

# ETERNITY INVESTMENTS

## ETERNITY INVESTMENTS MANAGEMENT PARTNERS LLP Disclosure Document for Portfolio Management Services

Dated: XX January 2026

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.

The purpose of the Disclosure Document is to provide essential information about the Portfolio Management Services (PMS) of Eternity Investments Management Partners LLP, in a manner to assist and enable the investors in making informed decisions for engaging Eternity Investments Management Partners LLP as a Portfolio Manager.

The Disclosure Document contains necessary information about the Portfolio Manager, Eternity Investments Management Partners LLP, required by an investor before investing. The investor is advised to retain the Disclosure Document for future reference.

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

<b>Name of the Principal Officer</b>	Mr. Danesh Mistry
<b>Phone</b>	+91-22-44833736
<b>E-mail</b>	danesh@eternityim.in
<b>Portfolio Manager</b>	Eternity Investments Management Partners LLP
<b>Regd. Office and Business Address</b>	Office No. G2, 6 <sup>th</sup> Floor, 35 Court Chambers, Vitthaladas Thackersey Marg, New Marine Lines, Mumbai-400 020, MH.
<b>SEBI Registration No.</b>	INP000009755
<b>Date of Registration</b>	1 <sup>st</sup> January 2026

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## **PART-I- Static Section**

### **1. DISCLAIMER CLAUSE:**

The particulars given in this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended till date and filed with SEBI. This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Disclosure Document. This document is not for public distribution and has been furnished solely for your information and may not be reproduced or redistributed to any person. This document is not intended to promote or present the performance of Eternity Investments Management Partners LLP (“EIMPL”) as a Portfolio Manager, nor is it designed to influence investor opinions or convey any performance information.

### **2. DEFINITIONS:**

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

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

**“Accredited Investor”** means any person who fulfils the eligibility criteria as specified by the Board and is granted a certificate of accreditation by an accreditation agency.

**“Advisory Services”** shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. The Portfolio Manager shall be acting solely as an advisor to the Portfolio of the Client and shall not be responsible for the investment / divestment of Securities.

**“Agreement”** means the agreement between Portfolio Manager and its Client and shall include all schedules and annexures attached thereto as amended, modified, supplemented, or restated from time to time.

**“APMI”** means Association of Portfolio Managers in India, an Industry body of Portfolio Managers in India.

**“Applicable Laws”** means any applicable Indian statute, law, ordinance, regulation including the regulations, rule, order, by - laws administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force from time to time.

**“Application”** means the application made by the Client to the Portfolio Manager as more particularly described in Schedule A to the Agreement, for investing the monies and/or securities therein mentioned with the Portfolio Manager in the Products for rendering the services. Upon execution of the Agreement by the Parties, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.

**“Assets”** means (i) the Portfolio and/or (ii) the Funds (as the case may be). includes all accruals, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and /or replacements or any other beneficial interest including dividend, interest, rights, bonus as well as residual cash balances, if any (represented both by quantity and in monetary value), in relation to or arising out of the Assets.

**“Associate”** in respect of Investment of Client’s Funds in unrated securities of **“Related Parties”** or **“Associates”** shall mean— (i) a body corporate in which a director or partner of the portfolio manager holds, either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the partnership interest, of the portfolio manager.

**“AUM”** means Assets under Management.

**“Bank Account”** means one or more accounts opened, maintained, and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in the name of the Client

or the pool account managed in the name of the Portfolio Manager for the purpose of managing funds on behalf of the Client (as may be applicable).

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

**“Body Corporate”** shall have the meaning assigned to it under sub-section (11) of section 2 of the Companies Act, 2013.

**“Capital Contribution”** means the sum of money or securities or combination thereof, contributed by the Client simultaneously upon execution of the Agreement or any time thereafter, subject to a minimum of ₹ 50,00,000 (Indian Rupees Fifty Lakhs) or such other higher amount as may be specified by the Portfolio Manager in compliance with applicable laws.

**“Certificate”** means a certificate of registration granted by the Board to a Portfolio Manager under regulation 10 of the SEBI (Portfolio Managers) Regulations, 2020.

**“Chartered Accountant”** means a Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949), and who holds a valid certificate of practice under sub-section (1) of section 6 of the said Act.

**“Client”** means the person/entity who/which enters into an Agreement with the Portfolio Manager for managing its Portfolio/Funds or for receiving advisory services.

**“Custodian”** means an entity that has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996, and appointed by the Portfolio Manager from time to time to provide custodial services in accordance with the terms and conditions mutually agreed upon between the Custodian and the Portfolio Manager.

**“Depository Account or DP Account”** means one or more account or demat accounts opened, maintained, and operated by Portfolio Manager in the name of client or product (as

may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.

**“Disclosure Document”** shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the Regulations.

**“Discretionary Portfolio Management Services”** shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client entirely at the Clients’ risk in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in the Agreement.

**“Distributor”** means a person/entity who may refer a client to avail services of Portfolio Manager in lieu of commission/charges (whether known as Channel Partners, Agents, Authorised Person, Referral Interfaces or by any other name).

**“Eligible Investor”** means individuals, company, body corporate, partnership firm, association of persons, limited liability partnership, trust, hindu undivided family including non-resident Indian and person of Indian origin and such other persons as may be deemed by the Portfolio Manager, to be eligible to avail of the services of the Portfolio Manager from time to time under the SEBI (Portfolio Managers) Regulations, 2020.

**“Funds”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the Application, any further monies that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to the Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.

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

**“Large Value Accredited Investor”** means an accredited investor who has entered into an agreement with the portfolio manager for a minimum investment amount of ₹ 10,00,00,000 (Indian Rupees Ten Crores).

**“Net Asset Value”** means the market value of assets in the Portfolio including equity, debt, mutual fund, cash and cash equivalents, etc. as reduced by accrued expenses and liabilities for expenses including portfolio management fees.

**“Non-Discretionary Portfolio Management Services”** shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/ instructions.

**“Parties”** means the Portfolio Manager and the Client; and **“Party”** shall be construed accordingly.

**“Person”** includes any individual, partners in partnership, central or state government, company, body corporate, co-operative society, corporation, trust, society, Hindu Undivided Family, or any other body of persons, whether incorporated or not.

**“Portfolio”** means the securities managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes initial securities, any further securities that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to the Agreement, securities acquired by the Portfolio Manager through investment of funds and bonus and rights shares in respect of securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.

**“Portfolio Manager”** means Eternity Investments Management Partners LLP having its registered office at Office No. G2, 6<sup>th</sup> Floor, 35 Court Chambers, Vitthaladas Thackersey Marg, New Marine Lines, Mumbai-400 020, MH who under a contract or arrangement with a client, advises or directs or undertakes on behalf of the client the management or administration of portfolio of securities or the funds of the client, as the case maybe.

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

**“Portfolio Management Fees/Advisory Fee”** shall have the meaning attributed thereto in Clause 7 of this Disclosure Document.

**“Product” or “Investment Approach”** means any current investment approach offered by the Portfolio Manager and shall include such products / investment approaches as may be introduced by the Portfolio Manager from time to time.

**“RBI”** means the Reserve Bank of India, established under the Reserve Bank of India Act, 1934, and includes any statutory modifications or re-enactments thereof for the time being in force.

**“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 2020, and as may be amended from time to time, and includes any rules, circulars, guidelines, or clarifications issued thereunder.

**“Related Party”**, in relation to a Portfolio Manager, shall have the meaning assigned to it under clause (pa) of Regulation 2 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, and includes such entities as may be specified by the Board from time to time.

**“Scheduled Commercial Bank”** means a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934) and which is carrying on the business of banking as defined under the said Act.

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

**“Securities”** shall mean ‘securities’ as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956, as amended from time to time, and shall include, without limitation:

- i. equity shares, preference shares, quasi-equity instruments, scrips, stocks, debentures (whether convertible or non-convertible, secured or unsecured, listed or unlisted), debenture stock, bonds or other marketable securities of a like nature in or of any incorporated company, pooled investment vehicle or body corporate;
- ii. derivatives;
- iii. units or any other instrument issued under any mutual fund scheme or by any collective investment scheme to the investors;
- iv. security receipts as defined in clause (zg) of Section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- v. pass-through certificates, mortgage-backed securities, and other instruments evidencing beneficial interest in receivables, including those issued by special purpose distinct entities;
- vi. depository receipts, secured premium notes, treasury bills, commercial paper, notes, bonds and other money market instruments;
- vii. government securities and any rights or interest therein;
- viii. equity-linked instruments, hybrid debt instruments, and such other financial instruments representing ownership of or claim against an issuer, whether in physical or dematerialised form; and
- ix. any such instruments as may be declared by the Central Government or any regulatory authority to be securities for the purposes of applicable law.

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

### **3. DESCRIPTION:**

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

Eternity Investments Management Partners LLP (hereinafter referred to as "the Portfolio Manager" or "EIMPL") is a Limited Liability Partnership incorporated on 18<sup>th</sup> February 2025 under the Limited Liability Partnership Act, 2008. The entity is registered with the Securities and Exchange Board of India (SEBI) as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020, and is authorized to offer Portfolio Management services on Discretionary, Non-Discretionary, and Advisory basis.

