalf of
Fyers Asset Management Private Limited

For and on behalf of
Fyers Asset Management Private Limited

Nagendraprasad Khoday Tejas
Director
DIN: 06731917

Nagendra Prasad Khoday Yashas
Director
DIN: 06731933

Date: _____
Place: Bangalore

For FYERS ASSET MANAGEMENT PRIVATE LIMITED


Director
56

For FYERS ASSET MANAGEMENT PRIVATE LIMITED


Director

