

## DISCLOSURE DOCUMENT

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

### I. Declaration:

- a) The Disclosure Document (hereinafter referred as the “**Document**”) has been filed with Securities and Exchange Board of India (“**SEBI**”) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- b) The Document serves the purpose of providing essential information about the portfolio management services in order to assist and enable the investors in making informed decision for engaging Wyridian Advisors Private Limited (previously “Wyridian Advisors LLP”; hereinafter referred as the “**Portfolio Manager**”) as the portfolio manager.
- c) The Document contains the necessary information about the Portfolio Manager required by an investor before investing. The investor is advised to retain the Document for future reference.
- d) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager are as follows:

#### **PRINCIPAL OFFICER**

**Name : Kanika Agarrwal**

Phone : +91 98332 58135

E-Mail : [kanika@wyridian.com](mailto:kanika@wyridian.com)

**30 November 2022**

#### **PORTFOLIO MANAGER**

Wyridian Advisors Private Limited

(previously “Wyridian Advisors LLP”)

**Registered Address:** 702 Amarnath Towers  
CHS Ltd, off. J. P. Road Near Sanjiv Enclave,  
Seven Bungalows,  
Andheri (W) Mumbai- 400061

**Commercial Address:** Idea Square Business  
Center, 2nd Floor, Cabin #15  
B-42, Veera Industrial Estate, Opp Citi Mall  
New Link Road, Andheri West, Mumbai  
400053

## II. INDEX

### Contents

1) Disclaimer.....	2
2) Definitions .....	2
3) Description.....	5
4) Penalties, pending litigation etc. ....	7
5) Services Offered .....	8
6) Risk factors .....	13
7) Client Representation .....	18
8) Financial Performance .....	20
9) Track record of the Portfolio Manager.....	21
10) Audit observation of preceding three years.....	21
11) Nature of expenses .....	21
12) Taxation .....	23
13) Accounting policies.....	34
14) Investors services .....	34
15) General .....	36

### **III. Contents:**

#### **1) Disclaimer**

- a) Particulars of this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020, as amended till date and filed with SEBI.
- b) This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.
- c) This Disclosure Document is dated 30 November 2022 (Audited financial data up to 31 March 2022)

#### **2) Definitions**

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

##### **a) Agreement**

Means the advisory and portfolio management services agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.

##### **b) Applicable Laws**

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

##### **c) Capital Contribution**

Means the sum of money or Securities or combination thereof, placed by the Client simultaneously upon execution of the Agreement, subject to a minimum of INR 50,00,000 (Indian Rupees Fifty Lakhs) or such other higher amount as may be specified by the Portfolio Manager in accordance with the Regulations.

##### **d) Chartered Accountant**

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

##### **e) Client / Investor**

Means domestic resident Indian individuals, non-resident Indians, company/body corporate, partnership firm, trust, society, association of persons, limited liability partnership, and such other persons as may be deemed by the Portfolio Manager, to be eligible to avail of the services of the Portfolio Manager from time to time under the PMS.

**f) Disclosure Document**

Means this document filed by the Portfolio Manager with SEBI as required under the Regulations and as may be amended by the Portfolio Manager from time to time.

**g) Financial Year:**

A financial year shall be the period of 12 months commencing on 1<sup>st</sup> of April and ending on the 31<sup>st</sup> March of the succeeding year.

**h) Management Fee**

Means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

**i) Performance Fee**

Means the performance-linked fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

**j) Portfolio Manager or Wyridian**

Means “*Wyridian Advisors Private Limited (previously Wyridian Advisors LLP)*”, who pursuant to a contract or arrangement with a Client / Investor, advises or directs or undertakes on behalf of the Client / Investor (whether as a discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the Client / Investor, as the case may be. Wyridian Advisors LLP has been converted to Wyridian Advisors Private Limited as of 14 May 2021.

**k) Portfolio Entity**

Means companies, enterprises, entities, bodies corporate, venture capital funds, trusts, limited liability partnerships, partnership firms or any other entities in the Securities in which the monies of the Portfolio are invested subject to Applicable Laws.

**l) Portfolio or Client Portfolio**

Means the total holding of all Securities, goods and funds belonging to the Client in accordance with the Agreement.

**m) Portfolio Commencement Date**

Means the date when the payment of the Capital Contribution shall be made to the Portfolio Manager.

**n) Principal Officer**

Means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:

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

**o) PMS**

Means the portfolio management services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement entered with its Client/Investor and in accordance with the terms of this Document.

**p) PML Laws**

Means the Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time.

