FORM C

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

(Regulation 22)

SHEPHERD'S HILL FINANCIAL ADVISORS LLP.

B-5, STC Society
N.S. Phadke Marg
Andheri (East)
Mumbai 400 069
Tel No: +91 20 7127 9247
Email: rgupta@shepherdshill.in

We confirm that:

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

(2) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us/investment in the Portfolio Management Scheme;

(3) The Disclosure Document has been duly certified by an independent chartered accountant - Deloitte Haskins and Sells LLP having its registered address at One International Centre Tower 3, 24th -32nd Floor Senapati Bapat Marg Prabhadevi (West) Mumbai 400 013 Maharashtra. Phone number - +91 226185 4000. Firm Registration no. 117366W / W100018 on 21st September 2022.

(Copy of Chartered Accountant's certificate enclosed).



Date: 30th September, 2026

PLACE: Mumbai

SIGNATURE OF PRINCIPAL OFFICER

Name and Address of Principal Officer
Rishi Gupta
B-5, STC Society
N.S. Phadke Marg
Andheri (East)
Mumbai 400 069

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Center,
Tower 3, 31st Floor,
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai– 400 013
Maharashtra, India.

Tel: +91 22 6185 6000
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To,
The Designated Partners
Shepherd's Hill Financial Advisors LLP
1302, Silver Spring Apts,
Shirley Rajan Road,
Rizvi Complex,
Bandra (West) Mumbai – 400050.

INDEPENDENT AUDITOR'S CERTIFICATE FOR DISCLOSURE DOCUMENT

We, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018), the Statutory Auditors of the LLP refer to the engagement letter dated March 12, 2026, with Shepherd's Hill Financial Advisors LLP ("the SHFA" / "the LLP") requesting us to certify the contents of the Disclosure Document ("DD") enclosed herewith as at March 31, 2026. We have examined the audited books of account and other relevant records and documents for the purpose of certifying that the contents of the DD are in accordance with the Regulation 22(3) of Schedule V of the Securities and Exchange Board of India (SEBI) (Portfolio Managers) Regulations, 2020 ("the Regulations") as amended from time to time. The DD has been certified by the Principal Officer of the LLP in the manner prescribed in Form C of the Regulations.

Management's Responsibility

The Designated Partners of the LLP (the "Management") is solely and entirely responsible for the preparation of the enclosed DD in accordance with the model DD as stated in Schedule V of the Regulations and SEBI Circular SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125 dated September 9, 2025 ("the Circular"). This includes collecting, collating and validating data and presentation thereof in the DD and design, implementation and maintenance of internal controls relevant to the preparation of the DD, and the underlying financial and other information, which the LLP represents, is free from material misstatement, whether due to fraud or error. The LLP's Management is also responsible for the compliance and adherence with the Regulations.

Auditors' Responsibility

Our responsibility is to provide a limited assurance on certain information contained in the DD based on audited books of accounts and other relevant records and documents maintained by the LLP's management. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We conducted our verification in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ("Guidance Note") and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for this certificate.

Criteria:

The Criteria against which the information contained in the enclosed DD were evaluated and examined by us are the following:

1) We have perused the DD and compared it to the model DD as required in Schedule V of the Regulations and the Circular to confirm that all the contents including services offered, risk factors, taxation etc. as prescribed in the model DD have been included.

2) The financial and related disclosures set out in para 12 and 13 of Part-II-Dynamic Section of the DD have been traced to the audited financial statements of the LLP for the year ended March 31, 2026 and other records maintained by the LLP. The accounting policies for the Client portfolio set out in para 9 of Part-I-Static Section of the DD have been traced from the audited financial statements for the year ended March 31, 2026, of the Portfolio Management Service Clients.

3) For the purposes of the Portfolio Management performance of the Portfolio Manager set out in para 14 of Part-II-Dynamic Section of the DD, we have traced the portfolio performance percentage (%) calculated using the 'Time Weighted Rate of Return' method as prescribed in the Regulation 22 of the aforesaid SEBI Regulations from the Portfolio Manager Monthly Report available on SEBI website.

4) We have perused the Auditor's Report on the financial statements of the LLP for the year ended March 31, 2026, for reporting on para 15 of Part-II-Dynamic Section of the DD on Audit Observations.

We have read the information included in the paras other than those mentioned above and have not observed any material inconsistencies with the knowledge/information obtained during our audit for the year ended March 31, 2026. No other procedures have been performed on the same and the information provided in these paras are solely and entirely the responsibility of the management and we do not express any assurance conclusion thereon.

Opinion
Based on our audit procedures performed and according to the information, explanation and representations given to us by the management, we hereby certify that the Disclosure Document of SHFA as at March 31, 2026 has been prepared in the manner prescribed in Schedule V of the SEBI (Portfolio Managers) Regulations, 2020 and the Disclosure Document are in agreement with the audited books of accounts and other relevant records maintained by SHFA.

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Restriction on Use and Distribution
This Certificate has been issued at the request of the LLP for onward submission to the SEBI. This Certificate is intended solely for the information and use of the Management of the LLP and for onward submission to SEBI and should not be circulated, copied, used/referred to for any other purpose, without our prior written consent.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Sagar A. Lele
Partner
(Membership No. 126729)
(UDIN**:** 26126729YUGPQH7476)

Place: Mumbai
Date: September 30, 2026

DISCLOSURE DOCUMENT

(i) This Disclosure Document has been filed with the Securities and Exchange Board of India (SEBI), along with the certificate in the prescribed format in terms of regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020, (as amended) and the guidelines and directives issued by the SEBI from time to time.

(ii) The purpose of the Disclosure Document is to provide essential information about the portfolio management services of Shepherd's Hill Financial Advisors LLP. (SHFA), in a manner to assist and enable the investors in making an informed decision while engaging SHFA.

(iii) The necessary information about the Portfolio Manager, SHFA, required by an investor before investing is given herein, and the investor is advised to retain this document for future reference.

(iv) Contact details of the Principal Officer of SHFA:

Rishi Gupta
Managing Partner, SHFA
B-5, STC Society,
N.S. Phadke Marg,
Andheri (East),
Mumbai 400 069
Telephone: +91 20 7127 9247
Email: rgupta@shepherdshill.in

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(1) Disclaimer Clause

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 (as amended) 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 this Disclosure Document.

The distribution of this Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about and to observe any such restrictions.

(2) Definitions

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

"**Accreditation Agency**" means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by SEBI from time to time.

"**Accredited Investor**" means any person who is granted a certificate of accreditation by an accreditation agency who:

(i) in case of an individual, HUF, family trust or sole proprietorship has:
  (a) annual income of at least two crore rupees; or
  (b) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or
  (c) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.

(ii) in case of a body corporate, has net worth of at least fifty crore rupees;

(iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;

(iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

"**Advisory Services**" means advising on the portfolio approach, investment and divestment of individual Securities in the Client's Portfolio, entirely at the Client's risk, in terms of the Regulations and the Agreement.

"Agreement" or "**Portfolio Management Services Agreement**" or "**PMS Agreement**" means the Agreement executed between the Portfolio Manager and its Client for providing Portfolio Management Services and shall include all schedules and annexures attached thereto and any amendments made to the Agreement by the parties in writing in terms of Regulation 22 and Schedule IV of the Regulations.

"Applicable Law/s" means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.

"**Assets Under Management**" or "**AUM**" means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.

"Assets" means (i) the Portfolio and/ or (ii) the Funds.

"**Associate**" means (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 paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.

