

**DISCLOSURE DOCUMENT OF
PORTFOLIO MANAGEMENT SERVICES**

BEING OFFERED BY

NEGEN CAPITAL SERVICES PRIVATE LIMITED

**KEY INFORMATION AND DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES
UNDERTAKEN BY NEGEN CAPITAL SERVICES PRIVATE LIMITED**

- The Disclosure Document (hereinafter referred to as the 'Document') has been filed with the Securities & Exchange Board of India ('SEBI') along with the certificate in the prescribed format in terms of the SEBI (Portfolio Managers) Regulations, 2020.
- The purpose of the Document is to provide essential information about the Portfolio Management Services ('Services') in a manner to assist and enable the investors in making an informed decision for engaging a Portfolio Manager.
- The Document gives the necessary information about the Portfolio Manager required by an investor before investing, and hence, the investor may be advised to retain the document for future reference. The Disclosure Document is available on the website.
- Details of the Principal Officer:
Name : Mr. Neil Madan Bahal
Address : City Hall, Kamala Mills Compound, P B Marg, Lower Parel West, Mumbai-400013
Phone : 91 9820286538
E-mail : neil@negencapital.com, neil991@gmail.com
- The investor should read the Disclosure Document carefully prior to making a decision to avail of the Services.
- The Disclosure Document is updated on 25th September, 2023

SEBI Portfolio Management Registration No. INP000005414

This Disclosure Document and its contents are for information only and does not constitute any distribution, endorsement, investment advice, offer to buy or sell or the solicitation of an offer to buy or sell any Securities/ financial products/ investment products mentioned in the Disclosure Document or attempt to influence the opinion or behavior of the Clients. Any use of the information/ investments and investment related decisions of the Clients is at their sole discretion & risk and the Portfolio Manager shall not be responsible in any manner whatsoever, to any person/entity. All investments may not be suited to all Clients and may vary accordingly. As with any investment in securities, the value of the portfolio under any Product(s)/ Portfolio can go up or down depending on the myriad factors affecting the capital market.

Clients must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors for seeking independent legal, investment and tax advice as they believe necessary, before acting on any information in the Disclosure Document or related documents prior to placing any funds with the Portfolio Manager for investment purposes. Any use of the information provided in the Disclosure Document, investments in the Portfolio and related investment decisions pertaining to the Portfolio of the Clients are at their sole discretion & risk. There may be changes in the legal, tax and the regulatory regimes (including political changes, government regulations, social instability, stock market fluctuations, diplomatic disputes, or other similar developments), which could adversely affect the value of the Client's investments in the Portfolio. Investments in the Portfolio stand a risk of loss of capital and the Clients should be aware that they may lose all or any part of their investments in the Portfolio in the event of adverse movements in the financial markets.

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1) DISCLAIMER CLAUSE:

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

2) DEFINITIONS

In this Disclosure Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

1.	“Act”	The Securities Exchange Board of India Act, 1992.
2.	“Agreement”	The agreement executed between the Portfolio Manager and its Clients in terms of Regulation 14 and Schedule IV of the Regulations.
3.	“Client”	Client/Investor means any person who enters into an agreement with the Portfolio Manager for availing the Portfolio Management Services being offered by the Portfolio Manager.
4.	“Custodian”	Custodian means Custodian/Depository Participant as may be appointed by the Portfolio Manager, from time to time, for Custody of Securities of the Client and to perform such other functions like keeping track of corporate benefits associated with the Securities, etc.
5.	“Depository”	Depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6.	“Disclosure Document”	Disclosure Document means this document issued by Negen Capital Services Private Limited for offering the Services and prepared in terms of Schedule V of the Regulations, as amended from time to time.
7.	“Equity and Equity Related Securities”	Equity shares, Convertible bonds and debentures, convertible preference shares, equity warrants, equity derivatives, FCCBs, equity mutual funds and any other like instrument.
8.	“Funds”	The monies managed by the Portfolio Manager on behalf of a Client pursuant to the Agreement and includes the monies mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of sale or other realization of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the portfolio manager.
9.	“Portfolio”	Securities and/or Funds managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Management Services Agreement and includes any Securities and/or funds mentioned in the account opening form, any further Securities and/or funds placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Management Services Agreement, Securities or other realization of the portfolio acquired by the Portfolio Manager through investment of Funds and bonus, dividends or other receipts and rights in respect of Securities forming part of the portfolio, so long as the same is managed by the Portfolio Manager under the Portfolio Management Services Agreement.
10.	“Portfolio Manager”	Negen Capital Services Pvt. Ltd, a Company incorporated under the Companies Act, 1956 and registered with Securities and Exchange Board of India as a Portfolio Manager vide Registration Certificate No. dated, under the Securities and

		Exchange Board of India (Portfolio Managers) Regulations, 2020.
11.	“Principal Officer”	Officer of the Portfolio Manager who is responsible for the activities of Portfolio Manager and has been designated as principal officer by the Portfolio Manager as required by the Regulations.
12.	“Regulations”	The Regulations mean Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.
13.	“SEBI”	Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
14.	“Securities”	“security” as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other law for the time being in force.
15.	“Services”	Services means the Discretionary and Non-Discretionary Portfolio Management Services provided by the Portfolio Manager exercising its sole and absolute discretion to invest in respect of the Client’s account in any type of Security as per an Agreement relating to Portfolio Management and to ensure that all benefits accrue to the Client’s Portfolio, for an agreed fee structure and for a definite period as agreed, entirely at the Client’s risk.

The terms and expressions not herein defined shall, where the interpretation and meaning have been assigned to them in terms of the SEBI Act, 1992 or the relevant regulations framed there under, Depositories Act, 1996, the Companies Act, 2013 and the General Clauses Act, 1897, have that interpretation and meaning.

3) DESCRIPTION

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

Brief background

Negen Capital Services Private Limited has exposure to Capital Market dealings and Directors of Negen Capital Services Private Limited have been investors since a decade and have good experience in research and analytical process. Portfolio Management Services has been a step forward to integrate into managing funds for willing clients. Negen Capital has built good relations with clients over years and share a good rapport with all of them.

Mr. Neil Bahal is the founder of Negen Capital Services Private Limited. He has vast experience in research and due-diligence of Indian securities. He has been a value investor for many years, hence, ventured into PMS in 2017.

Negen Capital Services Private Limited has also launched Category I Alternate Investment Funds - Angel Fund i.e. in April 2022 & March 2023 namely Negen Tech Opportunities Angel Fund & Negen Startup Opportunities Angel Fund, which seeks to do angel / startup investments in emerging start-ups.

Negen Capital Services Private Limited under its flagship has also launched a Category III Alternate Investment Fund on March 27, 2023 namely Negen Undiscovered Value Fund, which will invest in

special situations and value investment strategy along with investments in IPO's through Anchor & QIB investing.

Negen Capital is also a SEBI registered Investment Adviser bearing registration no.: INA000017417.

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

Promoters/Sponsors

Directors of Portfolio Manager

Name	Age/Qualification	Brief Experience
Mr. Neil Madan Bahal (Director)	Bachelor of Commerce (B. Com) degree from HR College of Commerce and Economics, University of Mumbai. Cleared NISM XXI-B. DOB: 26 th December, 1984	Mr. Neil Madan Bahal has close to a decade's experience in the Indian financial markets. Mr. Neil Bahal is the promoter and the Managing Director of Negen Capital Services Private Limited, which has been operating as a SEBI registered sub-broker with Angel Broking since 2009. In the past, he has also promoted several business ventures, including a retail pharmacy chain and a quick service restaurant in Mumbai.
Mr. Bharat Bhushan Bahal (Director)	B.A., L.L.B. DOB: 24 th August, 1958	Mr. Bharat Bhushan Bahal has practiced law in Mumbai High Court and its subordinate Courts for 35 years including cases filed by SEBI. He has vast experience in dealing with investments in Capital Market.
Mr. Jigar Shah	Bachelor of Commerce (B. Com) degree, University of Mumbai PGDBA in Finance from Welingkar Institute of Management. NISM – Investment Adviser Level 1 & 2 DOB: 22 nd October, 1985	Mr Jigar Shah has 14+ years' experience with Negen Capital Services Private Limited in Capital Markets Investing, Research in Equities, Business Development, Risk Management, Risk Profiling of Clients & Client Communications. Jigar Shah is also a NISM certified Investment Adviser.

(iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis of FY 22-23

Name of Companies/firms	Turnover (Rs. In Crores)
Mauryan Capital Management Private Limited	2.39
Saffron Media Private Limited	4.59
Mauryan Trusteeship Private Limited	0.01
R. V. Capital Management LLP	Nil
Mauryan Financial Services LLP	Nil

Note: Bharat Bhushan Bahal has resigned from Directorship of Mauryan Capital Management Private Limited, Mauryan Trusteeship Private Limited as on 28th August 2023. Neil Bahal has resigned from Directorship of Mauryan Capital Management Private Limited, Mauryan Trusteeship Private Limited as on 8th June 2023.