The Portfolio Manager was established with the objective of providing bespoke portfolio management solutions to a wide range of domestic and international clients, including high-net-worth individuals (HNIs), family offices, and institutional investors. The firm leverages deep domain expertise across asset classes including equity, fixed income, and alternative investments, guided by a strong research-oriented and client-first philosophy.

Mr. Danesh Mistry, one of the founder partners of the LLP also operates as a SEBI-registered Investment Adviser (RIA) under a separate proprietorship model, bringing with him extensive regulatory knowledge, market insight, and over two decades of experience in investment advisory, lending, real estate, equity research, and fund management. This dual experience across the PMS and RIA platforms enriches the firm's ability to deliver holistic and tailored wealth management strategies.

The registered office of the Portfolio Manager is located at Office No. G2, 6<sup>th</sup> Floor, 35 Court Chambers, Vitthaladas Thackersey Marg, New Marine Lines, Mumbai-400 020, Maharashtra, India.

#### **Details of Partners of the Portfolio Manager and their background:**

Name: Mr. Danesh Mistry

#### Qualifications:

- BCom (Mumbai University)

- Post Graduate Diploma in Business Administration

Background:

- **Founder of Investor First Advisors**, a SEBI registered Investment Advisory Firm.
- Over 22 years of diverse professional experience spread across lending, investment banking, real estate investments, equity research and fund management.
- Since 2020, has been managing and advising on assets of approximately USD 300 million across private domestic and international mandates.

Work Experience:

**Tata Asset Management Private Limited (2009–2020)**

- **Head of Portfolio Management** – Various Strategies
- **Fund Manager:**
  - Tata Digital India Fund
  - Tata Pharma & Healthcare Fund
  - Tata Equity Savings Fund
  - Tata Midcap Growth Fund
  - Tata Offshore Indian Opportunities Fund
  - Tata Resources and Energy Fund

**Enam Securities (2007-2009)**

- **Investment Banking, Capital Market transactions** - Deal Origination, Structuring and Valuation.

**HDFC Limited (2002–2007)**

- Credit appraisal and underwriting for Real Estate financing.

Name: Mr. Chandrakanth Chereddi

Qualifications:

- Bachelor of Engineering (Campus College of Engineering, Osmania University, Hyderabad - OU)
- Master of Science (University of Illinois, Urbana-Champaign – UIUC)
- Post Graduate Programme in Management (Indian School of Business - ISB, Hyderabad)

Background:

Experienced leader who has experience spanning investing, business strategy formulation, team building, pharmaceuticals, software engineering, and management consulting.

Work Experience:

**2020 onwards**

Independent Business Consulting, providing managing consulting services in the Pharmaceutical, Engineering, and Technology fields.

**Executive Director and Board Member of Laurus Labs Limited (2012-2020)**

- Head of Generic Formulations Business Unit.
- Head of Contract Development and Manufacturing (CDMO) Business Unit.
- Head of Project Management for R&D projects.

**McKinsey & Company, India (2009-2012)**

- Business consulting in various domains, including financial institutions, telecom, pharmaceuticals, and industrials.

**Google Inc., Mountain View, CA (2006-2008)**

- Software Engineer in experimental Google products and infrastructure – caching and search and other service delivery.

**3.2. Group company/firm's information (i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis):**

None.

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

Cases of penalties imposed by SEBI, or the directions issued by SEBI under the SEBI Act or rules and regulations made there under	None
The nature of the penalty / direction	Not Applicable
Penalties/fines imposed for any economic offence and/or for violation of any securities laws	None
Any pending material litigation/ legal proceedings against the portfolio manager/key personnel with separate disclosures regarding pending criminal cases, if any	None
Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency	None
Any enquiry / adjudication proceedings initiated by the Board against the portfolio manager or its Directors, Partners, Principal Officer or employee or any person directly or indirectly connected with the portfolio manager or its Directors, Partners, Principal Officer, or employee, under the Act or Rules or Regulations there under	None

**5. SERVICES OFFERED:**

**5.1. Overview:**

Our investment approach is focused on evaluating each investment on its own merit on bottom-up basis. Whilst constructing our portfolios we are not constrained by the constituents of underlying benchmarks or their respective weights in the benchmark, the absolute market capitalization levels and any style biases of value or growth. We believe,

this unconstrained approach of investing will help us deliver superior performance in our client portfolios over medium to long term.

## **5.2. Key Principles of Eternity Unconstrained Core Equity Approach:**

### **Investment Objective**

The objective of the investment approach would be to generate sustainable capital appreciation over the long term by investing primarily in the equity and equity related instruments of companies listed on Indian stock exchanges.

### **Basis of selection of securities**

#### **Market Cap Agnostic:**

The portfolio manager has the freedom to invest across large, mid, and small cap stocks without any constrained allocation limits. This allows us to capture opportunities across market capitalisations making the approach truly flexible by design.

#### **Style-Neutral Allocation:**

We consciously avoid being bucketed in a particular style of investing. We aim to invest in companies with strong fundamentals, strong earnings visibility and/or favourable valuations.

#### **Bottom-Up Stock Selection:**

Stock selection is driven by in-depth fundamental analysis focusing on business quality, management integrity, capital efficiency, and growth visibility.

#### **Managing Risks:**

We continually evaluate our portfolio constituents and market opportunities on risk reward continuum and look to manage weights in the portfolio and consider entry/exit

opportunities irrespective of sector and capitalization exposures, thereby keeping us cognizant of risk reward in the market and our portfolios.

#### **Allocation of portfolio across types of securities:**

Up to 100% equity-oriented portfolio. (Portfolio manager may take up to 3 months to deploy the investment)

**The portfolio manager may have lower than the above allocations in the following two scenarios:**

- At the time of initial deployment of funds
- Based on market conditions to increase allocation to cash or to hedge the downside risk of the portfolio.

#### **5.3. Investment Philosophy:**

At its core, the strategy believes that no single investment style outperforms consistently across time. Hence, following a flexible, style-agnostic, bottom-up process improves the portfolio's adaptability to changing market narratives and valuation regimes.

#### **5.4. Details of Services being offered:**

##### **a) The Portfolio Manager offer Discretionary PMS, Non-Discretionary PMS and Investment Advisory services:**

###### Discretionary Services

The Portfolio Manager shall be acting in a fiduciary capacity with regard to Clients' Portfolio and shall have sole and absolute discretion to invest Clients' Funds in any type of securities and in any market as they deem fit for the benefit of the Client as per the Discretionary Portfolio Management Service Agreement. The securities invested / disinvested by the Portfolio Manager may differ from Client to Client. The securities traded or held by the Portfolio Manager for different Client's Portfolios,

even if invested in the same Investment approach, may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines, and notifications in force from time to time.

The portfolio manager may provide advice for investment up to 100% of the assets under management of the large value accredited investors in unlisted securities, subject to the terms agreed between the client and the portfolio manager.

#### Non-Discretionary Services

Under these services, the assets of the Client are managed in consultation and in accordance with the instructions of the Client under the Non-Discretionary Portfolio Management Service Agreement between the Client and the Portfolio Manager. The Client has complete discretion and final decision-making authority on the investment (quantity and price or amount). The Portfolio Manager will provide Non-Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities with the client's oral and/or written consent. Additionally, the Portfolio Manager will keep the safe custody of the securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

The rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules, and regulations, guidelines, and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client.

Portfolio Manager may invest up to 25% of the assets under management of the client in unlisted securities, in addition to the securities permitted for discretionary portfolio management.

The portfolio manager may invest up to 100% of the assets under management of the large value accredited investors in unlisted securities, subject to the terms agreed between the client and the portfolio manager.

Portfolio Manager may invest in units of Mutual Funds (only through Direct Plan) and no distribution fees will be charged to the client.

However, Portfolio Manager will not invest the clients' funds either in the portfolio managed or administered by another portfolio manager or based on the advice of any other entity.

#### Advisory Services

The Portfolio Manager provides Advisory Services, in terms of regulations, which shall be in the nature of non-binding investment advisory and shall include the responsibility of advising on the Portfolio Investment approach, investment and divestment of individual securities on the Clients Portfolio, for an agreed fee structure and for a period agreed in the Investment Advisory Agreement, entirely at the Client's risk, to all eligible categories of investors who can invest in Indian market. The Portfolio Manager shall be acting solely as an advisor to the Client Portfolio and shall not be responsible for the investment/divestment of securities and/or any administrative activities on the Client 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.

Portfolio Manager may provide advice for investment up to 25% of the assets under management of the client in unlisted securities, in addition to the securities permitted for discretionary portfolio management.

The portfolio manager may provide advice for investment up to 100% of the assets under management of the large value accredited investors in unlisted securities, subject to the terms agreed between the Client and the Portfolio Manager.

**b) Minimum Investment Amount:**

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of securities and/or funds of an amount prescribed by Portfolio Manager for a specific Investment approach / portfolio which shall be subject to the minimum amount as specified by SEBI, as amended from time to time which is presently ₹ 50,00,000 (Indian Rupees Fifty Lakhs). The Client may make additional contributions in the form of securities and/or funds over and above the minimum threshold on one or more occasions or on a continual basis, subject to discretion of Portfolio Manager. In case of Large Value Accredited Investor, the initial investment shall be ₹ 10,00,00,000 (Indian Rupees Ten Crores) or such other amount as may be specified by Regulations from time to time.