"**Benchmark**" means an index selected by the Portfolio Manager in accordance with the Regulations, in respect of each Investment Approach to enable the Clients to evaluate the relative performance of the Portfolio Manager.

"**Board**" or "**SEBI**" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

"**Business Day**" means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Portfolio Manager may specify from time to time.

"Bank Account" means one or more accounts opened, maintained and operated by the Portfolio Manager, in the name of the client, with any scheduled commercial bank.

"Client(s)" or Investor(s)" means any body corporate, partnership firm, individual, HUF, association of persons, body of individuals, trust, statutory authority, LLPs or any other person who enters into an agreement with the Portfolio Manager for managing its portfolio/ funds;

“Custodian” means a Custodian registered with SEBI under Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996, as amended from time to time;

“Depository” means a Depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time;

"Depository Account" means one or more accounts opened, maintained and operated by the Portfolio Manager, in the name of the client, with any depository or depository participant, registered under the SEBI (Depositories and Participants) Regulations, 1996.

“Depositories Act” means the Depositories Act, 1996 as amended, from time to time;

“Depository Participant” means a Depository Participant as defined under the Depositories Act, 1996, as amended from time to time;

“Designated Partner(s)” mean(s) the Designated Partner(s) of SHFA;

“**Direct on-boarding**” means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.

"Disclosure Document" or “Document” means this document, which has been prepared with the objective of providing essential information about the PMS of SHFA, to enable investors in making an informed decision to engage SHFA to manage their portfolio.

"Discretionary Portfolio Management Services" means the portfolio management services rendered to the client, by the Portfolio Manager on the terms and conditions contained in an agreement, where under, the Portfolio Manager exercises any degree of discretion in investments or management of Assets of the client.

“Debt security” mean money borrowed that must be repaid and has a fixed amount, a maturity date(s), and usually a specific rate of interest, e.g. corporate bonds, government securities, treasury bills, corporate bonds, etc.

“**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, referral interfaces or by any other name).

“**Eligible Investors**” means a Person who: (i) complies with the Applicable Laws, and (ii) is willing to execute necessary documentation as stipulated by the Portfolio Manager.

“Equity Shares” mean equity shares of a listed (Listed on BSE/ NSE) / unlisted company.

"**Fair Market Value**" means the price that the Security would ordinarily fetch on sale in the open market on the particular date.

"**Foreign Portfolio Investors**" or "**FPI**" means a person registered with SEBI as a foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.

"**Financial Year**" means the year starting from April 1 and ending on March 31 in the following year.

"FII" means Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulation, 1995) registered with SEBI under applicable laws in India.

"Funds or Capital Contribution " means monies managed by the Portfolio Manager on behalf of the client pursuant to an agreement, and includes the initial monies, any further monies placed by the client with the Portfolio Manager for being managed, the proceeds of the sale or other realisation of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.

"Group Company" shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary.

"**HUF**" means the Hindu Undivided Family as defined in Section 2(31) of the IT Act.

"**Investment Approach**" is a broad outlay of the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and Securities and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.

"Indian GAAP" means Generally Accepted Accounting Principles in India

"Investor" means any individual, partners in partnership, Central or State Government, company, body corporate, co-operative society, corporation, trust, society, Hindu Undivided Family (HUF) or any other body of persons, whether incorporated or not.

"I.T. Act" means the Income Tax Act, 1961, as amended from time to time;

"**Large Value Accredited Investor**" means an Accredited Investor who has entered into an Agreement with the Portfolio Manager for a minimum investment amount of ten crore rupees.

"**Non-resident Investors**" or "**NRI(s)**" shall mean non-resident Indian as defined in Section 2 (30) of the IT Act.

"**NAV**" shall mean Net Asset Value, which is the price; that the investment would ordinarily fetch on sale in the open market on the relevant date, less any receivables and fees due.

"**NISM**" means the National Institute of Securities Markets, established by the Board.

"Memorandum/ Memorandum of Association" means the Memorandum of Association of Shepherd's Hill Financial Advisors LLP;

"Net Asset Value" means the market value of Assets in the Portfolio including equity, debt and cash and cash equivalents.

"NRI/ Non-Resident Indian" means Non-Resident Indian is a person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian Origin under FEMA (transfer or offer of security by a person resident outside India) Regulations, 2000.

"Person" includes an individual, a HUF, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.

"Portfolio" means the Securities managed by the Portfolio Manager on behalf of the client pursuant to an agreement, and includes initial Securities, any further Securities placed by the client with the Portfolio Manager for being managed pursuant to an 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 any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be. All references in this Disclosure Document shall be construed to be references to Shepherd's Hill Financial Advisors LLP ["SHFA"] and vice-versa;

"**Principal Officer**" means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:

1. (i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of Securities or the Funds of the Client, as the case may be; and
2. (ii) all other operations of the Portfolio Manager

"**Regulations**" or "**SEBI Regulations**" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended/modified and reinstated from time to time and including the circulars/notifications issued pursuant thereto.

"**Related Party**" means –

(i) a director, partner or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which a director, partner, manager or his relative is a partner;

(iv) a private company in which a director, partner or manager or his relative is a member or director;

(v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;

(vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;

(vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:

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

(viii) any body corporate which is— (A) a holding, subsidiary or an associate company of the Portfolio Manager; or (B) a subsidiary of a holding company to which the Portfolio Manager is also a subsidiary; (C) an investing company or the venturer of the Portfolio Manager— The investing company or the venturer of the Portfolio Manager means a body corporate whose investment in the Portfolio Manager would result in the Portfolio Manager becoming an associate of the body corporate;

(ix) a related party as defined under the applicable accounting standards;

(x) such other person as may be specified by the Board:

Provided that,

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023; in the listed

entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding Financial Year; shall be deemed to be a related party;

"Regulations" mean the SEBI (Portfolio Managers) Regulations, 1993, as may be amended from time to time.

"RoC" means Registrar of Companies, Maharashtra, located at Mumbai.

"Scheduled Commercial Bank" means any bank included in the second Schedule to the Reserve Bank of India Act, 1934(2 of 1934).

"SEBI" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

"Securities" includes
(i) Securities as defined under the Securities Contracts (Regulation) Act, 1956
(ii) shares, scrips, stocks, bonds, warrants, convertible and non-convertible debentures, fixed return investments, equity linked instruments, negotiable instruments, deposits, units issued by the Unit Trust of India and/ or by any mutual funds, mortgage backed or other asset backed securities, derivatives, derivatives instruments, options, futures, foreign currency commitments, hedges, swaps or netting off and any other securities issued by any company or other body corporate, trust, any entity, the Central Government, State Government' or any local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; and
(iii) Any other instruments or investment (including any borrowing or lending of securities) as may be permitted by applicable law, from time.

"We" or "Our" or "Us" means unless the context otherwise requires, refers to as Shepherd's Hill Financial Advisors LLP (SHFA)

(ii) Abbreviations:

Abbreviation	**Full Form**
BSE	BSE Limited, Mumbai
DP	Depository Participant
FEMA	Foreign Exchange Management Act
FII	Foreign Institutional Investor
FIMMDA	Fixed Income Money Market and Derivatives Association of India
GOI	Government of India
NAV	Net Asset Value
NSE	National Stock Exchange of India Ltd.
PMS	Portfolio Management Service
SEBI	The Securities and Exchange Board of India

Words and expressions used in this Disclosure Document and not defined shall be interpreted according to their general meaning and usage and in accordance with the provisions of Regulations. The terms and definitions are inclusive and not exhaustive and they have been included only for the purpose of clarity.