(iv) Details of Services being offered by the Portfolio Manager

Advisory services

The Portfolio Manager will provide advisory services, which shall be in the nature of investment advisory, which includes the responsibility of advising on the portfolio strategy and investment / divestment of individual securities in the Client's Portfolio in terms of the Agreement and within overall risk profile. In such case, the Portfolio Manager does not make any investment on behalf of the Client. The Portfolio Manager shall be solely acting as an advisor in respect of Portfolio of the Client and shall not be responsible for the investment / divestment of securities and / or administrative activities of the Client's Portfolio.

Discretionary Portfolio Management Services

Under these Services, the Portfolio Manager will exercise sole and absolute discretion as to investment and/ or management of the Portfolio of Securities and the Funds placed by the Clients in terms of the Agreement executed with each Client. The Securities invested / divested by the Portfolio Manager for Client may differ from Client to Client. The decision of Portfolio Manager (with due care and in good faith) in deployment of the Clients' Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of proven fraud, conflict of interest or gross negligence.

Non-Discretionary Portfolio Management Services

Under this service, the client will retain control on every investment decision made by the portfolio manager and has to approve the investments made in the portfolio.

The portfolio manager will provide investment advice and recommendations to the client. However, the client will have the final say in whether to execute these recommendations. The portfolio manager will act on the execution of trades only after receiving explicit instructions from the client for each trade.

The portfolio manager may suggest changes to the client's asset allocation based on market conditions or the client's financial goals. The client can choose whether to follow these suggestions.

The portfolio manager will assess the risk profile of the client and provide recommendations for risk management.

The investment advice given by the Portfolio Manager for Client may differ from Client to Client depending on the risk profile and appetite of the client.

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

(i)	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made thereunder.	NO
(ii)	The nature of the penalty/direction.	NO
(iii)	Penalties imposed for any economic offence and/or for violation of any Securities laws.	NO
(iv)	Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.	NO
(v)	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency.	NO

(vi)	Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee under the Act or Regulations made thereunder.	NO
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5) SERVICES OFFERED

(i) Investment Objectives and Policies:

The investment objective/policy/strategy would lay emphasis on safety, prudence, optimum return and sound commercial judgment. The investment policy intends to ensure adherence to the various government regulations and notifications as applicable. A periodic review of the investments is made from time to time.

(ii) Investment Approach for:

PMS Portfolio 1: Negen Special Situations & Technology Fund (Launch: 26/04/2017)

Investment Plan, Objective, Strategy & Process: The investment objective of the special situations and technology fund will be to focus mainly on corporate actions and demergers, and being sector agnostic, to generate long-term (up to 3-5 years) capital appreciation by investing in companies that are undervalued due to special situations, such as corporate actions, and are trading below their intrinsic value and also general value investing with the objective of benefiting from the potential price inefficiencies that may arise during the process. The strategy will also identify good investment opportunities in the technology space that offer good long term growth benefits.

The portfolio manager will focus on investing in companies based on thorough fundamental analysis and research, with a focus on investing in companies that have strong growth potential, sound financials, and attractive valuations. Companies will be selected on the basis of fundamentals & good corporate track record.

A sector agnostic approach will be followed while having a portfolio of 15 – 40 stocks. The fund will invest in securities, ETFs, Liquid instruments, etc. trading on NSE & BSE indices. The fund will be market-cap agnostic having a moderate risk approach. The strategy is a multicap strategy based on opportunities available being flexible on market cap allocations.

Market Cap Allocation:

- Large Cap: 0-100%
- Mid cap: 0-100%
- Small Cap: 0-100%
- Cash Levels: 0-80%

Risk Management: The portfolio manager will seek to manage risk by constructing a diversified portfolio that is well-positioned to take advantage of potential price inefficiencies, and by conducting thorough due diligence and analysis of the companies being considered for investment. The portfolio manager plans to cap investment in a single security at 15% of the portfolio value while investing, this will insulate risks arising out of concentrated portfolio.

The portfolio manager will use S&P BSE 500 TRI as a broader benchmark against the fund performance.

Risk Management Strategy:

1. **Diversified Portfolio Construction:** The portfolio manager's primary approach to managing risk involves creating a diversified portfolio. By distributing investments across various assets, the manager aims to mitigate the impact of poor performance from any single investment. The strategy will hold between 15-40 stocks.

2. Exploiting Price Inefficiencies: The portfolio manager intends to capitalize on potential price inefficiencies in the market. This strategy involves identifying instances where securities are mispriced relative to their intrinsic value and making investment decisions to benefit from such discrepancies.

3. Thorough Due Diligence: To reduce risk, the portfolio manager commits to conducting comprehensive due diligence and analysis of companies before considering them for investment. This meticulous evaluation helps identify potential pitfalls and opportunities, contributing to more informed investment choices.

4. Limit on Single Security Investment: The portfolio manager plans to restrict investment in any single security to a maximum of 15% of the total portfolio value, at the time of investment. This limit ensures that the portfolio's fortunes are not disproportionately tied to the fate of a single security.

5. Benchmark for Performance Evaluation: The portfolio manager will gauge the fund's performance against the S&P BSE 500 Total Return Index (TRI). This broader benchmark provides a standard against which the fund's returns and overall effectiveness in managing risk can be measured.

Clients risk profile will be understood by having personal discussion and the clients will be conveyed about the risks like liquidity risks, market risks, market volatility risks, cyclical risks, economic risks, etc. will be associated with this strategy. Therefore, investors having a long-term investment horizon with a moderate risk profile will should opt for this strategy.

Salient Features:

- Special Situations/ Spin-offs
- Value Investment Approach
- Focus on undervalued stocks & Technology sector
- Market Capital Agnostic
- Well Diversified / Sector Agnostic
- Emphasis on Corporate Governance

PMS Portfolio 2: Active Alpha Strategy: Non-Discretionary PMS (Launch date: September 2023)

Objectives: Investment objective is to generate superior returns with an investment approach being invested in a portfolio of select stocks / sectors / themes allocated across market capitalizations without any bias but basis opportunities.

This would be an actively managed portfolio of listed equity, hence could have cash holdings in the absence of opportunities. This will be a medium to high-risk strategy.

Clients risk profile will be understood by having personal discussion and the clients will be conveyed about the risks like liquidity risks, market risks, market volatility risks, cyclical risks, economic risks, etc. will be associated with this strategy. This is a non-discretionary strategy and hence the client will approve the buy or sell before placing the trade.

Stocks selected are basis both corporate fundamentals and technical parameters with a short to medium-term horizon (1-3 years period) with an absolute return orientation.

The fund would be active in sectoral allocation and changes in the sector / theme would depend on Macro and Policy Changes. The fund would be sector agnostic and have a concentrated exposure to stocks and sectors.

The strategy will hold between 5-20 stocks.

Hedging of portfolios: Restricted to only Buying of NIFTY 50 PUTS in required situations.

Style is to be in the right sector with a higher allocation considering the macro trends and market cycles.

Since the businesses may be coming out of bear cycles, we will look at operating leverage stories which may have not the best of Fundamental Attributes comparing with other stocks and sectors in a bull run. This is the key to alpha generation.

Portfolio cash levels up to 80% as discussed with individual clients and their approval.

The portfolio is a tailor-made portfolio as per the client risk profile.

Min Market Cap: 250 crore

Per stock Exposure: Up to 25% max at the time of investment of the portfolio value.

Sector wise allocation: Not More than 50% per sector

Market Cap Allocation:

- Large Cap: 0-100%
- Mid cap: 0-100%
- Small Cap: 0-100%
- Cash Levels: 0-80%

Benchmark index: S&P BSE 500

Min Investment amount from clients: Rs 50 Lakhs and more.

***** All the Market capitalisation definitions are as per AMFI definitions.**

****The Portfolio Manager would provide periodical reports as mutually agreed with the Client.**

****Different portfolios may have different stock allocations based on client's entry dates, which may get aligned to the model strategy portfolio over a period of time. NDPMS portfolio will differ from client to client at client discretion.**

(iii) Investment in securities of associates/related parties:

There are no investments in the securities of associates or related parties. The Portfolio Manager will be guided and will adhere to PMS Regulations before investing in equity and debt/hybrid securities of its associates/related parties.

6. RISK FACTORS:

General Risk Factors:

- (i) Investments in Securities are subject to market risks, which include price fluctuation risks. There is no assurance or guarantee that the objectives of any of the Portfolios will be achieved. The investments may not be suited to all categories of Investors.
- (ii) The past performance of the Portfolio Manager in any Portfolio is not indicative of future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.
- (iii) The performance of the Portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- (iv) The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place, company specific and industry specific and macro-economic and regulatory factors.