**c) Eligible Investors:**

- Resident Individuals, including Proprietorship Firms, Hindu Undivided Families (HUFs), Registered/Unregistered Partnership Firms, Limited Liability Partnerships (LLPs), Registered/Unregistered Trusts, Body Corporates, Banks, Financial Institutions, Insurance Companies, and any other eligible investors.
- Foreign Portfolio Investors (FPIs), registered with SEBI, including their sub-accounts.
- Non-Residents Indians (NRIs) and Persons of Indian Origin (PIOs) on a non-repatriation or repatriation basis.
- Any other person or entity who is otherwise eligible to invest under applicable laws and SEBI regulations.

**d) Policy for investment in Associate / Related Party:**

The Portfolio Manager will not invest client's money or advice to invest in its associate or related party of Portfolio Manager under any of the Investment approaches without specific prior consent and beyond the investment limit specified by the Client as well as mandated in regulations as amended from time to time.

EIMPL has been recently established as a Portfolio Manager and therefore has not invested client's money or advised to invest in its associates or related party of Portfolio Manager in the last 3 years under any Investment Approach. Hence following "details of Investments in the securities of related parties of the Portfolio Manager" required to be disclosed in the Disclosure Document is not applicable, to that extent.

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

<b>Sr. No.</b>	<b>Investment Approach if any</b>	<b>Name of the associate / related party</b>	<b>Investment amount (cost of investment) as on last day of the previous calendar quarter (₹ in crores)</b>	<b>Value of investment as on last day of the previous calendar quarter (₹ in crores)</b>	<b>Percentage of total AUM as on last day of the previous calendar quarter</b>
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

**e) Direct Onboarding Options:**

Portfolio Manager provides the facility for direct onboarding of Client (on boarding of clients without intermediation of distributors). In case of direct on boarding, no charges except statutory charges shall be levied to the Client

**5.5. Portfolio Characteristics:**

Attribute	Approach
Market Cap Exposure	Flexible (no pre-set cap-based allocation)
Style Bias	None
Stock Selection	Bottom-up, high-conviction ideas
Holding Period	Medium to long term
Turnover	Moderate, driven by valuations and fundamentals
Risk Management	Diversification, liquidity focus, active monitoring

**Description of types of securities:** Listed Equity & Equity oriented portfolio.

**Benchmark:** Nifty 50 Index.

**5.6. Benefits to Investors:**

- Diversification across styles and sectors.
- Higher adaptability to changing market environments.
- Focus on quality businesses at reasonable valuations.

**5.7. Ideal for:**

Long-term investors seeking a core equity strategy that is truly flexible, driven by bottom-up approach and discipline to focus on fundamentals.

### **5.8. Custodian and Fund Accounting Services**

- a.** Custody of all funds and securities of the Client shall be with the Custodian who shall be appointed, at the discretion of the Portfolio Manager. Currently, the portfolio Manager currently uses the Custodial / Depository / Fund administration services of HDFC and may appoint more or different custodians in future, if required.
- b.** The custodian shall act on instructions of the Portfolio Manager in respect of all the discretionary and non-discretionary Portfolio accounts.
- c.** All custodian fees charged by the Custodian shall be payable by the Client.
- d.** The Portfolio Manager shall not be liable for any error, failure or unauthorised act of the Custodian, which may cause or is likely to cause any loss or damage to the Client.
- e.** Accounting and Fund administration of all funds and securities of the Client shall be with the Fund Accountant who shall be appointed, at the discretion of the Portfolio Manager. Currently, the Portfolio Manager uses the fund accountant services of HDFC and may appoint more or different Fund Accountant in future, if required.
- f.** The Fund Accountant shall act on instructions of the Portfolio Manager in respect of all the discretionary and non-discretionary Portfolio accounts.
- g.** All Fund Accounting fees charged by the Custodian shall be payable by the Client.
- h.** The Portfolio Manager shall not be liable for any error, failure or unauthorised act of the Fund Accountant, which may cause or is likely to cause any direct or indirect loss or damage to the Client.

## **6. RISK FACTORS:**

Investors must note that risks outlined below are indicative and not exhaustive. There may be other risks, including those arising from market conditions, legal or regulatory changes, and specific investment strategies, which may not have been specifically mentioned herein. Investors are strongly advised to independently assess all relevant risks and consult their legal, tax, and financial advisors before making any investment decisions.

Investors are advised to review the risk factors outlined below, as well as those detailed in their respective PMS agreement.

- 6.1.** All portfolio investments are subject to market and other related risks and there is no assurance or guarantee that the value of or return on investments will always be accretive, it could depreciate to an unpredictable extent.

**6.2.** The Portfolio Manager is a separate legal entity and may have limited or no prior experience in portfolio management.

**6.3.** No guaranteed or assured returns, including principal or capital appreciation, are being offered to investors on the portfolio.

**6.4.** The investments may not be suited to all categories of investors, please evaluate your risk appetite carefully before investing.

**6.5.** A macro-driven event may adversely affect overall market performance, thereby impacting portfolio returns. A sector or industry's prospects may fall in the views of investors thus adversely impacting share price and portfolio value. Additionally, company-specific occurrences—such as earnings reports falling short of expectations, business acquisitions, or increased debt obligations—while typical in nature, could negatively influence individual share prices and ultimately affect the portfolio's overall return.

**6.6.** In pursuit of the portfolio's objectives, investments in securities may be exposed to diversification risk due to concentration within a limited number of sectors.

**6.7.** Investments are subject to regulatory risks that arise from potential changes in applicable laws, regulations, or government policies, which may adversely affect portfolio performance or the feasibility of certain investment strategies.

**6.8.** Portfolio is subject to political risks that stems from political instability, elections, shifts in policy, or geopolitical tensions in India, all of which could influence market performance and investment outcomes.

**6.9.** The portfolio is subject to systemic and force majeure risks, which include broad market disruptions such as economic downturns, global financial crises, pandemics (e.g., COVID-19), natural disasters, terrorism, or other unforeseeable events. These risks cannot be diversified away and may significantly impact all portfolio holdings or disrupt investment activities.

**6.10.** Portfolio is subject to operational risk that involves failures in internal processes, systems, cyber-attacks, or human error on the part of the Portfolio Manager, custodian, brokers, or other intermediaries.

**6.11.** In specific investments there is a risk of fraud and misrepresentation, including the possibility of fraud, misstatement of financials, or corporate governance failures by investee companies.

**6.12.** Portfolio is subject to reinvestment risk that occurs when cash flows received, such as dividends or interest, cannot be reinvested at the same rate as the original investment.

**6.13.** Investors must note that the Portfolio Manager will invest exclusively in Indian equities also constitutes a risk, as it exposes the portfolio to country-specific economic, political, and market events, limiting the benefits of geographic diversification.

**6.14.** Debt and fixed income securities carry interest rate, credit, and reinvestment risks, and their liquidity may be influenced by trading volume, settlement times, and transfer processes.

**6.15.** Equity investments, particularly in mid-cap, small-cap, micro-cap and lower-priced stocks, may suffer from liquidity constraints due to limited market depth and trading volumes. This may impact the Portfolio Manager's ability to execute trades at desired prices or within anticipated timeframes. Limited liquidity may not only restrict or delay the ability to liquidate portfolio holdings but may also result in a decline in value due to price depreciation caused by selling pressure.

**6.16.** Investments in unlisted securities, as may be permitted under applicable SEBI regulations, are subject to significant liquidity risk due to the absence of an active secondary market or assured exit mechanism. Consequently, there can be no assurance that such investments will be realisable within any specific timeframe or at any particular value. Prolonged illiquidity or underperformance of such investments may have an adverse impact on the overall performance and returns of the portfolio.

**6.17.** As and when the Portfolio Manager trades in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand

**6.17.1.** Portfolios incorporating derivatives, futures, and options are subject to risks distinct from those associated with stocks and bonds. These financial instruments are highly leveraged and demand a significant level of skill, diligence, and expertise for effective management. Minor fluctuations in the price of the underlying securities can substantially affect the value of derivatives, futures, and options. Certain risks pertain to the potential for mispricing or incorrect valuation of these instruments, as well as challenges in correlating positions with underlying assets, rates, and indices.

**6.17.2.** Engaging in derivative transactions necessitates a comprehensive understanding of both the underlying asset and the specific derivative instrument. Effective

derivative management requires robust controls to monitor ongoing transactions, assess the incremental risk derivatives introduce to a portfolio, and accurately forecast price or rate movements. It is important to note that portfolios may incur losses if a counterparty fails to fulfil their obligations under a derivatives contract.

**6.18.** With written authorization from the Client, the Portfolio Manager may engage in securities lending, which can cause temporary illiquidity if securities cannot be sold or lent. Securities lending carries risks such as counterparty default, loss of collateral rights, failure to return securities, and loss of related corporate benefits. Additional risks include insufficient collateral and settlement issues.

**6.19.** The Portfolio Manager may, based on the overall risk profile of the portfolio, invest in lower rated or unrated securities that offer higher yields while adhering to the scope outlined in the Agreement. This approach may result in increased portfolio risk.