(3) Description

(i) History, Present Business and Background of the Portfolio Manager

SHFA was incorporated as a limited liability partnership in March, 2015. The firm has two partners, Mr. Rishi Gupta and Mr. Rohan Ghotge. They have more than two decades of combined experience in the capital markets. Mr. Rishi Gupta and Mr. Rohan Ghotge have previously been involved in operating a SEBI-registered investment advisory firm since 2011.

Shepherds Hill Financial Advisors LLP is registered as a Portfolio Manager with SEBI vide registration No. INP000004748 under the Regulations since 7th July 2015.

(ii) Promoters of the Portfolio Manager, Directors and their backgrounds

The promoters/partners of SHFA are Mr. Rishi Gupta and Mr. Rohan Ghotge.

Mr. Rishi Gupta, the Principal Officer and Senior Partner and Managing Partner of SHFA, has been involved in buy-side professional investing as principal or advisor since 2006. His experience spans private and public investments, in India and internationally. Mr. Rishi Gupta has a Bachelor of Engineering degree from University of Pune, a Master of Science degree from Stanford University and an MBA (Finance) from University of Maryland, College Park.

Mr. Rohan Ghotge, Founding Partner of SHFA, has previously worked at some of the most respected companies in India, including the Tata group and ICICI Bank. Mr. Rohan Ghotge has a Bachelor of Engineering degree from University of Pune and an MBA from University of Wales.

(iii) Top 10 group companies/firms of the Portfolio Manager on turnover basis (latest audited financial statements may be used for this purpose)

The partners of the Portfolio Manager currently are also partners in a SEBI-registered investment advisory firm, Shepherd's Hill Capital Advisors, a general partnership firm established in May, 2011.
The partners of the Portfolio Manager currently are also partners in Aaargee Entrepreneurs LLP, a Limited Liability Partnership established in July, 2018.
The partners of the Portfolio Manager currently are also partners in Threegee Entrepreneurs LLP, a Limited Liability Partnership established in February, 2025.

The Portfolio Manager is also the Investment Manager to Shepherd's Hill Private Investment Fund, a scheme of Shepherd's Hill Private Investment Trust a SEBI registered AIF Category III established in July, 2018.
The Portfolio Manager is also the Investment Manager to Ashra Private Equity Fund, a scheme of Shepherd's Hill Private Equity Trust a SEBI registered AIF Category III established in July, 2025.

(iv) Details of the services being offered

The Portfolio Manager currently offers Discretionary Portfolio Management Services.

Shepherd's Hill provides discretionary portfolio management to enable long-term capital returns that are materially above average, without using high leverage or putting capital at permanent risk. Although SHFA will be monitoring quarterly and annual results against its hurdle rate and standard benchmarks, its aim is to enable wealth creation for the client over the long-term. Clients who join us should have a similar long-term horizon (5 years at the minimum).

On the Client's behalf, SHFA will research investment opportunities in equity, debt and "special situations". Special situations include trades in securities available in the market that, in SHFA's opinion, are mispriced. SHFA makes an exception for this short-term asset class only as an alternative to short-term cash positions, i.e. at times when good deals in the equity and debt market are not available, and the only alternative would be to hold funds in cash, money market instruments, etc.

The combination of sustained high gross domestic product growth in India and the early stages of capital market maturity should ensure plenty of opportunities for SHFA to implement its strategy. SHFA is sector agnostic; however, SHFA adheres to the discipline of not investing more than 15% of the Client's portfolio on cost-basis in any one investment, no matter how attractive the opportunity.

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

(i)	Cases of penalties imposed by SEBI or the directions issued by SEBI under the Act or Rules or Regulations made thereunder.	None
(ii)	The nature of penalty/direction	Not Applicable
(iii)	Penalties imposed for any economic offence and/or for violation of any securities laws	None

(iv)	Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosures regarding pending criminal cases, if any	None
(v)	Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency	None
(vi)	Any enquiry/adjudication proceedings initiated by the SEBI against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.	None

(5) Services Offered

The following generic activities will govern the PMS:

(i) Discretionary Portfolio Management Services:

(a) Under this service, the Portfolio Manager will decide, based on its professional expertise, about investment in and liquidation of, one or more or all investments.

(b) Execution of its decisions will be done within the investment objectives.

(c) Clients will be informed about transactions after they are executed at time intervals and at frequencies as laid down in the Agreement or as mutually agreed with Clients.

(d) The fees payable under this service are provided in the Agreement and the same will be collected/deducted by the Portfolio Manager in the manner so provided in the agreement.

(e) The Portfolio Manager will have custody of both, the Funds and the Securities invested on behalf of the Clients through Custodian.

(f) Other terms are provided for in detail in the Agreement to be entered into between the Client and the Portfolio Manager.

The investment objectives and policies laid down herein below apply to all services of the Portfolio Manager, which are discretionary in nature, and the same will apply to all investments / disinvestments.

(ii) Investment Objectives:

The primary investment objective of the Portfolio Manager is to enable long-term (i.e. 5 years or more) capital returns that are materially above average, without using high leverage or putting capital at permanent risk. However, as investments may involve different types of risk / return tradeoffs, there cannot be any assurance or guarantee with respect to the return or principal.

(iii) Investment Policies:

The investment process will be guided by the following broad policies:

(a) Fundamental research for investment decisions. This means that the underlying business that a stock or bond represents is thoroughly vetted. This includes analysis of management competence and character, corporate governance standards, quantitative and qualitative analyses of company filings, including historical balance sheets and profit and loss statements, competitive positions, profitability and return ratios and many other company-specific factors.

(b) The primary investment instruments will be equity and equity-linked instruments. However, if market conditions are not conducive to making attractive equity investments for the long-term, or if there are better opportunities available in debt or other markets, the portfolio manager may invest for the short-term in liquid and/or fixed income generating securities. This may also take the form of liquid and/or short-term debt mutual funds, or any other marketable instruments.

(c) SHFA has no policies for investments in its associates/group companies.

(iv) Core Investment Strategy:

(a) Identify investments on a market-cap and sector-agnostic basis.

(b) Focus on time-arbitrage investments: given the 5+ year horizon of the investments.

(c) As far as possible, to fully vet the competence and character of the managers of the company.

(d) Focus on picking companies with strong and clean balance sheets.

(e) Attempt to find and invest in companies with high levels of corporate governance and a history of fair treatment of minority shareholders.

(v) Investment philosophy:

(a) Risk is the probability of loss of capital and not "beta" or short-term relative volatility in stock prices. This is the cornerstone of our investment philosophy.

(b) In order to realize full potential of investments, a period of 5 years or more is considered appropriate and that defines our time horizon of long-term investing. The investment ideas are, in general, not driven by short term triggers and have more to do with natural progression in their performance parameters.

(c) Bottom-up approach for stock selection. Rather than focusing on macro-economic and sectoral analysis as the jumping-off point for investment ideas and research, SHFA focuses on analyzing micro-economic factors affecting individual businesses. While macro-economic factors are taken into consideration, the driving force for investment research at SHFA is company-specific data and information.

(d) Emphasis on the gap between market price and intrinsic value while buying is expected to provide a good margin of safety. This may reduce the risk inherent in equity investments, while simultaneously ensuring that investors earn relatively high returns over long-term.

(6) Risk Factors

A. General Risk Factors

Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.