- (v) The performance of the assets of the Client may be adversely affected by the performance of individual securities, changes in the marketplace and industry specific and macro-economic factors.
- (vi) The debt investments and other fixed income Securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.
- (vii) Investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- (viii) The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities which may expose the Client's Portfolio to liquidity risks.
- (ix) Engaging in Securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.
- (x) Portfolio services using derivatives, futures and options are affected by risk different from those associated with stock and bonds. Such investments are highly leveraged instruments, and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives and futures and options. Some of the risks relate to mist-pricing on the improper valuation of derivatives and futures and options and the inability to correlate the positions with underlying assets, rates and indices. Additionally, the derivatives and future adoptions market is nascent in India.
- (xi) The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the portfolio management services. All Portfolios under portfolio management are subject to change at any time at the discretion of the Portfolio Manager.
- (xii) Investment decisions made by the Portfolio Manager may not always be profit able.
- (xiii) Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investments strategy and asset allocation.
- (xiv) The arrangement of pooling of funds from various clients and investing them in Securities could be construed as an 'Association of Persons' ("AOP") in India under the provisions of the Income-Tax Act 1961 and taxed accordingly.
- (xv) In case of investments in schemes of mutual funds, alternative investment funds and venture capital funds, the Client shall bear the recurring expenses and performance fee, if any, of the portfolio management services in addition to the expenses of the underlying schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying schemes in the same proportions.
- (xvi) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situations, the Clients may suffer opportunity loss.
- (xvii) The Portfolio Manager has no previous experience or track record as a portfolio manager.
- (xviii) The investment objectives of one or more of the investment profiles could result in concentration of a specific asset/asset class/sector/issuer etc., which could expose the Clients 'Portfolio to risks arising out to fanon-diversification, including improper and/or undesired concentration of investment risks.

Specific Risk Factors:

- (i) **Market Risk:** The Value of the Portfolio will react to the securities market movements. The investor could lose money due to fluctuation in the value of Portfolio in response to factors such as economic and political developments, changes in interest rates and perceived trends in securities market movements and over longer periods during market downturns.
- (ii) **Market Trading Risks-Absence of Active Market:** Although Securities are listed on the exchange(s), there can be no assurance that an active secondary market will develop or be maintained.
- (iii) **Lack of Market Liquidity:** Trading in Securities on the exchange(s) may be halted because of market condition so for reasons that in the view of the exchange Authorities or SEBI, trading in a particular Security is not advisable. In addition, trading in Securities is subject to trading halts caused by extra ordinary market volatility and pursuant to exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the market necessary to maintain the listing of Securities will continue to be met or will remain unchanged. ETF may trade at prices other than NAV: ETF may trade above or below their NAV. The NAV or ETF will fluctuate with changes in the market value of Scheme' holdings' of the underlying stocks. The trading prices of ETF will fluctuate in accordance with changes in their NAV as well as market supply and demand of ETF. However, given that ETF can be created and redeemed only in creation units directly with the mutual fund, it is expected that large discounts or premiums to the NAVs of ETFs will not sustain due to availability of arbitrage possibility.
- (iv) **Regulatory Risk:** Any changes in trading regulations by the exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV for ETFs. In the event of a halt of trading in market the Portfolio may not be able to achieve the stated objective.
- (v) **Asset Class Risk:** The returns from the types of Securities in which the Portfolio Manager invest may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of our performance and under performance in comparison of the general securities markets.
- (vi) **Performance Risk:** Frequenters balancing of Portfolio will result in higher brokerage/transaction cost. Also, as the allocation to other Securities can vary from 0% to 100%, there can be vast difference between the performance of the investments and returns generated by underlying securities.
- (vii) **Interest Rate Risk:** Changes in interest rates may affect the returns/ NAV of the liquid/debt scheme of mutual fund in which the Portfolio Manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movement super down in the NAV of the units of the liquid/debt funds.
- (viii) **Credit Risk:** Credit risk refers to the risk that an issuer of fixed income security may default or may be unable to make timely payments of principal and interest. NAV of units of the liquid scheme is also affected because of the perceived level of credit risk as well as actual event of default.
- (ix) **Model Risk:** Investments in the Market Linked Debentures (MLDs) are also subject to

model risk. The MLDs are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the Securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

- (x) Investments in Derivative Instruments: As and when the investments are done in derivative market, there are risk factors and issues concerning the use of derivatives that the investors should understand. Derivative products are specialized instrument that require investment technique and risk analysis different from those associated with stocks. The use of derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivative requires 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. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "Counter Party") to comply with the terms of the derivative contract. Other risks in using derivatives include but are not limited to:
- (a) Credit Risk: This occurs when a counter party defaults on a transaction before settlement and therefore it involves negotiation with another counter party, at the then prevailing (possibly unfavorable) market price, to maintain the validity of the hedge. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement, but one takes the performance risk on the exchange.
 - (b) Market Liquidity: This risk is where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates, and indices.
 - (c) Model Risk: This is the risk of mispricing or improper valuation of derivatives.
 - (d) Basis Risk: This risk arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in future pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. However, the Portfolio Manager will not use derivative instruments, options or swap agreements for speculative purposes or to leverage its net assets and will comply with applicable SEBI Regulations. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.
- (xi) Illiquidity Risk: The corporate debt market is relatively illiquid vis-à-vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Further, liquidity may occur only in specific lot sizes. Liquidity in a Security can therefore suffer. Even though the Government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. Trading in specified debt securities on the Exchange may be halted because of market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in the specified debt security is not advisable. There can be no assurance that the requirements of the securities market necessary to maintain the listing of specified debt security will continue to be met or will remain unchanged. In such a situation, the

Portfolio Manager at his sole discretion will return the Securities to the Client.

- (xii) Zero Return Risk: Returns on investments undertaken in structured securities would depend on occurrence /non-occurrence of the specified event. Thus, returns may or may not accrue to an investor depending on the occurrence/non-occurrence of the specified event.
- (xiii) Redemption Risk: The payoffs as envisaged in structured securities are such that the Client may lose a part/entire amount invested.
- (xiv) Risk of Real Estate investment: Investment in Securities of companies investing in real estate is subject to risk of fluctuations in real estate prices. Portfolio returns are dependent on real estate market. Investor could lose money if real estate prices go down at the time of maturity.
- (xv) Identification of Appropriate Investments: The success of the Investments strategy of Jain Investment Advisors Private Limited would depend on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the LLP may invest, and other factors outside the control of the LLP. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, Portfolio Manager.
- (xvi) Specific Risk factors and Disclosures pertinent to Structured Notes & Securitized debt instruments:
 - (a) Presently, secondary market for such securitized papers is not very liquid. There is no assurance that a deep secondary market will develop for such Securities. This could limit the ability of the investments to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.
 - (b) Securitized transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The credit enhancement stipulated represents a limited loss cover to the Investors. The certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the issuer or the seller or the originator, or the parent or any affiliate of the seller, issuer and originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the credit enhancement and there by the Invest or payouts may get affect if the amount available in the credit enhancement facility is not enough to cover the shortfall. On persistent default of an obligor to re pay his obligation, the Seller may repossess and sell the underlying asset. However, many factors may affect, delay or prevent the repossession of such asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such asset may be sold may be lower than the amount due from that obligor.
 - (c) The structured notes like the index linked securities, in which funds are proposed to be invested in, are high risk instruments. A small movement in returns generated by the under lying index could have a large impact on their value and may also result in a loss.
 - (d) The issuer of equity index linked securities or any of its agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures

and options (here in after referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may bear variance with or be symmetrical to those on the securities, and they manage in other public and private financial transactions (including the purchase of privately placed investment securities or other assets). The foregoing activities of 'the issuer of index linked securities' or any of its agents and related markets (such as the foreign exchange market) may affect the value of the Securities. In particular, the value of the securities could be adversely impacted by a movement in the Reference Assets, or activities in related markets, including by any acts or inactions of 'The Issuer of index linked securities' or any of its Agents;

- (e) The equity Index linked securities, even after being listed, may not be market able or may not have a market at all;
- (f) The returns on the structured securities, primarily are linked to the S&P BSE 500 TRI Index and/or any other equity bench mark as the Reference Asset, and even otherwise, may be lower than prevalent market interest rates or even be nil or negative depending entirely on the movement in the underlying index and futures values as also that over the life of the securities (including the amount if any, payable on maturity, redemption, sale or disposition of the Securities) the security holder may receive no income/return at all or negative income/return on the Security, or less income/return than the Security-holder may have expected, or obtained by investing elsewhere or in similar investments.
- (g) The return on investment in Securities would depend on the prevailing market conditions, both domestically as well as internationally. The returns mentioned in the term sheet are indicative and may or may not accrue to an investor accordingly.
- (h) In equity index linked securities, in the event of any discretions to be exercised, in relation to method and manner of any of the computations including due to any disruptions in any of the financial markets or if for any other reason, the calculations cannot be made as per the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the issuer and may include the use of estimates and approximations. All such computations shall be valid and binding on the investor, and no liability there for will attach to the issuer of equity index linked securities /asset management company.
- (i) There is a risk of receiving lower than expected or negligible returns or returns lower than the initial investment amount in respect of such equity index linked securities over the life and/or part here of or upon maturity, of the securities.
- (j) At any time during the life of such Securities, the value of the Securities may be substantially less than its redemption value. Further, the price of the Securities may go down in case the credit rating of the Company or issuer goes down.
- (k) The Securities and the return and/or maturity proceeds hereon, are not guaranteed or insured in any manner by the Issuer of equity index linked securities.
- (l) The Issuer of equity index linked securities or any person acting on behalf of the Issuer of equity index linked securities, may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with the master transactions of any kind.