**6.20.** The Portfolio Manager, its affiliates, group entities, and employees may be engaged in multiple investment activities across various client accounts, funds, and advisory mandates. This may give rise to potential conflicts of interest in the allocation of investment opportunities, timing of trades, or allocation of management attention. Conflicts may also arise due to similar or contrary positions in securities held across different portfolios or investment vehicles, or through the use of common third-party service providers. While the Portfolio Manager endeavours to identify, manage, and mitigate such conflicts in accordance with applicable laws, there can be no assurance that all conflicts will be eliminated or that such conflicts will not adversely affect the performance of the Portfolio.

**6.21.** Any act, omission or commission of the Portfolio Manager under this agreement will be solely at the risk of the client and the Portfolio Manager will not be liable for any act, omission or commission taken or failure to act save and except on the ground of malafide intent, fraud, conflict of interest, gross negligence and/or wilful default.

**6.22.** The Portfolio Manager shall make best efforts to ensure that all Securities purchased on behalf of the Client are duly transferred and registered in the name of the Client or in the name of the Portfolio Manager, as applicable. Notwithstanding such efforts, if any company or corporation refuses, for any reason whatsoever, to register the transfer of such Securities, the Portfolio Manager shall not be held liable for such refusal. In such an event, the Portfolio Manager shall be entitled to sell the said Securities at the best available market price, and any loss, cost, or risk arising therefrom shall be solely borne by the Client.

**6.23.** The Client acknowledges and accepts the following risks and responsibilities relating to taxation under this Agreement:

**6.23.1.** The tax-related risks and obligations described herein are indicative and not exhaustive. The Client is solely responsible for complying with all applicable tax laws, including but not limited to those relating to income tax, capital gains tax, securities transaction tax, goods and services tax (if applicable), and any other direct or indirect taxes, levies, or duties imposed under prevailing laws. The Portfolio Manager shall not be responsible for any tax liability, penalty, interest, or other consequence arising out of any act, omission, or non-compliance by the Client in respect of applicable tax laws.

**6.23.2.** The Client shall be solely and exclusively responsible for the computation, reporting, and payment of any taxes (including advance tax and self-assessment tax) arising in connection with the income, profits, or gains, whether realised or unrealised, accruing from the investments forming part of the Portfolio. This includes but is not limited to taxes on long-term and short-term capital gains, dividends, interest income, or any other receipts. The Portfolio Manager shall have no obligation to withhold, deduct, or deposit such taxes with any authority, except where required under applicable law.

**6.23.3.** No Tax Deduction by Portfolio Manager: The Portfolio Manager shall not, on its own, deduct tax at source (TDS) when making interim or final payments/disbursements to the Client. Any tax liability arising from such payments shall remain with the Client.

**6.23.4.** Corporate Actions and TDS by Issuers: In cases where Securities are held in the Portfolio Manager's name on behalf of the Client and other clients, and a company declares interest or other corporate benefits: If the company deducts tax at source (e.g. TDS on interest/dividend), the Portfolio Manager will only distribute the net amount (post-TDS) to the Client. The Client bears the entire tax liability associated with such receipts.

**6.23.5.** The Portfolio Manager shall not undertake tax planning or offer advice regarding tax optimisation or compliance for the Client. Clients are advised to consult their own tax advisors or accountants before making investments.

**6.23.6.** If any tax authority demands payment from the Portfolio Manager for taxes relating to transactions made on behalf of the Client: (a) The Client hereby authorises the Portfolio Manager to comply with such demands; and (b) The

Portfolio Manager is entitled to debit the Client's account for the full amount paid to the authorities.

**6.23.7.** The Portfolio Manager may, but is not obliged to, challenge or resist such tax demands. If it chooses to do so, all costs and expenses (e.g. fees for chartered accountants, tax advisors, or legal counsel) shall be charged to the Client's account. The Portfolio Manager shall not be held liable if the demand is ultimately upheld as valid.

**6.23.8.** If directed by tax authorities, the Portfolio Manager may be required to represent the Client. The Client authorises the Portfolio Manager to file, sign, and submit documents on their behalf for such purposes.

**6.23.9.** If required, the Client shall execute an irrevocable Power of Attorney in favour of the Portfolio Manager or its authorised representatives, empowering them to act before tax authorities as needed.

**6.23.10.** The Client agrees to furnish all documents, information, and records requested by the Portfolio Manager to assess tax implications and maintain proper operation of the Client's portfolio account.

## **7. NATURE OF EXPENSES:**

The following are indicative types of costs and expenses for clients availing the Portfolio Management Services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement or the Agreements for each of the services availed by the Client at the time of execution of such agreements.

**7.1. Portfolio Management Fees/ Investment Management / Advisory Fees:** These relates to the fees payable by the Client for the Portfolio Management Services offered to the Clients by the Portfolio Manager. This fee may be a fixed charge or a percentage of quantum of funds managed or linked to portfolio on return achieved or a combination of any of these or Advisory Fee, as set out in the Portfolio Management Service Agreement/Annexures/ Schedules attached thereto. The detailed fee schedule is available as a part of agreement and depends on the nature of investment approach.

**7.2. Depository, Custodian and Fund Accounting charges:** These charges relate to opening and maintenance of Depository Account and/or custody fee and charges (whenever required) paid to the Custodian and/or Depository Participants, dematerialization of scrips, securities lending and borrowing and their transfer charges in connection with the operation and the management of the Client's Portfolio Account.

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

**7.4. Brokerage and transaction cost:** The brokerage charges and other charges like GST, service charge, stamp duty, transaction costs, turnover tax, exit, and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units, and other financial instruments.

**7.5. Certification and professional charges:** Charges payable for outsourced professional services like accounting, auditing, taxation, and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc. may be charged and recovered from the Client on actual basis. Additional applicable taxes shall be charged on the amount of fees.

**7.6. Bank Charges:** At actuals as applicable from time to time.

**7.7. Upfront and Exit Load:**

- a)** Portfolio Manager will not charge any Upfront Fees to the Clients directly or indirectly on any of the Investment approach.
- b)** Portfolio Manager shall not charge any fees to Clients at the time of onboarding except the specific charges applicable for execution of the agreement and related documents for account opening.

c) However, as agreed between Portfolio Manager and Client on case-to-case basis, the Portfolio Manager may charge the Client an exit load or early withdrawal charges on full or partial redemption / withdrawal on all equity-oriented strategies as follows. The Exit load, if levied on a particular portfolio shall be calculated and applicable on gross redemption proceeds (full or partial as the case may be).

d)

<b>Exit within Period (For each tranche of corpus inflow)</b>	<b>Maximum Exit Load</b>
1 Year	3.00%
2 Year	2.00%
3 Year	1.00%
After 3 years	Nil

#### **7.8. Incidental expenses:**

Charges in connection with day-to-day operations like courier expenses, stamp duty, GST, postal, telegraphic, Audit Fees, opening and operation of demat account, bank account or any other out of pocket expenses as may be incurred by the Portfolio Manager will be charged at actuals.

**7.9. Goods and Services Tax:** At actuals as applicable from time to time on all type of fees, expenses, exit loads.

**7.10. Operating expenses** (excluding brokerage, fees charged for Portfolio Management Service and statutory charges, taxes, and duties) shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM).

## 8. TAXATION

### **Tax Benefits (Implication of Investment)**

The Discretionary Portfolio Management services will be in the nature of investment management, and may include the responsibility of 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 as to ensure all benefits accrue to the client's portfolio for an agreed fee structure and for a definite period, entirely at the client's risk.

### **Tax implications to the different categories of Investors:**

#### **8.1. Securities Transaction Tax**

Securities Transaction Tax (“STT”) is applicable on transactions of purchase or sale of equity shares in a Company or units of Equity Oriented Fund entered on a recognised stock exchange, sale of units of Equity Oriented Fund to the Mutual Fund itself and sale of derivatives. For this purpose, an equity oriented mutual fund is defined in Section 112A of the Income-tax Act, 1961 (the “Act”) to mean a SEBI registered fund where more than or equal to 65% of the investible funds are invested in equity shares of domestic companies listed on recognised stock exchange. The percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

The STT rates are given in the following table. The same are to be applied on the value of the transaction.

<b>Taxable securities transaction</b>	<b>Rate</b>	<b>Payable by</b>
Purchase of a unit of an equity-oriented fund, where the transaction of such purchase is entered into in a recognised stock exchange; and the contract for the purchase of such	Nil	Purchaser

unit is settled by the actual delivery or transfer of such unit (delivery based).		
Sale of a unit of an equity-oriented fund, where the transaction of such sale is entered into in a recognised stock exchange and the contract for the sale of such unit is settled by the actual delivery or transfer of such unit.	0.001%	Seller
Purchase/ Sale of an equity share in a company or a unit of a business trust, where the transaction of such sale is entered into in a recognised stock exchange: and the contract for the sale of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.10%	Purchaser / Seller
Sale of an equity share in a company or a unit of an equity-oriented fund or a unit of business trust, where the transaction of such sale is entered into in a recognised stock exchange; and the contract for the sale of such share is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	Seller
Sale of unit of an equity-oriented fund to the Mutual Fund.	0.001%	Seller
Sale of an option in securities.	0.1%	Seller
In case of sale of option in securities, where option is exercised.	0.125%	Purchaser
Sale of a futures in securities.	0.02%	Seller

## **8.2. Dividend / Income Distribution / Interest:**

### **a) Dividend / Income Distribution by Mutual Fund**

Earlier, income (other than capital gains) distributed by Mutual Funds specified under clause 10(23D) of the Act on their units was exempt from tax under section 10(35) of the Act in the hands of the recipient unit holders.