Securities investments are subject to market and other risks and consequently, the Portfolio Manager makes no guarantee or assurance that the investment objectives set out in this document/ the Agreement shall be accomplished. The investments may not be suitable to all the investors.

The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets as well as de-listing of Securities, market closure, relatively small number of scrip accounting for large proportion of trading volume. Consequently, the Portfolio Manager makes no assurance of any guaranteed returns on the Portfolio.

Past performance of the Portfolio Manager does not guarantee its future performance.

The names of the Investment Approach do not in any manner indicate their prospects or returns.

Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.

When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.

Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.

The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.

The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.

The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and demat, while price risk may arise on account of availability of share price from stock exchanges during the day and at the close of the day.

B. Risk associated with equity and equity related instruments:

(i) **Equity and Equity Related Risks:** Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner in such instruments, such decisions shall not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions. The Investment made by the Portfolio Manager are subject to risks arising from the Investment objective, Investment strategy and asset allocation.

Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws, political, economic or other developments, which may have an adverse impact on individual Securities, a specific sector or all sectors. Consequently, the value of the Client's Portfolio may be adversely affected.

Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.

Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrips accounting for a large proportion of trading volume among others.

(ii) **Macro-Economic risks:** Overall economic slowdown including the impact of Covid-19 pandemic, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.

C. Risk associated with debt and money market securities

(iii) Liquidity or Marketability Risk: Liquidity of investments in equity and equity related securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the scheme may have to bear an impact depending on its exposure to that particular security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market securities, while fairly liquid, lack a well develop secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold.

(iv) **Credit Risk:** Debt securities are subject to the risk of the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.

(v) **Interest Rate Risk:** is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon.

(vi) **Reinvestment Risk:** This risk arises from the uncertainty in the rate at which cash flows from an investment may be reinvested. This is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

(vii) Acts of State, or sovereign action, acts of nature, acts of war, civil disturbance.

(viii) The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to factors which by way of illustration include default or non-performance of a third party, company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.

(ix) **Market Risk:** Market values, liquidity and risk : return profile of investments (investment characteristics) in equities are likely to fluctuate depending on performance of the industry, national and international economies, regulations and changes therein - domestically and internationally, events that are of significant impact such as war, terrorism, sanctions and trade embargoes, natural calamities, acts of God etc. Market values, liquidity and yields of fixed and variable income instruments are likely to fluctuate depending on the prevailing interest rates in the market, liquidity preferences, impact cost changes, re-ratings of the issuer or the instruments, competing instruments, etc.

(x) **Stock Specific Risk:** Performance of the issuer companies will have significant influence on market prices of its securities. This will further depend on, in addition to external factors, its own ability to perform, management, changes therein, etc. These are known as internal risks.

(xi) **Transaction and Settlement Risk:** The Portfolio faces additional risks such as timing risks, short delivery or delayed delivery from markets, reduced liquidity, etc.

(xii) **Allied Service Provider Risk:** The Portfolio faces risks due to other service providers that the Portfolio Manager may engage to render the services such as banking, broking, clearing and settlement, Custodian services, courier services, auditing services etc.

(xiii) **Regulatory Risk:** Changes made by the government in any of the policy parameters, including in respect of taxation, etc., that affect working of companies have positive / negative impact on market prices of those stocks and to that extent, in the value of the Portfolio. Such changes may also apply to the manner in which Portfolio is being operated and on taxability of profits made on divestment, tax treatment for dividends, etc.

(xiv) **Model Risk:** Risk of incorrect or improper valuation of derivatives;

(xv) **Basis Risk:** Basis Risk arises when the instrument used as a hedge does not match the movement in the instrument or underlying asset being hedged.

(xvi) **Prepayment Risk:** Prepayment feature on debt securities can increase volatility and affect returns as cash flows may have to be reinvested at lower yields.

D. Risk associated with derivatives instruments

The use of derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.

Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include settlement risk, risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price.

E. **Risk associated with investments in mutual fund schemes**

Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.

As with any securities investment, the NAV of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.
Past performance of the sponsors, asset management company (AMC)/fund does not indicate the future performance of the schemes of the fund.

The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the schemes.

The Portfolio Manager shall not responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/scheme information document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monitory and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC/the fund. While it would be the endeavor of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.

The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.

F. Risk arising out of Non – diversification

The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry. Similarly, the portfolios with investment objective to have larger exposure to certain market capitalization buckets, would be exposed to risk associated with underperformance of those relevant market capitalization buckets. Moreover, from the style orientation perspective, concentrated exposure to value or growth stocks based on the requirement of the mandate/strategy may also result in risk associated with this factor.

E. Risk arising out of investment in Associate and Related Party transactions

All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio. The Portfolio Manager may utilize the services of its group companies or associates for managing the portfolios of the client. In such scenarios, the Portfolio Manager shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates by ensuring that such dealings are at arm's length basis. The Portfolios may invest in its Associates/ Related Parties relating to portfolio management services and thus conflict of interest may arise while investing in securities of the Associates/Related Parties of the Portfolio Manager. Portfolio Manager shall ensure that such transactions shall be purely on arms' length basis and to the extent and limits permitted under the Regulations. Accordingly, all market risk and investment risk as applicable to securities may also be applicable while investing in securities of the Associates/Related Parties of the Portfolio Manager.

(7) Nature of expenses

SCHEDULE OF FEES

The portfolio management fees relate to Portfolio Management Services offered to the Clients. The fee is a performance-based fee. Charges pertaining to partial withdrawal / closure would be levied as per the terms provided in Agreement entered into between Portfolio Manager and Client.

Note: The fees charged to the Client under PMS come under the ambit of "Fees for Technical and Professional Services" under section 194J of the Income Tax Act, 1961. The Client shall deduct the tax on the fees and provide Portfolio Manager with the TDS Certificate in Form 16A, within prescribed time limit laid down under the Income Tax Act, 1961.

Fixed Management Fee

None. SHFA does not charge any Fixed Management Fee.

Performance Fee and High-Water Mark Principle:

(i) Performance fee is recognised on the last day of the Calendar year and is chargeable on profits, based on closing NAV's and is recognised only when a client has been with SHFA for 12 months from the date of inception of the respective clients' account.

(ii) If the Return achieved is above the hurdle rate, a performance fee is chargeable on all Profits over the hurdle rate.

(iii) Performance - Linked Fee is Calculated on a Cumulative Basis i.e. Performance Period = No. of Years Since Inception.

(iv) Performance fee, though calculated on a Cumulative Basis is charged annually on a Net basis, accounting for prior period fees paid

(v) Returns and hurdles are calculated on a cumulative compounding basis for the calculation of Performance Fee.

(vi) Fees, once charged and paid, will not be reversed if there is a lag in future performance

(vii) Rupee hurdle threshold for a year is calculated on that year's Starting Cumulative Hurdle, not on the HWM

Illustration for calculation of Performance Fee with 6% hurdle and 22% performance fee:

(Figures in Rs.)

Opening NAV *(1)*	*Management Fee*	*Closing NAV (after 12 months)* *(2)*	*Gross Return (calculated on time-weighted basis)* *(2)-(1) = (A)*	*Hurdle 6% x (1)* *(B)*	*Profit above Hurdle* *A-B = (C)*	*Performance Fee (22% x (C))*
100	0	150	50	6	44	9.68

(i) Performance Fee is applicable on the basis of "high watermark" principle. The Performance Fee is further subject to an annually compounding hurdle amount to account for the time value of money.