- (m) The Issuer of equity index linked securities or any of its agents, have the legal ability to invest in the units offered herein and such investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the investor, and/ or its assets.

RISK FACTORS

- (i) Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the Services will be achieved.
- (ii) Past performance of the portfolio manager does not indicate its future performance.
- (iii) Investment decisions made by the Portfolio Manager may not always be profitable.
- (iv) Prospective Clients should review / study this Disclosure Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of the Portfolio and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their Portfolio before authorizing the Portfolio Manager to make an investment on their behalf.
- (v) As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Portfolio will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor.
- (vi) The investments made are subject to external risks such as war, natural calamities, and policy changes of local / international markets which affect stock markets.
- (vii) Any policy change / technology change / obsolescence of technology would affect the investments made in a particular industry.
- (viii) The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.
- (ix) The Portfolio Manager does not offer any guarantee / assured returns
- (x) Risk arising from the investment objective, investment strategy and asset allocation are as follows:

Risk associated with Equity and Equity Related Securities:

Equity and Equity Related Securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Portfolio may be restricted by trading volumes and settlement periods. 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 Portfolio to miss certain investment opportunities.

Similarly, the inability to sell Securities held in the Portfolio would result at times, in potential losses to the client, should there be a subsequent decline in the value of Securities held in the Portfolio. Also, the value of the Portfolio investments may be affected by interest rates, currency exchange rates, and changes in law / policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.

Investments in Equity and Equity Related Securities involve a degree of risk and the Clients should not include place Funds with the Portfolio Manager unless they can afford to take the risk of losing their investment.

Investment by the Portfolio Manager in Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with Securities that are listed on the exchanges. The Portfolio Manager may choose to invest in unlisted Securities that offer attractive yields within the regulatory limit. This may however increase the risk of the Portfolio. Additionally, the liquidity and valuation of the Portfolio due to its holdings of unlisted Securities may be affected if they have to be sold prior to the target date of disinvestment.

- (xi) 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.
- (xii) The arrangement of pooling of funds from various Clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income Tax Act, 1961 and taxed accordingly.
- (xiii) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.

7) CLIENT REPRESENTATION

(Rs. in crores)

Categories of client	No. of Clients	Asset under management	Discretionary / Non-Discretionary (if available)
Associates/group companies (Last 3 years)			
As on March 31, 2020	Nil	Nil	Nil
As on March 31, 2021	Nil	Nil	Nil
As on March 31, 2022	Nil	Nil	Nil
As on March 31, 2023	Nil	Nil	Nil
Others (last 3 years)			
As on March 31, 2020			Discretionary
As on March 31, 2021	36	7.71	Discretionary
As on March 31, 2022	33	24.42	Discretionary
As on March 31, 2023	293	237.34	Discretionary
	650	432.70	

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

(A) Name of Related Parties for FY 22-23

<u>Name of the Person</u>	<u>Relationship</u>
Mr. Neil Bahal	Director
Mr. Bhushan Bahal	Director
Mr. Jigar Shah	Director (w.e.f. 12-07-2022)

(B) Transaction (In aggregate) with related parties for FY 2022-23.

Particulars	Transactions during (Rs in crore)		Outstanding during (Rs in crore)	
	Current year	Previous year	Current year	Previous year
(1) Loan from Director (i) Neil Bahal	4.66 -4.09	5.67 -6.50	0.58	0.01
(2) Remuneration to Director (i) Neil Bahal (II) Jigar Shah	0.48 0.09	0.48 -	- 0.009	- 0.002
(3) Professional fees paid Bharat Bhushan Bahal	0.03	-	-	-
(4) Salary Paid (i) Jigar Shah	0.02	0.09	-	-
(5) Fees Received Negen Tech Opportunities Angle Fund	0.75	--	0.04	-
(6) Due From: Negen Undiscovered Value Fund	0.24	--	0.24	-

Disclosure of the details of investment of clients' funds in the securities of associates / related parties:

As on the date of this document, there are no investments of clients' funds in the securities of the associates / related parties.

8) FINANCIAL PERFORMANCE OF PORTFOLIO MANAGER

PARTICULARS	(Rs. in crores)		
	As on 31-03-2023 (Audited)	As on 31-03-2022 (Audited)	As on 31-03-2021 (Audited)
Gross Income (including write back of provision for diminution in value of Investment Rs. 1.12 in F.Y.2021)	3.32	16.79	4.60
Expenses (Including provision for diminution in value of Investments Rs. 0.44 in for F.Y. 2023)	4.40	2.08	1.67
Profit / (Loss) before Tax	(1.08)	14.71	2.93
Tax Expenses / Tax Adjustment	(0.23)	3.12	0.14
Profit / (Loss) after Tax	(0.85)	11.59	2.78
Equity Capital	2.20	2.20	2.20
Free Reserves	13.61	14.46	2.87
Net Worth	15.81	16.66	5.07

9) PERFORMANCE OF THE PORTFOLIO MANAGER

The Portfolio Manager has been granted **Registration Certificate No. INP000005414** on April 26, 2017.

								Data as on 31/08/2023
Performance (in CAGR)	1 Month (Aug,2023)	3 Months (June,20 23 to Aug, 2023)	6 Months (March,202 3 to Aug, 2023)	1 Years (Sept, 2022 to Aug, 2023)	2 Years (Sept ,2021 to Aug ,2023)	3 Years (Sept ,2020 to Aug 2023)	5 Years (Sept, 2018 to Aug,2023)	Since Inception
PMS Return	7.48%	17.71%	34.58%	19.13%	17.91%	45.05%	19.95%	15.89%
Benchmark S&P BSE 500 TRI	-0.61%	7.73%	17.34%	11.34%	9.15%	23.33%	12.56%	13.23%
Strategy Performance Computation is based on TWRR on pooled basis, post fees & expenses								

10) AUDIT OBSERVATIONS FOR PRECEDING 3 YEARS

There were no adverse observations in the audit report of last 3 preceding years.

11) NATURE OF COSTS AND EXPENSES

The following are the broad types of costs and expenses chargeable to Clients availing the services. The exact quantum of the fees / expenses relating to the Services shall be annexed to the Agreement executed between the Client and the Portfolio Manager. The expenses charged may vary from Client to Client. The expenses incurred shall be directly debited on an actual-expenses-incurred basis to the Client's Portfolio as and when the same becomes due for payment.

- (i) **Portfolio Management Fees:**
The fees relate to Services offered to the Clients. The fees will be either in the form of a percentage of the value of the Portfolio or linked to returns achieved on the Portfolio or a combination of both.
- (ii) **Other Expenses:**
Apart from Portfolio Management Fees, the following are the general costs and expenses to be borne by the Client availing the Services of the Portfolio Manager on actual basis.
- (iii) **Custodian / Depository fees:**
The charges relate to opening and operation of Depository accounts, custody and transfer charges for Securities, dematerialization and re-materialization and other charges in connection with the operation and management of the Depository accounts.
- (iv) **Registrar and transfer agent fees:**
Charges payable to registrars and transfer agents in connection with transfer of Securities including stamp charges, cost of affidavits, notary fees, postage, courier and other related charges. Similarly, charges payable to registrars and transfer agents in connection with services such as collection of applications together with payments from clients, redemption of investments, maintenance of client accounts, preparation & mailing statements of accounts and other client reports, responding to enquiries made by clients etc.

- (v) **Brokerage and transaction costs:**
The brokerage charges and other charges like service tax, stamp duty, transaction costs including bank charges, turnover tax, securities transaction tax or any other tax levied by statutory authorities on the purchase and sale of securities and entry or exit loads (if any) on units of mutual funds.
- (vi) **Securities lending related expenses:**
The charges pertaining to lending of Securities and costs associated with transfers of Securities connected with the lending operations would be recovered.
- (vii) **Certification and professional charges:**
Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc would be recovered.
- (viii) **Services related expenses:**
Charges in connection with day-to-day operations like courier expenses, stamp duty, service tax, postal, telegraphic any other out of pocket expenses as may be incurred by the portfolio manager would be recovered.
- (ix) **Direct Clients** – Clients can get onboarded and opt for services of Negen Capital PMS directly, without any intermediation of persons engaged in distribution services.
- (x) **Any other incidental and ancillary charges:**
All incidental and ancillary expenses not covered above but incurred by the Portfolio Manager on behalf of the Client for the Services and expenses incurred by the Portfolio Manager in terms of the Agreement shall be charged to the Client.
- (xi) **Out Sourced Services:**
HDFC Bank Limited is appointed as the custodians. Custody charges will be charged at actual to the Client.

B&K Securities Limited, InCred Capital Wealth Portfolio Managers Private Limited, Motilal Oswal Securities Limited, Nuvama Wealth and Investment Limited and Kotak Securities Limited are the current brokers for the PMS. New reputed brokers may be tied up with, if needed.