However, as per Finance Act, 2020, the said exemption has been withdrawn in respect of income received on or after 1<sup>st</sup> April 2020. Further, as per section 57 of the Act, recipient unit

holders shall be eligible to avail the deduction of interest expense from dividend or income received from units but not exceeding 20 percent of the dividend or income received from the units.

**b) Dividend from Domestic Companies as well as interest income**

**Taxation of dividends in the hands of the shareholder as well as taxation of interest income:**

Taxation of dividends/interest will be in the hands of the shareholder/ unit holder/ investor at the slab rate applicable to them. For a shareholder being an individual and HUFs, whose total income exceed ₹ 50 lakhs, surcharge will apply as below:

<b>Particulars</b>	<b>Surcharge</b>
Up to 50 lacs	-
Between 50 lacs- 1 crore	10%
Between 1 crore - 2 crore	15%
Between 2 crore - 5 crore	25%
Above 5 crore (only applicable under normal tax regime)	37%

Further, the Finance Act 2023 has reduced the highest rate of surcharge from 37% to 25% under the new tax regime and hence maximum effective tax rate under new tax regime will be 39% for interest income. The maximum applicable surcharge rate for income from dividend income has been capped at 15%. Moreover, non-resident will be eligible to claim benefit of applicable tax treaties which would include limit on tax rate for dividend/interest specified in the treaty and tax credit in the home country.

**Tax implications in the hands of Partnerships Firms and Limited Liability Partnerships (LLP):**

Dividend/interest income received by partnership firms and LLP will be taxable at effective tax rate of 31.2%. If total income of firm/ LLP exceeds ₹ 1 Crore, then dividend income will be taxable at effective tax rate of 34.944%.

**Tax implication in the hands of domestic companies:**

Dividend/interest income received by domestic company is taxable at tax rate depending upon whether the company has opted for concessional tax regime under section 115BAA or Section 115BA of Act.

Exemption hitherto granted to dividend/ income on units under section 10(34) / 10(35) will no longer be available.

**TDS on dividends/ income on units by mutual funds/ income from units of a business trust/interest to resident shareholder/ unit holder/ investor - Section 193,194,194K and 194LBA:**

Section 194 provides that dividend declared by a domestic company to a resident person, will be liable for TDS @ 10%. However, in case of resident Individual, TDS shall be applicable only if dividend is in excess of ₹ 10,000.

Section 193 provides for TDS on interest on securities at rates in force (i.e. @10%). However, in case of resident Individual and HUF, TDS shall be applicable only if interest on debenture issued by a company in which public is substantially interested is in excess of ₹ 10,000. Further, no TDS to be deducted on certain prescribed securities issued by central/state government.

Section 194K has been introduced to provide for an obligation to deduct TDS @ 10% when a mutual fund distributes income to a resident unit holder subject to a threshold of ₹ 10,000.

Section 194LBA provides for TDS @ 10% in respect of income distributed by a business trust to a resident unit holder being dividend received or receivable from a Special Purpose Vehicle. In case of non-furnishing of PAN or invalid PAN or PAN being inoperative on account of non-linking of Aadhar, the TDS rate would be 20% in accordance with provisions of Section 206AA of the Act. Section 206AB provides for a higher rate of TDS on any sum or income or amount

paid, or payable or credited, by a deductor to a specified person, as defined. In case of a specified person, the TDS rate shall be higher of the following rates:

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

However, as per the Finance Act, 2025, the provisions of section 206AB have been discontinued w. e. f, 1<sup>st</sup> April 2025.

**TDS on dividend/ income on units by mutual funds/interest to non-resident shareholder/ unit holder/investor- Section 195,196A and 196D:**

Section 115AD provides dividend/interest income of Foreign Portfolio Investors (FPIs) from securities, which will be liable for TDS @ 20% (plus applicable surcharge and health & education cess) under section 196D.

Section 115E (Non-resident Indian) provides dividend/interest income of non-resident Indian from certain specified assets purchased in foreign currency, which will be liable for TDS @ 20% (plus applicable surcharge and health & education cess) under section 195.

Section 115A (Non-resident or foreign co.) provides dividend/interest income (on monies borrowed or from debt incurred in foreign currency) of non-resident in any other case, which will be liable for TDS @ 20% (plus applicable surcharge and health & education cess) under section 195.

Section 196A has been introduced w.e.f. 1<sup>st</sup> April 2020 to provide for an obligation to deduct tax @ 20% (plus applicable surcharge and health & education cess) when a mutual fund distributes income to a non-resident unit holder.

Rates of surcharge for non-resident individuals, HUF, AOP, BOI:

Particulars	Rate of surcharge
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Above ₹ 50 Lacs but non exceeding ₹ 1 Crore	10%
Above ₹ 1 Crore	15%
Between 2 crore - 5 crore	25%
Above 5 crore (only applicable under normal tax regime)	37%

Rate of surcharge for non-resident companies

<b>Income of Non-resident Companies</b>	<b>Rate of surcharge</b>
Above ₹ 1 Crore but non exceeding ₹ 10 Crore	2%
Above ₹ 10 Crore	5%

Rates of surcharge for Non-resident who is a firm

<b>Income of Non-resident Firms</b>	<b>Rate of surcharge</b>
Above ₹ 1 Crore	12%

The applicable surcharge rate on dividend income, capital gains under section 111A, 112A and 112 has been capped at 15%. Further, Health and Education Cess of 4% is applicable for all the above categories of non-residents.

As per the provisions of Section 195, 196A and Section 196B of the Act read with Section 90 of the Act, for dividend payments/ income in respect of units/ interest paid to non-residents, tax can be deducted as per the provisions of the Act or as per the provisions of the applicable Double Tax Avoidance Agreement ('DTAA') / Tax Treaty with the country of residence of the shareholder/unit holder/investor, whichever is more beneficial provided investors are eligible to claim benefit of Tax Treaty. However, the income distributed by mutual fund to unitholders is unlikely to fall within the definition of dividend under the Tax Treaty. Given this and the language of the newly inserted proviso to section 196A, claiming tax treaty benefit in respect of income distributed by mutual fund to unitholders for withholding tax purpose may not be possible.

### **8.3. Tax implications where transaction in securities is in the nature of trade or business:**

Income arising from purchase and sale of shares (for the sake of brevity, the term “shares” has been used below as an illustration but the same includes other types of securities) can give rise to business income or capital gains in the hands of the investor depending on the facts and circumstances of each case.

The issue of income characterization as above is essentially a question of fact and dependent on whether the shares are held as Business/Trading assets or on Capital Account. Based on judicial decisions and certain guidelines issued by the Central Board of Direct Taxes, the following factors and principles may be taken into consideration while determining the nature of assets as above:

- Motive for the purchase of shares.
- Frequency and volume of transactions and the length of period of holding of the shares.
- Treatment of the shares and profit or loss on their sale in the accounts of the assessee.
- Source of funds out of which the shares were acquired - borrowed or own.
- Acquisition of the shares - from primary market or secondary market.
- Infrastructure employed for the share transactions by the client including the appointment of managers, etc.

However, it may be noted that any single factor discussed above in isolation need not be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously. Further, the background of the investor (Professional vs. a trader in shares) may also be a relevant factor in determining the nature of the shares.

The Central Board of Direct Taxes has clarified that where the taxpayer himself opts to treat listed shares and securities as stock-in-trade (irrespective of the period of holding), the tax officer must treat the income arising from the same as business income. Further, in case of listed shares and securities held for more than 12 months, if the taxpayer treats the same as Capital Gains, the tax officer shall not dispute such stand. However, the taxpayer shall not be allowed to adopt a different/contrary stand in this regard in subsequent years.

Considering the above, the profits or gains arising from transaction in securities could be taxed either as “Profits and Gains of Business or Profession” under section 28 of the Act or as “Capital Gains” under section 45 of the Act depending on facts of the case.

**a) Profits and gains of Business or Profession:**

- i. If the investment under the Portfolio Management Services is regarded as “Business/Trading Assessee” then the gain/loss arising there from will be taxed as income from business.
- ii. Any sum paid on account of STT is allowed as a deduction under section 36(1)(xv) of the Act, in computing the income under the head “Profit and Gains of Business or Profession” subject to the condition that such income from taxable securities transactions is included under the head ‘profits and gains of business or profession’.
- iii. As per section 43(5) of the Act, a transaction is treated as a speculative transaction if it is ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips. However, in case of following transactions, the same shall not be deemed to be a speculative transaction:
  - a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; or
  - an eligible transaction in respect of trading in derivatives carried out on a recognised stock exchange.
- iv. As per the Finance Act, 2025, the maximum tax rates applicable to different categories of assesses for Assessment Year 2026-27 are as follows:

Resident Individuals and HUF	30% plus applicable surcharge and health & education cess
Partnership Firms (including Limited Liability Partnerships - LLPs)	30% plus applicable surcharge and health & education cess
Indian Companies	30% plus applicable surcharge and health & education cess and 25% if total turnover or gross receipts during the financial year 2023-24 do not

	exceed ₹ 400 crores; Or 22%* / 15%** plus surcharge of 10% and applicable health & education cess
Non-Resident Indians	30% plus applicable surcharge and health & education cess
Foreign Companies	35% plus applicable surcharge and health & education cess

\* This lower rate is optional and subject to fulfilment of certain conditions as provided in section 115BAA.