Yr	Opening NAV	Closing NAV	Cumulative Hurdle		Client Share	HWM + Hurdle	Perf Fee
			@6% compounded				22% of Excess Return
1	100.00	150.00	106.00		140.32	106.00	9.68
2	140.32	122.00	112.36		122.00	146.68	NA
3	122.00	140.00	119.10		140.00	153.42	NA
4	140.00	160.00	126.25		160.00	160.57	NA

Whether using GAV or NAV for calculation of annual charges, the charges at or above the respective HWM should reconcile with cumulative time period calculations as shown below.

Starting Capital	100	Hurdle Rate	6%	Profit Share	26%	(incl GST)
Cumulative Period (years	1	2	3	4	5	
Gross Annual Return	15%	15%	15%	15%	15%	
Gross Portfolio Value	115	132.25	152.09	174.90	201.14	
Cumulative Hurdle	106	112.36	119.10	126.25	133.82	
Excess Return	9.00	19.89	32.99	48.65	67.31	
Profit Share	2.34	5.16	8.56	12.63	17.47	
Client NAV	112.66	127.09	143.52	162.27	183.66	
Year	1	2	3	4	5	
Starting Hurdle	100.00	106.00	112.36	119.10	126.25	
Starting HWM (NAV)	0.00	112.66	127.09	143.52	162.27	
Starting HWM (GAV)	0.00	115.00	129.91	146.92	166.34	
Account Value	115.00	129.91	146.92	166.34	188.51	
Rupee Return	15.00	17.25	19.84	22.81	26.24	
Effective Return	15%	15%	16%	16%	16%	
Annual Hurdle Threshold	6.00	6.36	6.74	7.15	7.57	
Excess Return For the Ye	9.00	10.89	13.10	15.67	18.66	
Performance Fee	2.34	2.83	3.40	4.07	4.84	
Client NAV	112.66	127.09	143.52	162.27	183.66	

Costs and Taxes

All taxes, costs, fees and expenses such as, Service Tax/ GST, Securities Transaction Tax, depository charges, brokerage, transfer charges, etc. will be charged to the Client, in addition to the fee charged, at actuals.

Early Withdrawal Fee

If the Client exercises the option of Early Termination of this Agreement or withdraws Assets placed with the Portfolio Manager, the Client will incur, in addition to any outstanding Performance Fees, 3% of the withdrawn Assets in the first year, 2% in the second year and 1% in the third year. The Early Withdrawal Fee will not be applicable if the Client withdraws funds or the Agreement is terminated due to voluntary termination of the Agreement by the portfolio manager, suspension of portfolio manager's license or liquidation of the portfolio manager.

Simplified Example of Early Withdrawal Fee: If Rs. 50,00,000 was invested and the portfolio has grown to Rs. 65,00,000 and Rs. 10,00,000 of this amount is withdrawn before the end of year 1, then the Early Withdrawal Fee in this example would be 3% x 10,00,000 = Rs. 30,000.

(8) Taxation

The information set out below outlines the tax implications vis-à-vis investments in listed equity shares of Indian companies based on relevant provisions of the Income-tax Act, 1961, as currently applicable.

A. General

The following information is based on the tax laws in force in India as of the date of this Disclosure Document and reflects the Portfolio Manager's understanding of applicable provisions. The tax implications for each Client may vary significantly based on residential status and individual circumstances. In view of the individual nature of tax consequences on the income, capital gains or otherwise, arising from investments as also the fact that the provisions of Income-tax Act, 1961 undergo changes frequently, the client is advised to consult his / her tax consultant for appropriate advice on tax treatment. The Client is responsible for meeting advance tax obligations as per applicable laws.

Income from investment in equity shares is subject to tax in the following manner:

B. Tax deducted at source

1. Finance Act, 2020 has made an amendment to the Act and has abolished distribution tax on dividend or income distributed by domestic Companies, mutual funds etc. Accordingly, the same will now be liable to TDS as under and fully taxable in the hands of the investors:

   (i) TDS at the rate of 10% is applicable under section 194 on dividend declared and distributed to a resident shareholder by Indian Company. However, if the said shareholder is an individual, then no TDS will be done if the aggregate of dividend distributed or paid or likely to be distributed or paid to him / her during the financial year under consideration does not exceed five thousand rupees and the said payment / distribution is made by any mode other than cash.

(ii) TDS of 10% on income distributed to resident unit holders in respect of units of a mutual fund, units from the administrator of specified undertaking or units of specified company. However, TDS is not applicable if such an amount paid or credited does not exceed five thousand rupees.

(iii) TDS at the rate of 20% is applicable under Section 195 on dividend declared and distributed to a non-resident shareholder by Indian Company. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder.

(iv) From A.Y. 2021-22 (FY 2020-21) onwards, any income distributed by mutual fund to resident unit holders, will be subject to TDS under section 194K of Income Tax Act,1961 @ 10.0%.

(v) However, with effect from May 14, 2020 Dividend received from Mutual funds and on company's shares under Section 194 and 194K of the Income Tax Act, 1961 will be subject to TDS @ 7.50%. till March 31 2021. The investors will be eligible to claim credit of the said TDS.

(vi) The tax of 10% on dividend receipts of resident individuals, HUF and firms in excess of Rs 10 lakh (Section 115BBDA) also stands withdrawn with effect from FY 2019-20.

(vii) As per the amended section 57 of the Income Tax Act, 1961 ('Act'), interest expense incurred for the purpose of earning the dividend income would be allowed as a deduction up to a maximum of 20% of such income.

(viii) The dividend income, in the hands of a non-resident person (including FPIs and nonresident Indian citizens (NRIs)), is taxable at the rate of 20% without providing for deduction under any provisions of the Income-tax Act.

(ix) The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

As per Section 206AB of the Act TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at the highest of following rates in case of payments to specified persons:

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

C. Short term capital gains

2. In case the listed equity shares are held as an investment by a resident or non-resident and are sold within 12 months from the date of purchase, then the resultant gains or losses are termed as short-term capital gains or losses.

Short-term gains arising from the transfer of equity shares through a recognized stock exchange in India where the transaction has been subject to 'Securities Transaction Tax' ("STT") and/or undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid/payable in foreign currency are taxed at a concessional rate of 20% plus the applicable surcharge and Health and Education cess. The requirement of payment of STT shall not apply where the transaction is undertaken on a recognised stock exchange located in an International Financial Services Centre and the consideration is paid or payable in foreign currency. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

However, if the transaction has not been done on a recognized stock exchange in India and consequently, the transaction has not been subjected to STT, then the short term capital gains will be taxed (income-tax including surcharge and health and education cess) at the rate applicable depending upon the status (i.e. Individual / HUF, Firms, Corporate, etc.) and the income level of clients and also the income level of Portfolio Management Service ("PMS") clients.

The Specified Mutual Funds or Market Linked Debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the IT Act. The unlisted bonds and unlisted debentures have been brought within the ambit of Section 50AA of the IT Act with effect from 23 July 2024.

D. Long term capital gains

Where investment under portfolio management services is treated as investment, the gain or loss from transfer of Securities shall be taxed as capital gains under section 45 of the IT Act.