An indicative table of the charges that may be levied by the Portfolio Manager is given hereunder:

FEE STRUCTURE (Indicative)		
Sr. No.	Nature of Fees	Fees %
1.	Upfront Fee/Entry Fee	Nil
2.	Fixed Management Fee	Upto 2.5% (Computed on average daily AUM and charged on 31 st March of every year) (Plus applicable GST)
3.	Performance Based Management Fee	Upto 20% (Plus applicable GST)
4.	Custodian and Fund Accounting Charges	Upto 15 bps
5.	Depository Charges	At actual
6.	Exit Load	Nil

7.	Registrar & Transfer Fees	At actual
8.	Goods & Service Tax (GST), Security Transaction Tax (STT) & other Statutory levies	At actual
9.	Brokerage	Upto 12 bps on the transaction value (Plus applicable GST)
10.	Out of pocket & other incidental Expenses like fund accounting, audit fees, etc.	At actual

The above stated fee and the charges will be debited to the Client's Portfolio on a yearly or monthly basis.

The actual fees charged by the Portfolio Manager for each Client shall be determined separately and the fees may vary from Client to Client. Further, in the event the Portfolio Manager chooses to implement different types of Services, then the fees chargeable for the same, as introduced from time to time will be introduced by the Portfolio Manager separately.

Goods & Service tax and other statutory levies would be levied over and above stated expenses as per the prevailing rates from time to time.

12) TAXATION

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

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

It is the responsibility of all prospective client to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the securities.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "IT Act"), the Income-tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued there under from time to time. The IT Act is amended every year by the Finance Act of the relevant year and this summary reflects the amendments enacted in the Finance Act, 2019

The Finance Act, 2020, has provided an option to Individuals and HUF for payment of taxes at the following reduced rates from Assessment Year 2022-23 and onwards:

Type	Old Regime			New Regime	
Age Bracket	<60Yrs	60-80Yrs	>80Yrs	All Age Groups of Individuals	
Total Income (INR)	Rate*	Rate	Rate	Total Income(INR)	Rate
Upto 250000	NIL	NIL	NIL	Upto 300,000	NIL
From 250,001 to 300000	5.00%	NIL	NIL	From 300,001 to 6,00,000	5.00%
From 300,001 to 500000	5.00%	5.00%	NIL	From 6,00,001 to 9,00,000	10.00%
From 500,001 to 10,00,000	20.00%	20.00%	20.00%	From 9,00,001 to 12,00,000	15.00%
Above 10,00,001	30.00%	30.00%	30.00%	From 12,00,001 to 15,00,001	20.00%
				Above 15,00,000	30.00%

**These are also applicable rates for persons other than individuals (HUF, AOI, BOP, Artificial Juridical Person)*

As per Finance Act, 2021 the applicable rate of surcharge on business income for financial year 2023-24 are as follows:

Type/Range of Income	Firm	Domestic Company	Foreign Company
INR 10 million to INR 100 million	12.00%	7.00%	2.00%
Exceeding INR100 million	12.00%	12.00%	5.00%
Special Tax rate u/s 115BAA and 115BAB	Nil	10.00%	NIL

Surcharge is levied on the amount of income-tax at following rates if total income of any other resident or non-resident assessee exceeds specified limits:-

Assessment Year 2024-25		
Range of Income		
INR 5 million to INR 10 million	INR 10 million to INR 20 million	Above INR 20 million
10.00%	15.00%	25.00%

Note: The enhanced surcharge of 25% is not levied, from income chargeable to tax under sections 111A (Tax on Short Term Capital Gain), 112A (Tax on Long Term Capital Gain) and 115AD (Tax on Foreign Institutional Investors from Securities or Capital Gains Arising from Their Transfer) or income arising due to dividend. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.

Further, for Financial Year 2023-24 (Assessment Year 2024-25) the health and education

cess at 4% is leviable.

In this Disclosure document, we have assumed that the highest surcharge rate would be applicable to an investor. Also for companies it is assumed that new regime is opted and accordingly the new regime tax rates have been considered below.

I. Taxation in hands of Investors Taxation of resident investors:

a) Dividend Income:

Prior to the amendments by the Finance Act, dividends declared by an Indian company were exempt in the hands of all shareholders, irrespective of their residential status. However, the Indian company declaring, distributing or paying the dividends was required to pay a Dividend Distribution Tax ('DDT') of 15% (exclusive of surcharge and health and education cess). The DDT rate was to be on a grassed-up basis. DDT was the Indian company's liability and not the recipient shareholder's liability.

As per the amendments made by the Finance Act, the Indian Company declaring dividend on or after 1st April 2020, would not be required to pay any DDT on dividend distributed/paid/declared to its shareholders. The dividend income shall be taxable in the hands of the shareholders under section 56 of the IT Act under the head 'Income from Other Sources' at the applicable rates (except where DDT and tax under section 115BBDA of the IT Act has been paid). Further, the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act against such dividend income upto 20% of the dividend income.

Section 80M is introduced by the Finance Act. As per Section 80M, in case any Indian company receives dividend from another Indian company or foreign company or business trust and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e., one month prior to the date of filing tax return under section 139 of the IT Act), then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company or foreign company or business trust.

The Indian Company declaring dividend would be required to deduct tax at 10% (in case of payment to resident investors) and at rates in force i.e., 20% (in case of payment to non-resident investors). In case, the dividend income is paid to FPI, the rate of tax deduction as per section 196D is 20%.

As per the amended provisions, the dividend income (net of deductions, if any) shall be taxable at the following rates:

Dividend income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	25.17%
Firms/ LLPs	34.94%
Others (Refer Note 3)	As per applicable slab rates and surcharge being restricted to 15%, maximum being 35.88%

Note 1: The Finance Act, 2020 has reduced tax rate to 25% in case of Domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2018-19 (Assessment Year 2019-20). Such reduced tax rate of 25%, as per the Finance Act, 2021 is also applicable in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the financial year 2019-20 (assessment year 2020-21). Such reduced tax rate of 25%, as per the Finance Act, 2022 is also applicable in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the financial year 2020-21 (assessment year 2021-22).

Note 2: As per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the IT Act shall be 22% and 15% respectively (plus applicable surcharge and health and education cess), subject to the fulfilment of conditions prescribed in the said sections.

Note 3: The Finance Act, has inserted a new section 115BAC in the IT Act. As per the said section, resident Individual and HUF will have an option to pay tax on their total income at the reduced tax rates, the income would, however, have to be computed without claiming prescribed deductions or exemptions.

Prior to Finance Act, 2020, distributions from a mutual fund were also exempted in the hands of all unit holders under Section 10(35) of the IT Act, irrespective of their residential status, provided the mutual fund distributing the income has withheld tax at rates prescribed under section 115R of the IT Act on the amount distributed, declared or paid. With effect from 1st April 2020, distributions from Mutual fund shall be taxable in the hands of the investor at applicable rates.

b) Interest Income:

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

Interest Income received by	Tax Rate of domestic clients
Resident companies (Refer Note 1 and 2)	25.17%
Firms/LLP	34.94%
Others (Refer Note 3)	As per applicable slab rates, maximum being 39.00%

Note 1: The Finance Act, 2021 has reduced tax rate to 25% in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2019-20 (Assessment Year 2020-21). Such reduced tax rate of 25%, as per the Finance Act, 2022 is also applicable in case of domestic Companies having total turnover or gross receipts not exceeding INR 400 crores in the financial year 2020-21 (assessment year 2021-22). Such reduced tax rate of 25%, as per the Finance Act, 2023 is also applicable in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the financial year 2021-22 (assessment year 2022-23).

Note 2: As per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the IT Act shall be 22% and 15% respectively (plus applicable surcharge and health and education cess), subject to the fulfilment of conditions prescribed in the said sections.

Note 3: The Finance Act, has inserted a new section 115BAC in the IT Act. As per the said section, resident Individual and HUF will have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions.

Taxation of non-resident investors:

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

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

Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign

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

The Finance Act, 2020 has certain changes to the provisions which deal with the determination of residential status of individuals. The same are mentioned as under:

Amendments to determine Residential Status for Individuals:

A new provision of Deemed Residency has been introduced by way of insertion of Explanation (1A) to Section 6(1).

The conditions are as under:

- Citizen of India
- Total Indian Income + Income of those Businesses which are controlled in India and Profession set-up in India exceeds Rs.15 lakhs.
- Such person is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature;

If all the above conditions are fulfilled, then such Individual shall be treated as Resident but Not Ordinarily Resident (RNOR) in India.

Further, as per Section 6(1)(c), citizen of India, or a person of Indian origin who being outside India comes on a visit to India have been given a relaxation whereby they shall be treated as Resident of India only if their stay in India is 182 days or more instead of 60 days in that year. In order to avoid misuse of such extended period of 182 days, the exception provided to persons visiting India has been reduced to 120 days (income above Rs. 15 lakhs) from existing 182 days.

The provisions of Not Ordinarily Resident have also been changed by way of inserting new clause (c) to Section 6(6) with the following conditions:

- Citizen of India or a person of Indian origin who being outside India comes on a visit to India
- Stay in India of such person during the Financial Year is 120 days or more but less than 182 days
- Total Indian Income + Income of those Businesses which are controlled in India and Profession set-up in India exceeds Rs.15 lakhs.

If all the above conditions are fulfilled, then such Individual shall be treated as Resident but Not Ordinarily Resident (RNOR) in India.