\*\* This lower rate is optional for companies engaged in manufacturing business (set-up & registered on or after 1<sup>st</sup> October 2019) subject to fulfilment of certain conditions as provided in section 115BAB.

v. However, the Finance Act, 2025 has introduced updates to the alternate tax structure, streamlining tax slabs under the new regime, which remains the default regime:

Income Slabs (₹)	Existing Tax Rates
Up to 2,50,000	Nil
From 2,50,001 to 5,00,000	5%
From 5,00,001 to 10,00,000	20%
Above 10,00,000	30%
Income Slabs (₹)	Alternate Tax Rates
Up to 4,00,000	Nil
From 4,00,001 to 8,00,000	5%
From 8,00,001 to 12,00,000	10%
From 12,00,001 to 16,00,000	15%
From 16,00,001 to 20,00,000	20%
From 20,00,001 to 24,00,000	25%
Above 24,00,000	30%

Note: These rates are subject to applicable surcharge and health & education cess.

Under the existing tax structure:

- For resident individuals aged 60 years to less than 80 years, income up to ₹ 300,000 remains non-taxable.
- For resident individuals aged 80 years and above, income up to ₹ 500,000 remains non-taxable.
- Under the new tax regime, deductions and exemptions such as those under section 80C of the Income Tax Act will not be available.
- The Rebate has been increased to ₹ 60,000 from ₹ 25,000 for the FY 2025-26. With the revised tax structure, individuals earning up to ₹ 12 lakhs will have no tax liability due to the increased rebate of ₹ 60,000. For salaried individuals, the tax liability will be zero for incomes up to ₹ 12.75 lakhs due to the ₹ 75,000 standard deduction.
- Finally, the new tax regime continues to be treated as the default tax regime. If taxpayers fail to provide confirmation regarding their choice of regime, taxes will be withheld under the new regime.

**b) Losses under the head Business Income:**

In the case of loss from any source under the head 'Profits and Gains of Business or Profession', it can be set off against the Income from any other source under the same head. If the total income falling under the head 'Profits and Gains of Business or Profession' is a loss, it can be set-off against income under any other head (except income from salary, lottery winnings, etc.) in the same assessment year.

However, if the business of dealing in securities is regarded as a speculative business as per the conditions in Point 8.3.a(iii), the loss arising from such business can be set-off only against the income from any other speculation business.

Further, if such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be set off only against income under the head 'Profits and Gains of Business or Profession' within the period of eight subsequent assessment years. Where the loss is regarded as loss from speculation business, such loss can be carried forward and set off only against income from speculation business for a period of 4 subsequent assessment years.

#### **8.4. Tax implications where transaction in securities are in the nature of Investments:**

A capital asset being a security or a unit in mutual fund may either be a short-term or long-term capital asset, depending on the period of holding. Gains from alienation thereof would be short-term capital gains or long-term capital gains.

A short-term capital asset means a capital asset held for not more than 24 months immediately preceding the date of its transfer. However, in the following cases, an asset held for a period of 12 months or less was regarded as a short-term asset:

- Equity or preference share in an Indian company listed on recognised stock exchange
- Units of an equity-oriented fund (whether listed or not)
- Any other listed security (debentures, government securities, etc.)
- Unit of the Unit Trust of India
- Zero coupon bonds

Where investment under the Portfolio Management Services is treated as investment, then the profit or loss from transfer of securities shall be chargeable to tax under the head Capital Gains under the provisions of section 45 of the Act.

##### **a) Long Term Capital Gains**

Long-term Capital Gains arising from the transfer of Equity Shares in a Company, units of an equity-oriented fund, or units of a business trust exceeding ₹ 1,25,000 will now be taxable at 12.5% plus applicable surcharge and health & education cess under section 112A of the Act as per the Finance Act, 2024.

The indexation benefit remains unavailable for such long-term capital gains. However, gains accrued up to 31<sup>st</sup> January 2018 are still grandfathered to protect prior investments. To implement the grandfathering provisions, the cost of acquisition will be deemed as the higher of:

- The actual cost of acquisition.
- The lower of:

- Fair market value (the highest price quoted on a recognized stock exchange on or near 31<sup>st</sup> January 2018 for listed assets or net asset value for unlisted units).
- Full value of consideration received or accruing as a result of the transfer.

For capital gains not covered under section 112A of the Act, the taxation provisions for different categories of assesses remain as outlined further below:

**i) For Resident Individuals, HUFs, and Indian Companies**

Long-term Capital Gains in respect of listed securities (other than mentioned in para 8.4.a), unlisted securities (with effect from 1<sup>st</sup> April 2016, unlisted shares and units of non-equity oriented Mutual Funds held for a period of more than 24 months will be treated as 'long-term capital assets') will be chargeable under section 112 of the Act at the rate of 12.5% plus applicable surcharge and health and education cess. However, for equity-oriented mutual funds held for a period of more than 12 months, the long-term capital gains are now taxable at a reduced rate of 12.5% plus applicable surcharge and health and education cess.

Capital gains would be computed after taking into account cost of acquisition and expenditure incurred wholly and exclusively in connection with such transfer. As per the Finance Act, 2024, the benefit of adjustment of cost inflation index is discontinued for transfer of capital asset, being an equity share or debenture or mutual fund, on or after 23<sup>rd</sup> July 2024.

In case of resident Individual or HUF, where taxable income as reduced by long term capital gains is below the exemption limit, the long term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of 12.5% plus applicable surcharge and health and education cess. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

There would not be requirement to deduct taxes on capital gains in respect of resident investors. However, in respect of non-resident investors taxes should be withheld at the rate of 12.5% (plus applicable surcharge and cess) on long term capital gains.

**ii) For Foreign Portfolio Investors (FPI) fulfilling conditions laid down under section 115AD and Overseas Financial Organisations covered by section 115AB**

Under the provisions of section 115AD of the Act, income of FPIs by way of long-term capital gains in respect of unlisted securities (other than units referred to in section 115AB) will be chargeable at the rate of 12.5% plus applicable surcharge and health and education cess. Similarly, under section 115AB of the Act, income earned by way of long-term capital gains in respect of units purchased in foreign currency by Overseas Financial Organisation will be chargeable to tax at the rate of 12.5%, plus applicable surcharge and health & education cess. The capital gain for the purpose of section 115AD and 115AB would be calculated without indexation of cost of acquisition. For benefits under tax treaty, refer para 8.4.a.(iv) below.

**iii) For Non-resident Indians and other non-residents**

Under the provisions of section 115E of the Act for non-resident Indians, income by way of long-term capital gains in respect of specified assets purchased in convertible foreign exchange as defined under the provisions of section 115C of the Act (which includes shares, debentures, deposits in an Indian Company, and security issued by the Central Government) is chargeable at the rate of 12.5% plus applicable surcharge and health and education cess. Such long-term capital gains would still be calculated without indexation of cost of acquisition.

Additionally, non-resident Indians and other non-residents may opt for computation of long-term capital gains under Section 112, where tax on listed schemes is chargeable at 12.5% plus applicable surcharge and cess. For benefits under tax treaty, refer para 8.4.a.(iv) below.

**iv) Benefits under Double Tax Avoidance Agreement / Treaty (DTAA)**

All non-resident investors such as Overseas Financial Organisations, FPIs, NRIs, etc. are also eligible for claiming benefits under a DTAA entered into by India with the country of which the concerned investor is a tax resident. As per circular no. 728 dated October 1995 by CBDT and section 90(2) of the Act, in the case of a remittance to a country with which a DTAA is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in DTAA whichever is more beneficial to the assessee. As per the Finance Act 2013, in order to claim the benefits under the DTAA, the taxpayer would have to provide a “certificate of his being resident” (commonly known as Tax Residency Certificate) from the

Government of the country in which he is a resident. In addition to the said certificate, the concerned non-resident is also required to provide certain information in Form 10F such as status, nationality, Tax Identification Number, period for which the assessee is a resident in the concerned country, address, and a declaration that the certificate of him being a resident is obtained. If any information in Form 10F is already provided on the "certificate of residency", the same need not be provided again in the form. The CBDT vide circular no. 03/2022 dated 16<sup>th</sup> July 2022 has mandated furnishing of electronic Form 10F.

**v) Surcharge on Long Term Capital Gains**

The rate of surcharge on long-term capital gains under section 112 and 112A is capped at 15%.

**vi) Exemption from Long Term Capital Gains**

Under Section 54EC (1) of the Act, taxable capital gains, arising on transfer of a long term capital asset being land or building or both, shall not be chargeable to tax to the extent such capital gains are invested in notified bonds by Central Government (redeemable after 3 years if investment is made on or after 1<sup>st</sup> April 2007 but before 1<sup>st</sup> April 2018 and redeemable after 5 years if investment is made on or after 1<sup>st</sup> April 2018) within six months from the date of the transfer of the said capital asset subject to an upper limit of ₹ 50 lakhs whether the said investment is made in the same year (of transfer) or the succeeding year.