**q) Regulations**

Means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

**r) Securities**

For the purpose of this Document shall mean and include securities/instruments of Portfolio Entities, all marketable securities including equity shares, quasi equity shares, preference shares, debentures (whether convertible or non-convertible and whether secured or unsecured and whether listed or unlisted), convertible securities, depository receipts, bonds, secured premium notes, government securities, pass-through certificates, treasury bills, units, derivatives, equity linked products, debt, hybrid debt products, mortgage-backed securities, commercial debt papers, notes, units of a trust, units of a domestic venture capital fund and any other instrument falling within the definition of 'security' under section 2(h) of the Securities Contract (Regulation) Act, 1956.

**s) SEBI**

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

**t) Term**

The term of the Agreement as reflected in the respective Agreement entered with the Client by the Portfolio Manager.

**u) Termination Fee**

Means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

Any term used in this Document but not defined herein (but defined in the Regulations) shall have the same meaning as assigned to them in the Regulations.

### 3) Description

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

Wyridian has been registered with SEBI as a portfolio manager on February 27, 2018, bearing registration number INP000005953 to offer investment management, portfolio management, and advisory services to High Networth Individuals (HNIs), institutional clients, corporates and other permissible class of Investors. The Portfolio Manager conducts its business under the brand name of 'Upside AI'.

The Portfolio Manager was incorporated on December 11, 2017 as Wyridian Advisors LLP. Wyridian Advisors LLP has been converted to Wyridian Advisors Private Limited as of 14 May 2021. Directors of the Portfolio Manager have had a long-standing successful investing career, investing in listed and unlisted small and mid-sized companies in India across a diverse range of sectors.

#### (b) Directors of the Portfolio Manager and their background

1. Kanika Agarrwal, CFA
2. Nikhil Surender Hooda, PhD
3. Atanuu Agarrwal

##### A brief profile of the Directors:

#### 1. Kanika Agarrwal, CFA

Kanika has a total of 15 years of work experience in financial services. She spent approx. four years with Mayfield Fund's India practice advising Mayfield India Fund about investments in consumer internet, apparel, retail, food, technology and enterprise businesses. Mayfield globally has over \$3 billion in assets under management and has over \$200 million (~Rs 1,300 crores) under management in India. At Mayfield, her key deals included Matrimony.com (IPO – 2017), Amagi (adtech), Knowlarity (enterprise SaaS), Triphobo (travel tech), The Beer Café (food) and Genesis Colors (luxury retail). Before Mayfield, she worked with Credit Suisse in their investment banking team advising technology, media and telecommunication companies in Asia Pacific on mergers and acquisitions for approx. 2 years. Before Credit Suisse, she was with Ernst & Young for 3 years advising asset management companies, foreign funds and FIIs on their India entry and structures from a tax & regulatory perspective.

Educational qualifications: Chartered Accountant (All India Rank 18) and a Chartered Financial Analyst (CFA) degree holder. She also holds a B. Com from Mumbai University.

## **2. Nikhil Surender Hooda, PhD**

Nikhil worked with Credit Suisse on the development of financial trading platforms used by the company's global algorithmic trading team for two years which helped the company in security screening and selection. He then spent five years at IIT Bombay completing his PhD in Computer Science.

Nikhil holds a B. Tech in Computer Science from IIT Bombay (JEE All India Rank 43) and a PhD in optimization of large data systems from IIT Bombay.

## **3. Atanuu Agarrwal**

Atanuu has a total of 12 years of work experience in financial services. Since 2012, he was an investment professional at Vedanta Management and NSR Advisors, private investment firms with approximately ~\$1 billion of assets under management. He was also VP at Tenzing Acquisition Corp., a NASDAQ listed Special Purpose Acquisition Company (SPAC), since 2018, that merged with Reviva Pharmaceuticals Holdings, Inc. (NASDAQ: RVPH) a California based biotech company. He also has been VP at Eucrates Biomedical Acquisition Corp, a NASDAQ listed SPAC since 2020. Over the span of his career, he has worked closely on investments worth over \$500 million across financial services, education, telecom, pharmaceutical and media sectors. These include: (i) a large financial services platform to invest in which platform subsequently sold to Carlyle in 2015 (ii) a large network of K-12 schools present in 7 countries, and a leading service provider to K-12 schools and colleges in India; (iii) various early and growth stage investments in the SAAS, biotech and medical devices sectors and (iv) PIPEs and investments in publicly listed companies in India and the US. He has also worked closely on finance and legal matters, and client relationships.

Previously, Atanuu was part of the investment banking team at Credit Suisse and worked on various transactions in the energy, utilities, and industrials sectors.

He holds a B.Tech and M.Tech from IIT Bombay in Material Sciences and majored in medical applications of cutting-edge materials.

### **(c) Top 10 Group companies/firms of the Portfolio Manager on turnover basis.**

The Portfolio Manager has no group companies/firms.