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

Characterization of Income

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

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

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

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

The tax implications in the hands of investors on different incomes teams are discussed below:

a) Dividend income

Till FY 2019-20, dividends declared by Indian companies are exempt from tax in the hands of the Investors under section 10(34) of the IT Act. The Indian company would be liable to pay DDT at the effective rate 20.56% for F.Y.2019-20 of the dividends at the time of distributing dividends to the investors. But Finance Act 2020 has shifted the burden of taxation on recipients and will be taxed at the applicable income slab rate from FY 2020-21 onwards.

As per the amendments in The Finance Act 2020, the dividend income would be taxable directly in the hands of investors. Deduction of interest expense should be allowed under section 57 of IT Act against such dividend income, with overall capping of 20% of dividend income. Such net dividend income should be chargeable to tax at the rate of 20% as per the provisions of the IT Act.

The Indian company declaring dividend is required to deduct tax at specified rates/ rates in force. In case, the dividend income is paid to an FPI, the rate of tax deduction as per section 196D of the ITA is 20% subject to availability of benefits of treaty. However, if treaty benefits are available, gross amount of dividend should be chargeable to tax at the rates stated in treaty.

Prior to Finance Act, 2020, distributions from a mutual fund were also exempt in the hands of all unit holders under Section 10(35) of the IT Act, irrespective of their residential status, provided the mutual fund distributing the income has withheld tax at rates prescribed under section 115R of the IT Act on the amount distributed, declared or paid. With effect from 01 April 2020, distributions from mutual fund shall be taxable in the hands of the investor at the applicable rates.

b) Interest income

For F.Y. 2023-24, any income in the nature of interest income would be subject to tax at the rate of 39% (in the hands of individuals, HUF, AOP and BOI investors), 34.944% (in the hands of resident corporate, firm and LLP investors) and 43.68% (in the hands of foreign corporate investors).

In case the investments made by the non-resident Indian ('NRI') individual investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if

the NRI investors opt to be governed by these provisions under the IT Act, the interest income from specified assets (which includes debentures issued by public companies) should be taxable at the rate of 28.496% on gross basis for F.Y. 2023-24.

c) Capital Gains

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

i. Period of holding

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

Type of instrument	Period of holding	Characterization
Listed securities (other than a unit) / Unit of equity-oriented Fund/ Zero Coupon Bonds	More than 12 months	Long Term Capital Asset
	12 months or less	Short Term Capital Asset
Unlisted shares	More than 24 months	Long Term Capital Asset
	24 months or less	Short Term Capital Asset
Other securities (including unit of a debt-oriented Fund)	More than 36 months	Long Term Capital Asset
	36 months or less	Short Term Capital Asset

ii. Taxation of capital gains

Capital gains should be taxed in the hands of the Investors as per the IT Act as under:

Nature of Income	Tax Rate for Resident Investors			Tax rate for Non-Resident Investors		
	Corporates	Individuals/HUF/AOP/BOI	Others (Firms, LLPs)	Corporates	Individuals/HUF/AOP/BOI	Others (Firms, LLPs)
Short-term capital gains on transfer of:						
(i) listed equity shares on a recognized stock exchange;	17.16 for F.Y.23-24	17.94 for F.Y. 23-24	17.472 for F.Y. 23-24	16.38 for F.Y. 23-24	17.94 for F.Y. 23-24	17.472 for F.Y.2023-24
(ii) to be listed equity shares sold through offer for sale; or						
(iii) units of equity oriented mutual fund						

on which STT has been paid						
Other short-term capital gains	25.17 for F.Y.23-24	39.00 for F.Y. 23-24	34.944 for F.Y. 23-24	43.68 for F.Y. 23-24	39.00 for F.Y. 23-24	34.944 for F.Y.23-24
(i) Long-term capital gains on transfer of: (ii) listed equity shares on a recognized stock exchange; to be listed equity shares sold through offer for sale; (iii) units of equity oriented mutual fund on which STT has been paid (Refer Note 1)	11.44 for F.Y.23-24	11.96 for F.Y.23-24	11.648 for F.Y. 23-24	10.92 for F.Y. 23-24	11.96 for F.Y. 2023-24	11.648 for F.Y.23-24
Long-term capital gains on transfer of listed bonds or listed debentures (without indexation)	11.44 for F.Y.23-24	13.00 for F.Y. 23-24	11.648 for F.Y. 23-24	11.44 for F.Y. 23-24	11.44 for F.Y. 23-24	11.648 for F.Y.23-24
Long-term capital gains on transfer of listed securities (other than units of mutual funds, listed bonds and listed debentures) and on which STT has not been paid	11.44 for F.Y. 23-24 (Without Indexation) 22.88 for F.Y. 23-	13.00 for F.Y. 23-24 (Without Indexation) 26.00 for F.Y. 23-24 (With Indexation)	11.648 for F.Y. 2023-24 (Without Indexation) 23.296 for F.Y. 23-24 (With Indexation)	21.84 for F.Y. 23-24 (Without Indexation)	26.00 for F.Y. 23-24 (Without Indexation)	23.296 for F.Y. 23 24 (Without Indexation)

	24 (With Indexation)					
Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures)	22.88 for F.Y.23-24 (Without Indexation)	26.00 for F.Y.23-24 (Without Indexation)	23.296 for F.Y. 2023-24 (Without Indexation)	10.92 for F.Y.23-24 (Without Indexation)	13.00 for F.Y.23-24 (Without Indexation)	11.648 for F.Y. 23-24 (Without Indexation)
Long-term capital gains on transfer of unlisted bonds or unlisted debentures	22.88 for F.Y.23-24 (Without Indexation)	26.00 for F.Y.23-24 (Without Indexation)	23.296 for F.Y. 23-24 (Without Indexation)	10.92 for F.Y.23-24 (Without Indexation)	13.00 for F.Y.23-24 (Without Indexation)	11.648 for F.Y. 23-24 (Without Indexation)

Note 1: The Finance Act, 2017 amended section 10(38) of the IT Act providing that long-term capital gains from transfer of listed equity shares acquired on or after 1 October 2004 and on which STT has been paid, would be exempt from tax under the IT Act only if STT was paid at the time of acquisition of such shares. However, it was proposed that the Central Government would notify a list of transactions/exceptions that shall continue to be eligible for the long-term capital gains tax exemption

In light of the above the Central Government issued the final notification on 5 June, 2017 which prescribed the following negative list of transactions of acquisition in respect of which exemption under section 10(38) of IT Act would not be available.

a. Where acquisition of existing listed equity share in a company whose equity shares are not frequently traded in a recognized stock exchange of India is made through a preferential issue; provided that nothing contained in this clause shall apply to acquisition of listed equity shares in a company:

- i. Which has been approved by the Supreme Court, High Court, National Company Law Tribunal, SEBI or RBI in this behalf;
- ii. By any non-resident in accordance with foreign direct investment guidelines issued by the Government of India;
- iii. By an investment fund or a venture capital fund or a Qualified Institutional Buyer;
- iv. Through preferential issue to which the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 does not apply.

b. where transaction for acquisition of existing listed equity share in a company is not entered through a recognized stock exchange of India; provided that nothing contained in this clause shall apply to the following acquisition of listed equity shares in a company made in accordance with the provisions of the

Securities Contracts (Regulation) Act, 1956 if applicable:

- i. acquisition through an issue of share by a company other than the issue referred to in clause(a);
 - ii. acquisition by scheduled banks, reconstruction or securitization companies or public financial institutions during their ordinary course of business;
 - iii. acquisition which has been approved by the Supreme Court, High Courts, National Company Law Tribunal, SEBI or RBI in this behalf;
 - iv. acquisition under employee stock option scheme or employee stock purchase scheme framed complying with the guidelines issued by SEBI;
 - v. acquisition by any non-resident in accordance with foreign direct investment guidelines of the Government of India;
 - vi. where acquisition of shares of company is made under SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - vii. acquisition from the Government;
 - viii. acquisition by an investment fund or a venture capital fund or a Qualified Institutional Buyer;
 - ix. acquisition by mode of transfer referred to in sections 47 or 50B of the IT Act, if the previous owner had not acquired by mode referred in clauses (a) or (b) or (c) [other than the transactions referred to in the proviso to clause (a) or (b) above]
- c. Acquisition of equity share of a company during the period beginning from the date on which the company is delisted from a recognized stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognized stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 read with SEBI Act 1992 and the rules made there under.

Note 2: The Indian tax authorities may seek to apply a higher rate of 23.296% for F.Y. 2023-24 on LTCG arising on sale of listed bonds and debentures.

Note 3: The Indian tax authorities may seek to apply a higher rate of 23.92% for F.Y.2023-24 on LTCG arising on sale of listed bonds and debentures

Note 4: The Indian tax authorities may seek to apply a higher rate of 21.84% for F.Y.2023-24 on LTCG arising on sale of listed securities by non-residents.

Note 5: The Indian tax authorities may seek to apply a higher rate of 23.92% for F.Y.2023-24 on LTCG arising on sale of listed securities by non-residents.

Note 6: The Indian tax authorities may seek to apply a higher rate of 23.296% for F.Y.2023-24 on LTCG arising on sale of listed securities by non-residents.