Period of Holding

The details of period of holding for different capital assets for the purpose of determining long term or short term capital gains are explained hereunder:

Securities	**Position upto 22 July 2024 Period of Holding**	**Position on or after 23 July 2024 Period of Holding**	**Characterization**
Listed Securities (other than unit) and unit of equity oriented mutual funds, unit of UTI, zero coupon bonds	More than twelve (12) months	More than twelve (12) months	Long-term capital asset
	Twelve (12) months or less	Twelve (12) months or less	Short-term capital asset
Unlisted shares of a company	More than twenty-four (24) months	More than twenty-four (24) months	Long-term capital asset
	Twenty-four (24) or less	Twenty-four (24) or less	Short-term capital asset
Other Securities (other than Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023; or unlisted bond or unlisted debenture)	More than Thirty-six (36) months	More than twenty-four (24) months	Long-term capital asset
	Thirty-six (36) months or less	Twenty-four (24) or less	Short-term capital asset
Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023	Any period	Any period	Short-term capital asset
Unlisted bond or unlisted debenture	More than 36 months		Long-term capital asset
	36 months or less	Any period	Short-term capital asset

Definition of Specified Mutual Fund

Before 1st April 2025

*"**Specified Mutual Fund**" means a Mutual Fund by whatever name called, where not more than thirty-five per cent of its total proceeds is invested in the equity shares of domestic companies.*

On and after 1st April 2025:

*"**Specified Mutual Fund**" means, —*

1. *(a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments; or*
2. *(b) a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (a).*

- **Definition of debt and money market instruments:**

*"**debt and money market instruments**" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.*

- **Definition of Market Linked Debenture:**

*"**Market Linked Debenture**" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by SEBI.*

- **For listed equity shares in a domestic company or units of equity oriented fund or business trust :**

  In case the equity shares are held as an investment by a resident or non-resident and are sold after 12 months from the date of purchase, the resultant gains or losses are termed as long-term capital gains or losses.

  Prior to the amendment made by the Finance Act, 2018, long term gain arising out of transfer of equity shares on a recognized stock exchange in India and the sale transaction of which has been subjected to STT and/or undertaken on a recognized stock exchange located in any International Financial Services Centre and the consideration for such transaction is paid/payable in foreign currency were exempt from income tax in terms of section 10(38) of the Income-tax Act, 1961.

  However, in terms of the amendments made vide Finance Act, 2018, w.e.f 01 April 2019 i.e. from the Assessment Year 2019-20, the exemption under section 10(38) of the Income-tax Act, 1961 has been withdrawn and a new provision viz. section 112A has been introduced in the Income-tax Act, 1961 to provide that long term capital gains (in excess of Rs. 1,25,000/- per year) arising on transfer of a long term capital asset being equity shares of a domestic (Indian) company shall be taxed at 12.5% of such capital gains – details of which are given further hereunder:

i. The provisions of section 112A of the Income-tax Act, 1961 apply when the total income of an assessee (resident and non-resident) includes any income chargeable under the head “Long Term Capital Gains" from the transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust and securities transaction tax in terms of Chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004) has,—

   a. in a case where the long-term capital asset is in the nature of an equity share in a company, been paid on acquisition and (sale) transfer of such capital asset; or
   b. in a case where the long-term capital asset is in the nature of a unit of an equity oriented fund or a unit of a business trust, been paid on (sale) transfer of such capital asset.

ii. It may be noted that there could be exceptional purchases and sales arising out of corporate actions like demergers, bonus, rights issues, buy backs, open offers, etc. where STT is not paid on acquisition or for transfer.

iii. In this connection, the Central Government has been conferred with the powers to notify specific nature of acquisition in respect of which the provisions pertaining to STT being paid on purchases and sales shall not apply – please refer to the Notification no. SO 1789(E) [NO.43/2017 (F.NO.370142/09/2017-TPL)] dated 05 June 2017 issued by the Central Board of Direct Taxes which provides a list of such transactions (https://www.incometaxindia.gov.in/communications/notification/notification43_2017.pdf).

iv. Accordingly, the tax is payable by the resident/non - resident on such long-term capital gains exceeding one lakh twenty five thousand rupees at the rate of 12.5% plus the applicable surcharge and Health and Education cess.

v. It may be noted that the condition of payment of STT at the time of purchase and sale shall not be applicable, if the transaction of transfer of equity share takes place on the recognized stock exchange located in any International Financial Services Centre and the consideration for such transfer is received or receivable in foreign currency.

vi. Also, for the purposes of calculating the long term capital gains u/s 112A of the Income-tax Act, 1961, cost of acquisition of an equity share acquired before 01 February 2018, shall be higher of the following:

   A. The actual cost of acquisition of equity share, and
   B. Lower of the, fair market value of the equity share or the full value of consideration accruing on its transfer.

In this connection, "Fair market value" means,—

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

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

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

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

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

(B) listed on a recognized stock exchange on the date of transfer and which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47,

(C) not listed on a recognised stock exchange as on 31 January 2018, or became the property of the assessee in consideration of a share which was not so listed as on 31 January 2018 through a transaction referred to in section 47, but is listed subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offering.

an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

3. In case of a resident investor, if at time of acquisition of equity share or at the time of transfer of equity share STT is not paid, then the capital gains would be taxable at either 12.5% plus the applicable surcharge and Health and Education cess if the purchase cost is not indexed or at 20% plus the applicable surcharge and Health and Education cess if the purchase cost is indexed, whichever option is more beneficial to the clients.

4. In case of an individual or HUF, being a resident of India, where the total income as reduced by such long term capital gains or short term capital gains is below the maximum amount which is not chargeable to income-tax then such long term capital gains or short term capital gains shall be reduced by such shortfall amount and only remaining balance of such long term capital gains or short term capital gains shall be subject to tax at the applicable rate.

5. Any STT paid is neither allowed as a deduction in computing the income chargeable under the head "capital gains" nor allowed as a deduction from the amount of income tax payable on capital gains.

6. In case of a non-resident investor, if at time of acquisition of equity share or at the time of transfer of equity share STT is not paid, then the tax on gains will be taxed at the rate of 12.5% plus applicable surcharge and Health and Education cess.

7. The benefit of indexation will not be available to a non-resident and the capital gains arising to a non-resident will have to be determined by converting the actual amount that the shares are sold for into the currency in which the shares were initially bought. After which, the total amount of capital gains earned through the sale will then be converted into Indian rupees at the rate applicable on the date of the sale.

8. The benefit of indexation as well as the adjustment for foreign exchange fluctuation will also not be available to the capital gains arising to a non-resident from the transfer of shares referred to in section 112A of the Income-tax Act, 1961.

9. In so far as residents are concerned, the benefit of indexation shall not be available to the capital gains arising from the transfer of shares referred to in section 112A of the Income-tax Act, 1961.

10. The loss arising on sale of equity shares purchased within 3 months prior to the record date for the entitlement of exempt dividend and sold within 3 months after such record date, is to be ignored to the extent of the dividend received or receivable on such equity shares for the purpose of computing the taxable income.

11. In case of a non-resident Indian's PMS account, tax is required to be deducted at source, and the same will be deducted from the sales proceeds by the Custodian. The certificate for the same will be provided by them as per the rules laid down by the prescribed Act.

12. Advance Tax Installment Obligations:

    It shall be the client's responsibility to meet the obligations on account of advance tax installments payable on the due dates as per the Income-tax Act, 1961 and as amended from time to time.

13. STT is applicable on transactions of such purchase or sale equity shares in a company. The STT rates are applicable as per the Finance Act, 2009 and amended thereafter.

14. The CBDT has clarified that 10% withholding tax will be applicable only on dividend income distributed by mutual funds and not on gain arising out of redemption. No deduction under Chapter VI-A or rebated under Section 87A will be allowed from the above long term capital gains.