As per Section 54EE(1) of the Act, taxable capital gains, arising on transfer of a long term capital asset, shall not be chargeable to tax to the extent such capital gains are invested in long term specified assets within six months from the date of transfer of the said capital asset subject to an upper limit of ₹ 50 lakhs whether the said investment is made in the same year (of transfer) or the succeeding year. For the purpose of this section, "long term specified asset" means a unit or units, issued before the 1<sup>st</sup> day of April 2019, of such fund as may be notified by the Central Government in this behalf.

Under Section 54F(1) of the Act, subject to the conditions specified therein, in the case of an individual or a HUF, capital gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in one residential house in India. To avail this

deduction, the investor should not own more than one residential house in addition to the proposed new residential house for which deduction is sought to be claimed. If part of such net consideration is invested within the prescribed period in one residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

The Finance Act, 2023 provides that maximum deduction that can be claimed by the assessee for investment in residential property will be limited to ₹ 10 Crores. Accordingly, the maximum deduction that can be claimed under section 54F is ₹ 10 Crores.

#### **vii) CAPITAL LOSSES**

Losses under the head "Capital Gains" cannot be set off against income under any other head. Further within the head "Capital Gains", long term capital losses cannot be adjusted against short term capital gains. However, short term capital losses can be adjusted against long term capital gains. As per the Finance Act, 2018, since long-term capital gains arising on sale of units of equity-oriented fund would be taxable with effect from 1<sup>st</sup> April 2018, losses incurred post 1<sup>st</sup> April 2018 would be allowed to be set-off against taxable capital gains.

Unabsorbed long-term capital loss can be carried forward and set off against the income from long term capital gain under the head Capital Gains and Unabsorbed short-term capital loss can be carried forward and set off against the income under the head Capital Gains in subsequent eight assessment years.

As per the provisions of section 94(7) of the Act, if any person buys or acquires shares within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of three months from such record date, then losses arising from such sale to the extent of the dividend or income received or receivable on such shares, will be ignored for the purpose of computing his income chargeable to tax.

Similarly, as per the provisions of section 94(7) of the Act, if any person buys or acquires units of a Mutual Fund within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of nine months from such record date, then losses arising from such sale to the extent of income received or receivable on such units, will be ignored for the purpose of computing his income chargeable to tax.

Further, as per Section 94(8) of the Act provides that, where additional units or securities have been issued to any person without any payment, on the basis of existing units or securities held by such person, then the loss on sale of original units or securities shall be ignored for the purpose of computing income chargeable to tax, if the original units or securities were acquired within three months prior to the record date fixed for receipt of additional units or securities and sold within nine months from such record date. However, the loss so ignored shall be considered as cost of acquisition of such additional units or securities held on the date of sale by such person.

### **b) Short Term Capital Gains**

Section 111A of the Act provides that short-term capital gains arising on the sale of equity shares of a company or units of equity-oriented funds and on the sale of units of business trust to the Mutual Fund are chargeable to income tax at a rate of 20% plus applicable surcharge and health & education cess, provided such transactions are entered on a recognised stock exchange and are chargeable to STT.

Further, the enhanced surcharge (of 25% and 37%) as levied on income arising from the transfer of equity share/unit referred to in Section 111A in Finance Act, 2019, has been withdrawn by the Government of India vide the Taxation Laws (Amendment) Act, 2019. The same has also been confirmed in the Finance Act, 2020. Thus, securities other than those covered under Section 111A are subjected to higher surcharge rates of 25% and 37%, depending upon the quantum of short-term capital gains. However, as per the Finance Act, 2022, for AOPs consisting of only companies as its members, the rate of surcharge will be capped at 15%. Further, Section 48 of the Act provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

Short-term capital gains not chargeable under the provisions of Section 111A of the Act are added to the total income. Total income, including short-term capital gains, is chargeable to tax as per the relevant slab rates for resident or non-resident individuals. In the case of Indian companies, the rate of tax would be 30% (25% if total turnover or gross receipts of a domestic company during the financial year 2023-24 do not exceed ₹ 400 crores), plus applicable surcharge and health & education cess. However, if a company opts for a concessional tax rate under Section 115BAA and 115BAB respectively, a tax rate of 22% shall be applicable, subject to the conditions mentioned therein. In the case of FPIs, the rate of tax would be a flat 30% plus applicable surcharge and health & education cess. In the case of a foreign company, the rate of tax would be 35%, plus applicable surcharge and health & education cess.

As mentioned above, the Finance Act, 2023 has capped the rate of surcharge for individuals and HUFs taxed under the new regime at 25%. Accordingly, short-term capital gains of non-residents (not covered under Section 111A) would be liable for a maximum rate of surcharge of 25% under the new regime.

As per the Finance Act, 2023, capital gains from the transfer of units of “specified mutual fund schemes” as per section 50AA acquired on or after 1<sup>st</sup> April 2023 are treated as short-term capital gains taxable at the applicable slab rates, irrespective of the period of holding of such mutual fund units.

As per Finance Act, 2024, for this purpose, “specified mutual fund” means a mutual fund invests more than sixty-five per cent of its total proceeds in debt and money market instruments.

There would not be a requirement to deduct taxes on capital gains in respect of resident investors. However, in respect of short-term capital gains of non-resident investors taxes should be withheld at the rate of 20% (plus applicable surcharge and cess) if the capital asset transferred is a listed equity share or equity oriented mutual fund and at the highest applicable slab rates (plus applicable surcharge and cess) in case of non-equity oriented mutual funds.

### **c) Exemption from Capital Gains on Merger of Mutual Fund Schemes**

In order to facilitate consolidation of such schemes of mutual funds in the interest of the investors, Finance Act, 2015 has provided tax neutrality to unit holders upon consolidation or

merger of mutual fund schemes provided that the consolidation is of two or more schemes of an equity-oriented fund or of two or more schemes of a fund other than equity-oriented fund.

The 'consolidating scheme' defined as the scheme of a mutual fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and 'consolidated scheme' as the scheme with which the consolidating scheme merges or which is formed as a result of such merger.

The cost of acquisition of the units of consolidated scheme shall be the cost of units in the consolidating scheme and period of holding of the units of the consolidated scheme shall include the period for which the units in consolidating schemes were held by the unit holder.

**d) Exemption from Capital Gains on Merger of different plans in a Mutual Fund Scheme**

Securities and Exchange Board of India (SEBI) has issued guidelines for consolidation of mutual fund plans within a scheme. In view of this, the tax exemption available on merger or consolidation of mutual fund schemes is extended to the merger or consolidation of different plans in a mutual fund scheme.

For this purpose, Section 47 was amended to provide that any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated plan of that scheme of the mutual fund shall not be considered transfer for capital gain tax purposes and thereby shall not be chargeable to tax. In this regard, the cost of acquisition of the units in the consolidated plan of mutual fund scheme shall be the cost of units in consolidating plan of mutual fund scheme and period of holding of the units of consolidated plan of mutual fund scheme shall include the period for which the units in consolidating plan of mutual fund scheme were held by the unit holder.

The Finance Act, 2023 has inserted a new section 50AA in order to determine the taxability of Market Linked Debentures ('MLDs') with effect from AY 2024-25. The gain on sale of MLDs are to be taxed as short-term capital gains and accordingly chargeable to tax at applicable slab

rates to the taxpayer. As of now, there are no specific provisions for withholding tax on capital gains on sale of MLDs for resident individuals. However, taxes may be withheld at the highest rate applicable to such non-residents.

## **9. ACCOUNTING POLICIES**

Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts, records for the Client.

- a.** For the purposes of the financial statements, the Portfolio Manager shall carry all investments in the balance sheet at cost.
- b.** Investments introduced by the client in portfolio will be booked at the market value as of the date of introduction to the portfolio.
- c.** Dividend income earned by a Client shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on a stock exchange, dividend income shall be recognized on the date of receipt.
- d.** In respect of all interest-bearing investments e.g. Debt Securities, interest shall be accrued on a day-to-day basis as it is earned, wherever feasible. In case, where such interest cannot be accrued, Interest shall be accounted on the date of its due date or receipt whichever is earlier. At the time when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Accrued Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Accrued Account.
- e.** In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.
- f.** Transactions for purchase or sale of investments shall be recognized as of the trade date and not, as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.
- g.** Bonus shares to which the Client becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex- bonus basis.
- h.** Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.

- i. The cost of investments of Shares & securities acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's contract note. Similarly, sale value of investments of Shares & securities sold or disposed of in any manner shall be reduced by brokerage, stamp duty and any charge customarily deducted in the broker's contract note.
- j. The cost of investments of Units of Mutual funds acquired or purchased shall include stamp duty and any charge customarily included in the Mutual Fund's Statement of Account. Similarly, sale/redemption value of investments sold or disposed of in any manner shall be reduced by stamp duty and any charge customarily deducted in the Mutual Fund's Statement of Account.
- k. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- l. All other expenses payable on behalf of the client like Stamp Paper Cost, Audit Fees, Certification Fees, if any shall be accrued as and when liability is incurred.
- m. Unrealized gain/losses are the differences, between the current market value/ Net Asset Value and the historical cost of the securities.
- n. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- o. Investment Management fees would preferably be calculated on daily weighted average AUM and charged on monthly basis on the last day of subsequent month subject to applicable GST. The same would be however subject to any other mutually agreed terms between Portfolio Manager and the specific client.
- p. Valuation of Securities: Portfolio Manager shall follow SEBI and/or APMI prescribed standardized valuation norms and may engage one or more APMI empanelled valuation agency wherever required for the valuations of securities.
  - i. Listed Equities: Investments in listed equity instruments will be valued at the closing market prices on the National Stock Exchange (NSE). If the securities are not traded on the NSE on the valuation day, the closing price of the security on the Bombay Stock Exchange will be used for valuation of securities. In case the

securities are not traded on the valuation date, the last available traded price shall be used for the valuation of securities.