Note 7: There was an ambiguity under the ITA on whether unlisted securities of private limited companies are covered by the definition of unlisted securities. Restricting the above lower tax rate only to transfer of unlisted securities of public companies (and excluding private companies) did not seem to be the intent behind the legislative changes. The ITA, vide Finance Act, 2016 provide for lower tax rate on transfer of long-term capital asset on shares of a company not being a company in which the public are substantially interested, which includes private companies.

In case the investments made by the NRI investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these

provisions under the IT Act, (i) any long term capital gains should be taxable at the rate of 11.96% for F.Y. 2023-24 and (ii) any investment income should be taxable at 23.92% for F.Y. 2023-24.

Note 8: The Finance Act, 2018 has introduced a new regime for taxation of long term capital gain on sale/other transfers of (a) equity shares in a company (b) unit of an equity-oriented fund and

(c) a unit of business trust (where such transaction is chargeable to securities transaction tax) where the exemption has been withdrawn under section 10(38) and are made taxable under section 112A. It is taxable with effect from Assessment Year 2019-20 i.e. it will apply to any shares sold after 31st March 2018. The gains covered under section 112A shall be taxable at the concessional rate of 10% (excluding surcharge and cess) with threshold limit of Rs.1 lakh. Further, the Long Term Capital gains which will be realized after 31st March 2018, on existing holding (i.e., shares etc. acquired upto 31st January, 2018) to the extent of fair market value as on 31st January, 2018 shall also not be chargeable to tax. Thus, the gain over and above the fair market value as on 31st January 2018 only will be taxable @ 10% (excluding surcharge and cess).

d) Deemed Sale Consideration on sale of unquoted shares

As per Section 50CA of IT Act, introduced by Finance Act, 2017, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has issued final rules for computation of FMV for the purpose of section 50CA of the IT Act.

e) Gains arising on buy-back of shares by company

As per the Section 10(34A) of the IT Act, gains arising on buy-back of shares (not being shares listed on a recognized stock exchange) are exempt in the hands of investors. However, as per section 115QA of the IT Act, a distribution tax at the rate of 23.072% is payable by an Indian company on distribution of income by way of buy-back of its shares if the buy-back is in accordance with the provisions of the Companies Act, 2013. Such distribution tax should be payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed. In this regard, recently on October 17, 2016, CBDT notified final buyback rules by inserting new Rule 40BB to IT Rules for determining the amount received by the Indian company in respect of issue of shares.

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

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

As per section 56(2)(x) of the IT Act, as inserted by Finance Act 2017, where any person receives any property, including shares and securities from any person for a consideration which is lower than the FMV by more INR 0.05 million, then difference between the FMV and consideration shall be taxable in the hands of acquirer as 'Income from other sources' ("Other Income"). The rules for determining the FMV of shares and securities have been prescribed under the IT Rules.

Accordingly, such Other Income would be chargeable to tax as follow:

Particulars	For resident investors	For offshore investors
In case of companies	25.17% for F.Y. 2023-24	43.68% for F.Y. 2023-24
In case of individuals/HUFs/AOPs / BOIs	39% for F.Y. 2023-24 (as per higher slab rate)	39% for F.Y.2023-24 (as per higher slab rate)
In case of other investors	34.94% for F.Y. 2023-24	34.94% for F.Y. 2023-24

II. Tax Treaty Benefits for non-resident investors

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

The taxability of such income of the non-resident investor, in the absence of Treaty benefits or from a country with which India has no Treaty, would be as per the provisions of the IT Act.

III. Tax Residency Certificate (“TRC”)

To claim Treaty benefits, the non-resident investor must obtain the TRC as issued by the foreign tax authorities. Further, the non-resident investor shall be required to furnish such other information or document as may be prescribed. In this connection, the CBDT vide its notification dated August 1, 2013 has prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC.

The tax authorities may grant Treaty benefit (after verifying the TRC) based on the facts of each case.

IV. Securities Transaction Tax

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

V. Bonus Stripping

In case of units purchased within a period of 3 months prior to the record date (for entitlement of bonus units) and sold/transferred/redeemed within 9 months after such date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be deemed as cost of acquisition of such bonus units.

VI. Withholding at a Higher Rate

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number (“PAN”), then tax is required to be

deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply with respect to payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents. As per Rule 37BC of the ITR, the following details and documents are prescribed:

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

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

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

VIII. General Anti Avoidance Rule ("GAAR")

The Finance Act, 2013 introduced the amended GAAR provisions to be effective from FY 2015-16. However, the Finance Act, 2015 deferred the GAAR provisions by 2 years and it shall now be applicable to the income of FY 2017-18 and subsequent years. Further, investments made up to March 31, 2017 would be grandfathered and GAAR would apply prospectively only to investments made after April 1, 2017.

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) tests mentioned below:

- (a) Creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- (b) It results in indirect/ indirect misuse or abuse of the IT Act;
- (c) It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- (d) It is entered into or carried out in a manner, which is not normally employed for bonafide business purposes.

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

- (a) Dis-regarding or combining or re-characterizing any step of the arrangement or party to the arrangement;
- (b) Ignoring the arrangement or the purpose of taxation law;
- (c) Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;
- (d) Looking through the arrangement by disregarding any corporate structure;
- (e) Reallocating and re-characterizing equity into debt, capital into revenue, etc.

- (f) Disregarding or treating any accommodating party and other party as one and the same person;
- (g) Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The above terms should be read in the context of the definitions provided under the IT Act. Any resident or non-resident may approach the Authority for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement. The GAAR provisions shall be applied in accordance with such guidelines and subject to such conditions and manner as maybe prescribed.

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

Further, recently on January 27, 2017, the CBDT has issued clarifications (Circular No.7 of 2017) on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations.

IX. FATCA Guidelines

According to the Inter-governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reposing 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 repayable account:

- the name, address, taxpayer identification number ('PIN') (assigned in the country of residence) and date and place of birth 'DOB' and 'POB' (in the case of an individual):
where an entity has one or more controlling persons that are repayable persons:
of the name and address of the entity, TIN assigned to the entity by the country of its residence; and of the name, address, DDB, POB of each such controlling person add TIN assigned to such controlling person by the country of his residence.
- account number (or functional equivalent in the absence of an account number);
- 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
- 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 repayable accounts (i.e., under CRS).

X. Goods and Service Tax

From July 1, 2017 onwards, India has introduced Goods and Service Tax (GST). Post introduction of GST, many Indirect tax levies (including service tax) have been subsumed and GST shall be applicable on services provided by the Investment Manager and Trustee to the Fund. GST rate on such services is currently 18%. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee and Trusteeship Fees payable by the Fund to the Investment Manager and Trustee, respectively.

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

13) ACCOUNTING POLICIES AND VALUATION

The following accounting policy will be applied for the portfolio investments of clients:

- (i) Investments in listed equity and debt instruments will be valued at the closing market price on the National Stock Exchange ("**NSE**") as of the previous day from the date of receipt of security under custody. If the Securities are not traded on the NSE on the Valuation Day, the closing price of the security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the Securities that are not traded on the Valuation Day, the last available traded price shall be used for the valuation of Securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available purchase price declared for the relevant scheme of the mutual fund on the date of the report.
- (ii) Unlisted Securities/investments will be valued at cost till the same are priced at the fair market value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (once in a year).
- (iii) Realised gains/losses will be calculated by applying the 'First In First Out' principle.
- (iv) Unrealized gains/losses are the differences, between the current market value/ NAV and the historical cost of the Securities.
- (v) Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis. The interest on debt instruments will be accounted on accrual basis.
- (vi) Dividends accrued where credited to the Client's bank account linked to the respective demat account and where the Portfolio Manager does not hold the power of attorney to operate the Client bank account will be shown as corpus outward. In all other cases, dividend accrued and received shall continue to be part of the Corpus.
- (vii) In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase will not be treated as a cost of purchase but will be credited to Interest to be adjusted against the receipt.
- (viii) For derivatives and futures and options, unrealized gains and losses is calculated by marking to market the open positions.
- (ix) Interest received at the time of sale for the period from the last interest due date upto the date of sale will not be treated as an addition to sale value but will be credited to the interest recoverable account.
- (x) Transactions for purchase or sale of investments will be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place

outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which there is an enforceable obligation to pay the price or, in the event of a sale, when there is an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

- (xi) Bonus shares will be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements will be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis
- (xii) The cost of investments acquired or purchased will include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered will be reduced from the cost of the investment.
- (xiii) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case to case basis.
- (xiv) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities transaction tax, demat charges and custodian fees on purchase/sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.
- (xv) In case of Portfolio products, Portfolio received from the Clients in the form of Securities will be accounted at previous working day's closing price on NSE. Where the Client withdraws Portfolio in the form of Securities, the same will be accounted on the date of withdrawal at the previous working day's closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, closing price on BSE will be used for aforesaid accounting purpose.
- (xvi) The Investor may contact the Investor services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues. The Portfolio Manager may change the valuation policy for any particular type of Security consequent to any regulatory changes or the market practice followed for similar type of Securities.