- **For capital assets in the hands of Foreign Portfolio Investors (FPIs)**

  Long term capital gains, arising on sale of debt Securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by offshore funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the IT Act. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

  Long term capital gains, arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 10% as mentioned in para 12.10.2 above. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

- **For other capital asset in the hands of non-resident Indians**
  Under section 115E of the IT Act, any income from investment or income from long-term capital gains of an asset other than specified asset as defined in Section 115C (specified assets include shares of Indian company, debentures and deposits in an Indian company which is not a private company and Securities issued by Central Government or such other Securities as notified by Central Government) is chargeable at the rate of 20%. Income by way long-term capital gains of the specified asset is, however, chargeable at the rate of 10% plus applicable surcharge and cess (without benefit of indexation and foreign currency fluctuation). This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

E. Profits and gains of business or profession

If the Securities under the portfolio management services are regarded as business/trading asset, then any gain/loss arising from sale of such Securities would be taxed under the head “Profits and Gains of Business or Profession” under section 28 of the IT Act. The gain/ loss is to be computed under the head “Profits and Gains of Business or Profession” after allowing normal business expenses (inclusive of the expenses incurred on transfer) according to the provisions of the IT Act.

Interest income arising on Securities could be characterized as 'Income from other sources' or 'business income' depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

F. Losses under the head capital gains/business income

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

Business loss is allowed to be carried forward for 8 assessment years and the same can be set off against any business income.

G. General Anti Avoidance Rules (GAAR)

GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (four) below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- It results in directly / indirectly misuse or abuse of the IT Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterize or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;

- Looking through the arrangement by disregarding any corporate structure; or
- Recharacterising equity into debt, capital into revenue, etc.

The GAAR provisions would override the provisions of a treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the Income-tax Rules, 1962. The Income- tax Rules, 1962 provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

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

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

H. FATCA Guidelines

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

(a) the name, address, taxpayer identification number and date and place of birth;

(b) where an entity has one or more controlling persons that are reportable persons:

(i) the name and address of the entity, TIN assigned to the entity by the country of its residence; and
(ii) the name, address, date of birth, place of birth of each such controlling person and TIN assigned to such controlling person by the country of his residence.

(c) account number (or functional equivalent in the absence of an account number);

(d) account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and

(e) the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

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

I. <u>Goods and Services Tax on services provided by the portfolio manager</u>

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

(9) Accounting Policies

(i) Books and Records would be separately maintained in the name of the Client to account for the Assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Management) Regulations, 1992, as amended from time to time. Accounting under the respective Portfolios will be done in accordance with Generally Accepted Accounting Principles in India.

(ii) The Portfolio Manager and the Client can adopt any specific norm or methodology for valuation of investments or accounting the same may be mutually agreed between them on a case specific basis.

(iii) The Portfolio Manager shall keep and maintain proper books of accounts, record and documents for each Client so as to explain transactions for each Client and to disclose at any point of the Portfolio Holding of each Client.

<u>Basis of Accounting</u>

The financial statements have been prepared on an accrual basis of accounting under the historical cost convention and as per the generally accepted accounting principles in India to comply with the Accounting Standards and the relevant provisions. The accounting policies which were adopted in the preparation of the financial statements in earlier financial year are consistently adopted in current year.

(i) Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of Assets and liabilities as of the date of the financial statements and reported revenues and expenses for the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialize.

(ii) Capital

Capital represents infusions (net of withdrawals, if any) of cash/securities contributed by the Partner under the Limited Liability Partnership Agreement.

(iii) Investments

Accounting for investment transactions:

Regular purchases and sales of investments are recognised on the trade date - i.e. the date on which the order of purchase or sale of investment is executed. Investments include contracts for purchase of securities and exclude contracts for sale of securities, for which deliveries are not received/collected.

Investments purchased are initially recognised at cost of acquisition. Subsequently Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline.

Bonus shares, split and rights entitlement are recognised as on the respective ex-dates on the stock exchange where the shares are traded.

(iv) Revenue Recognition

Income is recognised on an accrual basis when the right of receipt is established and there is a reasonable certainty of collection. Revenue is recognized to the extent it is probable that economic benefits will flow to the LLP. In case of significant uncertainty as to ultimate collection, revenue recognition is postponed till this uncertainty is removed.

The recognition criteria are stated below:

I. Performance Fee and Management Fees are recognized on the basis of terms of agreement entered with clients.
II. Profit or loss on sale of investments is recognised on the date of transaction and is determined by applying the First in - First out principle.

III. Dividend income is accounted for when unconditional right to receive is established.

IV. Interest income is recognised on a time proportion basis taking into account the outstanding amount and the rate applicable

.

(v) Expenses

All expenses are accrued and accounted on following basis:

Custodian Fees	At actuals based on actual invoice received from the Custodians.
Fund Accounting Fees	At actuals based on actual invoice from the service provider.
Performance based Fees	Accrued in accordance with the Agreement entered with the Client.
Securities Transaction Tax	At actuals on basis of allocation of investment.

(vi) Provision for tax

Current Tax:-

Provision is made for current income tax under the tax payable method, based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961, Income Computation and Disclosure Standards and other applicable laws enacted in India. In matters under appeal, full provision is made when the related liabilities are accepted by the LLP. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted at the reporting date.

Deferred Tax:-

Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a year different from when they were recognised in the financial statements.

Deferred tax is recognised on the timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward losses and items relating to capital losses,

Deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the LLP has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(10) Investor Services

(i) All investor queries and complaints should be addressed to the Principal Officer of the Portfolio Manager, whose contact co-ordinates are provided below:

Mr. Rishi Gupta
Managing Partner and Principal Officer
Shepherd's Hill Financial Advisors LLP.
B-5, STC Society,
N.S. Phadke Marg,
Andheri (East),
Mumbai 400 069
Tel: +91 22 6573 0206
Email: rgupta@shepherdshill.in

(ii) Grievance redressal and dispute settlement mechanism

The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or cause for grievance, for whatever reason, in a reasonable manner and time. If the Client remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the Client and Portfolio Manager shall abide by the following mechanisms.

(i) SEBI Scores Platform: SEBI has launched a centralized web based complaints redressal system (SCORES), which enables investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. This also enables market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online at any time. An investor who is not familiar with SCORES or does not have access to SCORES can lodge complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing.

The investor can register its complaints on SEBI SCORES at http://scores.gov.in/ where the regulator (SEBI) will then intervene and make efforts to redress the complaints. For queries, feedback and assistance relating to SEBI SCORES, please contact SEBI office on toll free helpline 1800 22 75 75 / 1800 266 7575.

(ii) 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 for the time being in force. Such Arbitration proceedings shall be held at Mumbai and conducted in English language. This Disclosure Document and the disputes arising therefrom including from arbitration shall be governed and construed in accordance with the laws of India and shall be subject to the exclusive jurisdiction of the courts at Mumbai.

General

(i) Acts done in good faith

Any act, thing or deed done in good faith in pursuance of or with reference to the information provided in the application or other communication received from the Client will constitute good and full discharge of the obligation of the Portfolio Manager.
In case of copies of the documents/other details such as list of authorised signatories, that are submitted by a limited company, body corporate, registered society, trust or partnership, if the same are not specifically authenticated to be certified true copies but are attached to the application form and/or submitted to the Fund, the onus for authentication of the documents so submitted shall be on such investors and the Portfolio Manager will accept and act on these in good faith wherever the documents are not expressly authenticated.