- ii. Listed debt and money market securities: Investments in listed debt and money market securities will be valued at the closing market prices on the National Stock Exchange (NSE). If such securities are not traded on the NSE on the valuation day, the closing price of such securities on the Bombay Stock Exchange will be used for valuation of securities. Further, if the closing price of such securities is not available on Bombay Stock Exchange also or in case of such securities are not traded on the valuation date, the last available traded price of such securities on above exchanges or any other SEBI registered clearing house including reporting platforms shall be used for the valuation of such securities.
- iii. Unlisted debt and money market securities: Investments in unlisted debt and money market securities will be valued in line with the valuation provided by APMI empanelled valuation agencies engaged by Portfolio Manager.
- iv. Unlisted Equity securities: Investments in unlisted Equity Securities will be valued in line with the valuation principles prescribed by APMI which is intended to be in line with the SEBI Regulations For this purpose, Portfolio Manager shall engage the service of an Independent Valuer satisfying the terms as may be prescribed by APMI.
- v. Mutual Funds: Investments in units of Mutual Funds shall be valued at the NAV for the relevant Scheme on the date of the valuation.
- vi. Derivative Transaction: Open positions of derivative will be marked to market on the date of the valuation.

q. The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis, if the same is permissible in accordance with Regulations

## **10. INVESTOR SERVICES**

**10.1.** The Portfolio Manager seeks to provide high standard of service to Clients and committed to put in place and upgrade on a continuous basis the system and procedures in this regard. The servicing will essentially involve:

- a) Reporting portfolio transactions, Client's Statement of Accounts at pre-defined frequency as defined by regulations
- b) Attending to and addressing any client query within minimum possible time
- c) Review of Portfolio on continuous basis

**10.2.** Name, address, and telephone number of the Investor Relations Officer who shall attend to the client's queries and complaints are as below

<b>Name</b>	Mr. Parvez Pochkhanawala
<b>Designation</b>	Compliance Officer
<b>Email</b>	<a href="mailto:parvez@eternityim.in">parvez@eternityim.in</a>
<b>Telephone</b>	+91-22-44833736
<b>Address</b>	G-2, 6th Floor, 35 Court Chambers, Vitthaladas Thackersey Marg, New Marine Lines, Mumbai-400 020

**10.3.** Grievance redressed and dispute settlement mechanism.

- a. Grievances, if any, that may arise pursuant to the Portfolio Investment Management Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 2020 and any amendments made thereto from time to time. All legal proceedings, however, shall be subject to the exclusive jurisdiction of the courts in Mumbai and governed by Indian laws.
- b. The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms.
- c. All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/ or their respective representatives shall be settled in accordance with and subject to the provisions of The Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-

enactment thereof. Such Arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit.

- d. The Portfolio Manager's relationship officer who interacts with the Client will be the primary point of contact between the Portfolio Manager and the Client. In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI's web-based complaints redress system (SCORES) <https://scores.sebi.gov.in/> .
- e. With reference to SEBI Circular Ref No SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/131 dated 31st July 2023 read with SEBI Circular Ref No SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/135 dated 04th August 2023 on Online Resolution of Disputes in the Indian Securities Market, a link for Online Dispute Resolution (ODR) will be uploaded on our website (<https://smartodr.in/login>). This facility can be availed by the clients who have:
  - i. First raised their grievance with the Portfolio Manager, but found the resolution unsatisfactory;
  - ii. Subsequently escalated the grievance to SEBI through the SCORES portal; and
  - iii. Exhausted all other available grievance redressal options but remain dissatisfied with the outcome.

For further information on ODR, Conciliation and Arbitration process, clients are requested to refer to the above-mentioned SEBI Circulars.

## **11. DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER**

Portfolio Manager's target is to optimize risk associated with specific portfolios by virtue of diversification. Among other strategies, we look to diversify through the following:

- a) Out of the universe of listed companies of NSE and BSE we narrow the investment universe by applying various internal qualitative and quantitative filters, ensuring quality of business and management and select diversified quality businesses.

- b)** We generally invest in 20–25 businesses in each investment approach which ensures adequate portfolio diversity and also score high on internal qualitative and quantitative parameters.
- c)** We evaluate businesses on different parameters and construct portfolios primarily on a bottom-up basis. This ensures that when we evaluate a business, we are not biased about its market capitalization, however we are primarily concerned about size of opportunity that business can offer. Hence our portfolios are generally market cap agnostic, ensuring adequate diversity.

## **Part-II- Dynamic Section**

### **12. CLIENT REPRESENTATION:**

#### **12.1. Portfolio Management or Advisory business details (Last 3 Years):**

Portfolio Manager, which is a distinct legal entity created in Feb 2025, has not managed any PMS account so far and therefore no performance data is available:

##### **12.1.1. Discretionary PMS:**

<b>Period</b>	<b>Associates Group</b>	<b>Funds Managed – Associates Group (₹ Cr)</b>	<b>Others</b>	<b>Funds Manager – Others (₹ Cr)</b>
As of 31.03.2023	Nil	Nil	Nil	Nil
As of 31.03.2024	Nil	Nil	Nil	Nil
As of 31.03.2025	Nil	Nil	Nil	Nil

**12.1.2. Non-Discretionary PMS:**

<b>Period</b>	<b>Associates Group</b>	<b>Funds Managed – Associates Group (₹ Cr)</b>	<b>Others</b>	<b>Funds Manager – Others (₹ Cr)</b>
As of 31.03.2023	Nil	Nil	Nil	Nil
As of 31.03.2024	Nil	Nil	Nil	Nil
As of 31.03.2025	Nil	Nil	Nil	Nil

**12.1.3. Advisory:**

<b>Period</b>	<b>Associates Group</b>	<b>Funds Managed – Associates Group (₹ Cr)</b>	<b>Others</b>	<b>Funds Manager – Others (₹ Cr)</b>
As of 31.03.2023	Nil	Nil	Nil	Nil
As of 31.03.2024	Nil	Nil	Nil	Nil
As of 31.03.2025	Nil	Nil	Nil	Nil

**13. THE FINANCIAL PERFORMANCE OF PORTFOLIO MANAGER:**

<b>Particulars</b>	<b>March 31, 2025 Audited (₹)</b>	<b>March 31, 2024 Audited (₹)</b>	<b>March 31, 2023 Audited (₹)</b>
Profit/(Loss) before depreciation & tax and after Exceptional & Extraordinary Items	Loss of (1,35,605)	-	-
Less: Depreciation	-	-	-
Less: Provision for tax	-	-	-
Less/(Add): Deferred Tax	-	-	-

Profit/(Loss) for the year after Tax	Loss of (1,35,605)	-	-
Net Worth	11,30,395	-	-

#### **14. PERFORMANCE OF THE PORTFOLIO MANAGER:**

The Portfolio Manager has obtained its certificate of registration to act as a Portfolio Manager effective 1<sup>st</sup> January 2026 and is currently in the process of commencing operations.

#### **15. AUDIT OBSERVATIONS (Of PRECEEDING 3 YEARS):**

As the incorporation has been done in the year 2025 and the certificate of operation has not been granted yet, the Portfolio Manager is yet to commence its operation, therefore the Audit Observations are not applicable.

Financial Year	Audit Observations
FY 2022-23	N/A
FY 2023-24	N/A
FY 2024-25	N/A

#### **16. DETAILS OF THE INVESTMENTS IN THE SECURITIES OF RELATED PARTIES OF PORTFOLIO MANAGER**

##### **16.1. Disclosures in respect of Transactions with Related Parties as Per Accounting Standard “Related Party Disclosure” Specified by The Institute of Chartered Accountants of India:**

###### **16.1.1. Related Parties:**

Partners who are exercising significant influence over the LLP are (a) Mr. Danesh Mistry and (b) Mr. Chandrakanth Chereddi.

###### **16.1.2. Enterprises over which significant influence is exercised by above Partner:**

None.

**16.1.3. Transactions and balances with related parties of Eternity Investments Management Partners LLP (EIMPL) for the last 3 financial years are given as under: None.**

Sr. No.	Investment Approach	Name of Associate / Related Party	Investment Amount in ₹ Crore (cost of investment) as on 31.03.2025	Value of investment in ₹ Crore as on 31.03.2025	% of total AUM (of investment approach) as on 31.03.2025
-	-	-	-	-	-

**For Eternity Investments Management Partners LLP,**

**Danesh Mistry**

**Designated Partner**

**DPIN: 10956906**

**Chandrakanth Chereddi**

**Designated Partner**

**DPIN: 06838798**

**Date:** \_\_\_\_\_

**Place:** Mumbai