14) PREVENTION OF MONEY LAUNDERING AND KNOW YOUR CUSTOMER (KYC) REQUIREMENTS

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

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

Accordingly, the Portfolio Manager reserves the right to reject or refund or freeze the account of the client if the client does not comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements. Further, the Portfolio Manager has put in place Client due diligence measures including screening procedures whereby names of the

Investors will be screened against such database considered appropriate by the Portfolio Manager. Further, the Portfolio Manager shall take necessary action including rejection of application/ refund of application money/ freezing of investor account for future transactions/ submitting suspicious transactions report (“STR”) to law enforcement authorities if the Portfolio Manager has reasonable grounds to believe/ suspect that the transactions involve money laundering or terrorist financing or proceeds of crime.

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

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

15) INVESTORS SERVICES

(i) Contact Information of the Investor Relation Officer

Name : Mr. Yogen Lavari
 Address : City Hall, Oasis Complex, Kamala Mills Compound, P.B.Marg,
 Lower Parel (West), Mumbai: 400 013.
 Telephone : 022-67574427
 Email : yogen@negencapital.com, pms@negencapital.com

The officer will ensure that the Client’s grievances are sorted out promptly. The Portfolio Manager will ensure that this official is vested with necessary authority, independence and the means to handle Client complaints.

(ii) Grievance Redressal and Dispute Settlement Mechanism

The Portfolio Manager has in place a dedicated system for addressing all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the Investor and the Portfolio Manager shall abide by the following mechanisms.

Communication Details of Officer for Client Complaints and Queries:

Name	YOGEN LAVARI
E-mail	yogen@negencapital.com , pms@negencapital.com
Address	City Hall, Oasis Complex, Kamala Mills Compound, P.B.Marg, Lower Parel (West), Mumbai: 400 013.
Telephone No	022-67574427

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query or concern within 21 days as required by SEBI.

The above details are also available on the website viz. www.negenpms.com

Grievance and Settlement Mechanism through SEBI Complaints Redressal System Platform (SCORES):

Further in case the resolution provided by the Portfolio Manager is not satisfactory, the matter may be referred to SEBI through the SEBI Complaints Redress System platform (“SCORES”).

On receipt of complaints through SCORES, SEBI takes up the matter with the concerned market intermediary and follows up with them.

Clients may send their complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4-A, ‘G’ Block, Bandra-Kurla Complex, Bandra (East), Mumbai -400051.

All disputes, differences, claims and questions whatsoever will in the first place be tried to be settled by mutual discussions. In the event of failure of settlement through mutual discussions between the Client and Portfolio Manager, 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, or in accordance with such other manner as may be specified in the agreement between the Client and the Portfolio Manager. Such arbitration proceedings shall be held at Mumbai or such other places as the Portfolio Manager thinks fit.

Clients can also submit their complaints on The Securities Market Approach for Resolution through ODR Portal (SMART ODR Portal) for online conciliation and online arbitration for resolution of disputes / complaints. Here is the link - <https://smartodr.in/>

16) FEES & CHARGES (INDICATIVE)

(i) EXPENSE STRUCTURE

Upfront Fee/Entry Fee	Fixed Management Fee (p.a.)	Exit Load	Custody and Transaction Charges	Brokerage	Out of pocket incidental expenses, Depository charges, Registrar & transfer fee and GST, STT & Other Statutory Levies
Nil	0% - 2.5%	Nil	15 bps	Upto 15 bps on the transaction value	As applicable on actuals

Profit structure is subject to change on a prospective basis with the written consent of the client.

(ii) MANAGEMENT FEES (INDICATIVE)

The following computation is for illustrative purpose only. These illustrations are provided to enable the investors to understand the levy of charges on the investment in the Portfolio on a sample of ₹ 50 Lakhs considering that the frequencies of computing all the fees are on annual/actual basis.

Fees will be calculated on basis of financial year i.e. 1st April to 31st March.

INDICATIVE ILLUSTRATION ONLY								
S R · N O .	CAPITAL CONTRIBU TION	RET UR N %	GROSS PORT. VALUE	BROKER GARE/ DP/ TRANSA CTION/ CUSTOD Y/ STT (100BPS)	NET PORT. VALUE	NET PROFIT	MANAGE MENT FEES @ 2.5%	OPENING BAL. YR 2
1	50,00,000	20	60,00,000	50,000	59,50,000	9,50,000	1,48,750	58,01,250
2	50,00,000	0	50,00,000	50,000	49,50,000	(50,000)	1,23,750	48,26,250
3	50,00,000	(20)	40,00,000	50,000	39,50,000	(10,50,000)	98,750	38,51,250

(iii) PERFORMANCE FEES (INDICATIVE)

The following computation is for illustrative purpose only. These illustrations are provided to enable the investors to understand the levy of charges on the investment in the Portfolio on a sample of ₹ 50 Lakhs considering that the frequencies of computing all the fees are on annual/actual basis.

Fees will be calculated on basis of financial year i.e. 1st April to 31st March.

INDICATIVE ILLUSTRATION ONLY									
SR. NO.	CAPITAL CONTRIB UTION	RET UR N %	GROSS PORT. VALUE	BROKERGARE/ DP/ TRANSACTION / CUSTODY/ STT	NET PORT. VALUE	NET PROFIT	20% PERFOR MANCE FEE	OPENING BAL. YR 2	HIGH WATER- MARK
1	50,00,000	20	60,00,000	50,000	59,50,000	9,50,000	1,90,000	57,60,000	59,50,000
2	50,00,000	0	50,00,000	50,000	49,50,000	(50,000)	NIL	49,50,000	50,00,000
3	50,00,000	(20)	40,00,000	50,000	39,50,000	(10,50,000)	NIL	39,50,000	50,00,000

Note: Expense structure is subject to change on a prospective basis with the written consent of the client.

The additional return/ performance fee will be charged above the contribution amount/ adjusted high watermark. Adjusted high watermark refers to the portfolio value post adjustments of pay-ins/ additional capital contribution, payouts, dividends, etc

INDICATIVE ILLUSTRATION FOR 2% MANAGEMENT FEE CALCULATION							
SR. NO.	CAPITAL CONTRIBUTION/ PORTFOLIO VALUE	RETURN %	PORTFOLIO VALUE AT FY END	BROKERAGE/ DP/ STT/ CUSTODY/ FA (UPTO 1%*)	GROSS PORTFOLIO VALUE	MANAGEMENT FEE ON AVG DAILY AUM FOR FINANCIAL YEAR	OPENING BALANCE NEXT YEAR
1	50,00,000	20%	60,00,000	60,000	59,40,000	1,18,800	58,81,200
2	50,00,000	0%	50,00,000	50,000	49,50,000	99,000	49,01,000
3	50,00,000	-20%	40,00,000	40,000	39,60,000	79,200	39,20,800

Note: This illustration is for 2% on avg daily AUM fee structure. The fee will be adjusted at the end of year or closing of the account. The 2% in the illustration has been charged on portfolio value at EOY for illustration.

Fee structure will vary from client to client. The above table is an illustration for clients understanding and costs may vary as per actual. Client will be notified about the real/actual costs which may differ from the costs taken above for illustrative purpose.

FREQUENCY OF CHARGES

Fixed Management Fees	Chargeable on value of asset under management on daily basis but billed and recovered on 31 st March of every year.
Performance Based Management Fees	It will be charged on 31 st March of every year based on absolute/actual return
Custodian Fees	Monthly basis
Depository Charges	Monthly basis
Exit Load	At the time the client chooses to exit
Registrar & Transfer Fees	At actual cost
GST, STT & Other Taxes (Goods & Service tax and other statutory levies would be levied separately as per the prevailing rates from time to time.)	Charged as when transaction takes place

(The above fees will be charged based on the above frequency or on closure of accounts whichever is earlier)

17) Details of the diversification policy of the portfolio manager

The portfolio will be diversified across upto 15-40 stocks from various sectors in order to minimize the sector specific risks. Further, there will be a ceiling to maximum exposure of 15% allocation while investing in a particular stock.

18) General

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

For Negen Capital Services Pvt. Ltd.

NEIL
MADAN
BAHAL

Digitally signed by
NEIL MADAN
BAHAL
Date: 2023.09.25
17:24:03 +05'30'

Mr. Neil Bahal
Director

Date: 25th September 2023
Place: Mumbai

JIGAR
DINESH
SHAH

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JIGAR DINESH SHAH
Date: 2023.09.25
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Mr. Jigar Shah
Director

Date: 25th September 2023
Place: Mumbai

FORM C

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

[Regulation 22]

We confirm that:

- i) 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;
- ii) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager.
- iii) The Disclosure Document has been duly certified by an independent chartered accountant viz. Gandhi and Associates LLP (FRN 102965W/W100192) on 5th September 2023.

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

For Negen Capital Services Private Limited

**NEIL
MADAN
BAHAL**

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NEIL MADAN
BAHAL
Date: 2023.09.25
17:24:36 +05'30'

**Neil Bahal
Director
DIN: 01460144**

Email: neil@negencapital.com
Phone No: 022-67574427

Date: 25th September 2023
Place: Mumbai