Submission of these documents/details by such investors shall be full and final proof of the corporate Client's authority to invest and the Portfolio Manager shall not be liable under any circumstances for any defects in the documents so submitted. In cases where there is a change in the name of such client, such change will be affected by the Portfolio Manager only upon receiving the duly certified copy of the revised Certificate of Incorporation issued by the relevant Registrar of Companies/Registering Authority. In cases where the changed PAN Number reflecting the name change is not submitted, such transactions accompanied by duly certified copy of the revised Certificate with a copy of the old Pan Card and confirmation of application made for new PAN Card along with amended PAN Card copy will be required as a documentary proof.

(ii) Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July I, 2005 vide Notification No. GSR436 (E) dated July I, 2005 issued by the Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its Circular No. ISD/ CIR/ RR/ AML/ 1/ 06 dated January 18, 2006 mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures and also to adopt a "Know Your Customer" (KYC)policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI has further issued Circular No. ISD/ CIR/ RR/ AML/ 2/ 06 dated March 20,2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring inter-alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit – India (FIU-IND). The PML Act, the rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'AML laws'.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their Attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of Ration Card/Passport/Driving License/PAN card etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including inter alia identity, residential addressees), occupation and financial information by the Portfolio Manager. If the Client(s), their attorney(ies), or the person making payment on behalf of the Client(s), refuses/fails to provide the required documents/information within the period specified by the Portfolio Manager then the Portfolio Manager shall have absolute discretion to freeze the Account of the Client(s), reject any application(s) and effect mandatory repayment/ returning of Assets of the Account of the Client(s) subject to the fees payable to the Portfolio Manager, if any. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the AML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager, and its Directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the Account/rejection of any application or mandatory repayment/returning of funds/Asset of the Account due to non-compliance with the provisions of the AML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the AML Laws and/ or reporting the same to FIU-IND.

(iii) Client Information

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by him is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources/manner and the investor is duly entitled to invest the said funds. Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorized/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries. Notwithstanding anything contained in this Disclosure Document, the provisions of the Regulations and the guidelines there under shall be applicable. Investors are advised to read the Disclosure Document carefully before entering into an agreement with the Portfolio Manager.

11. **Details of the diversification policy of the portfolio manager**

The Portfolio Manager follows a concentrated yet diversified approach, aiming to balance conviction with risk control. Under each investment approach, client portfolios will typically hold [15–25] stocks. At the time of investment, no single stock will exceed [10]% of the portfolio value, and exposure to any single sector will not exceed [25–30]% (excluding [financials/other]). Positions that exceed these limits due to market movements will be reviewed and rebalanced within [30/60] days, unless the Portfolio Manager considers that holding them is in the client's interest, with the reasons recorded. Position sizes in smaller companies are set with regard to liquidity and average traded volumes. Cash and liquid-fund holdings will generally be in the range of [0–10]%, but may be higher during deployment, redemptions, or market conditions the Portfolio Manager considers adverse. Investments in securities of associates or related parties are subject to the limits under the SEBI (Portfolio Managers) Regulations, 2020, and are disclosed separately in this document.

Part-II- Dynamic Section

12. Client Representation

Category of clients	**No. of clients**	**Funds managed (Rs. in Crore)***	**Discretionary/Non-discretionary/Advisory *(if available)***
Associates/group companies	0	0	NA
Others *(last 3 years)*			
As of March 31, 2024 (Audited)	72	104.49	Discretionary
As of March 31, 2025 (Audited)	76	102.95	Discretionary
As of March 31, 2026 (Audited)	76	107.70	Discretionary

* includes unrealised gain/ loss in the value of investments at the respective year end.

(iii) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.

Name of Related Party	**Nature of Relationship**	**Nature of Transaction**	**Amount**
Aaargee Entrepreneurs LLP	Enterprise over which KMP has significant influence	Loans and Advances	6,00,00,000
Threegee Entrepreneurs LLP	Enterprise over which KMP has significant influence	Loans and Advances	48,00,000

13. Financial Performance

The Financial Performance of the portfolio manager based on audited financial statements and in terms of procedure specified by the Board for assessing the performance.

Balance Sheet as at March 31, 2026:-

Particulars			As at March 31, 2026	As at March 31, 2025
I.	**CAPITAL AND LIABILITIES**			
1	**Capital Account**			
	(a)	Partners' Capital Account	2,50,00,000	2,50,00,000
	(b)	Partners' Current Account	7,74,12,871	7,92,38,201
	Total (A)		**10,24,12,871**	**10,42,38,201**
2	**Liabilities**			
	(a)	Other Liabilities (B)	31,52,684	1,12,64,468
		TOTAL(A+B)	**10,55,65,555**	**11,55,02,668**
II.	**ASSETS**			
	Non-current assets			
1	(a)	Fixed Assets		
		'-Tangible Assets	1,09,57,834	9,91,402
	(b)	Investments		
		'-Non-Current Investments	37,736	37,736
	(c)	Loans & Advances	6,48,00,000	5,00,00,000
	(d)	Cash and Bank Balances	2,51,65,954	6,26,79,210
	(e)	Other Current Assets	25,12,286	11,46,895
	(f)	Other Non- Current Assets	20,91,745	6,47,425
		Total	**10,55,65,555**	**11,55,02,668**

Statement of profit and loss for the year ended March 31, 2026:-

Particulars		31.03.2026	31.03.2025
I.	**Income**		
	(a) Performance Fees	2,46,18,404	3,95,50,542
	(b) Management Fees	81,01,285	23,82,231
	(c) Other Income		
	Dividend Income	299	290
	Interest Income	1,64,829	4,82,299
	Other Income	42,30,077	419
	Total Income (I)	**3,71,14,894**	**4,24,15,781**
II.	**Expenses**		
	(a) Employee benefits expense		
	-Salary & Bonus	1,18,37,367	76,29,037
	-Staff Welfare Expenses	3,35,812	1,62,456
	(c) Depreciation and amortisation expense	3,11,045	1,91,359
	(d) Assets written off during the year	7,63,915	-
	(e) Operating Expense	2,46,92,085	1,60,24,970

	Total Expenses (II)	**3,79,40,224**	**2,40,07,822**
III.	**Net Profit / (Loss) before tax**	**(8,25,330)**	**1,84,07,959**
IV.	**Tax expense:**		
	(a) Current Tax	-	61,84,616
	(b) Short provision for tax relating to prior years	-	31,843
V.	**Net Loss after tax transferred to Profit and Loss Appropriation Account**	**(8,25,330)**	**1,21,91,500**

14. Performance of Portfolio Manager

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

Annualized returns (%)

Particulars	**For the year ended March 31, 2024**	**For the year ended March 31, 2025**	**For the year ended March 31, 2026**
Portfolio Performance *	89.47	3.81	11.19
Benchmark Performance – Index **	40.16	5.96	-3.12

Note:

1. The time-weighted rate of return (TWRR) is a measure of the compound rate of growth in a portfolio. The time-weighted return breaks up the return on an investment portfolio into separate time intervals. The time-weighted return multiplies the returns for each sub-period or holding-period, which links them together showing how the returns are compounded over time.

* includes unrealised gain/ loss in the value of investments at the respective year end

15. Audit Obeservations

There were NIL audit observations during the preceding three years.

16. Details of investments in the securities of related parties of the portfolio manager

There are no investments in the securities of associates/related parties of Portfolio Manager as on 31st March, 2026:

Rishi Gupta
Partner and Principal Officer

Place: Mumbai
Date: 30th September, 2026

Rohan Ghotge
Partner

Place: Mumbai
Date: 30th September, 2026