### **(d) Details of the services being offered: Discretionary, Non- Discretionary and Advisory**

The Portfolio Manager presently provides discretionary portfolio management services and advisory services and if opportunity arises thereafter, then it also proposes to render non-discretionary portfolio management services. It is hereby clarified that the Portfolio Manager shall provide an option to the Client to be on-boarded directly, without intermediation of persons engaged in distribution services.

#### **1. Discretionary Services:**

Under the Discretionary PMS, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or

management of assets of the Client. The Securities invested / divested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account 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 except on the ground of fraud, mala fide intent, conflict of interest (other than those already disclosed in the Agreement) or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Applicable Laws. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients in accordance with the Agreement and the Regulations.

## **2. Non - Discretionary Services:**

Under the Non-Discretionary PMS, the assets of the Client are managed in consultation with the Client. Under this service, the assets are managed as per the requirements of the Client after due consultation with the Client. The Client has complete discretion to decide on the investment (quantity and price or amount). The Portfolio Manager *inter alia* manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client.

## **3. Advisory Services**

The Portfolio Manager provides investment advisory services, in terms of the Regulations, which includes the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the Clients Portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market. The Portfolio Manager shall be solely acting as an advisor to the portfolio of the Client and shall not be responsible for the investment / divestment of Securities and / or any administrative activities on the Client Portfolio. The Portfolio Manager shall provide advisory services in accordance with such guidelines and / or directives issued by the regulatory authorities and / or the Client, from time to time, in this regard. It is hereby clarified that minimum contribution requirement prescribed under the Regulations will not be applicable for advisory services subject to Applicable Laws.

## **Minimum Capital Contribution**

The Client, availing discretionary or non-discretionary services, shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and /or funds of an amount prescribed by Portfolio Manager, subject to minimum amount as specified under Regulations, as amended from time to time.

## **Investment Horizon**

A minimum investment horizon of 1 year is preferred.

## **4) Penalties, pending litigation etc.**

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 SEBI or the directions issued by SEBI under the SEBI Act or rules or regulations made thereunder.



*None.*

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

*None.*

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

*None.*

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

*None.*

- (v) Any deficiency in the systems and operations of the Portfolio Manager observed by the SEBI or any regulatory agency.

*None.*

- (vi) Any enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under Applicable Laws.

*None.*

## 5) Services Offered

- (i) **The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in the Document for easy understanding of the potential investor.**

The investment objective of the Portfolio Manager under its PMS is to provide superior and consistent risk adjusted returns for the Client. The Portfolio Manager may invest in listed equity and debt securities/products, fixed income products/instruments, mutual fund units, exchange traded fund/s, structured product/s, and any other permissible Securities/instruments/products in which the Portfolio Manager can invest as per Applicable Laws including the Regulations. The Portfolio Manager would seek to generate capital appreciation as well as returns on Client's capital by such investments.

- (ii) **Investment Approaches of the Portfolio Manager**

**I. Investment approach name:** Upside Flexicap (earlier known as Upside Multicap)

- (a) **Investment objective:** The primary investment objective of the Portfolio Manager is to generate capital appreciation over the medium to long term by investing in equity / equity related instruments of companies listed in the Indian equity markets and any other permissible Securities/ instruments/

products in which the Portfolio Manager can invest in as per Applicable Laws. The Portfolio Manager would seek to generate capital appreciation and/ or recurring gains/ income on Client's capital from such investments.

- (b) **Investment philosophy:** The Portfolio Manager utilizes proprietary algorithms to generate model portfolios on a quarterly basis and therefore, the model portfolio is updated every quarter. The Securities in such quarterly portfolio are subsequently screened and evaluated qualitatively by the Portfolio Manager. A Client's Portfolio will be based on the model portfolio suggested for the quarter in which the Capital Contribution is received.
- (c) **Investment portfolio:** The Portfolio Manager will invest in large, mid and small market capitalization companies. The Portfolio Manager would typically invest in 10-35 stocks. No single stock would have exposure of over 15% at the time of buying.

The Portfolio Manager would invest in securities of companies that generally exhibit the following characteristics:

- an increasing addressable market opportunity;
- qualified and experienced management & second line of management;
- ability to expand and defend its competitive moat;
- potential to generate superior shareholder returns over long period of time;
- high standards of corporate governance.

- (d) **Investment horizon:** Securities are held with a minimum investment horizon of one quarter.
- (e) **Benchmark:** NIFTY 500 Total Return Index (TRI) will be used as a benchmark for a Client's Portfolio.
- (f) **Risk factors:** For the risk factors, kindly refer to **Clause 6** below.

## II. **Investment approach name:** Upside 250 (previously known as Wyridian Top 250)

- (a) **Investment objective:** The primary investment objective of the Portfolio Manager is to generate capital appreciation over the medium to long term by investing in equity / equity related instruments of companies listed in the Indian equity markets and any other permissible Securities/ instruments/ products in which the Portfolio Manager can invest in as per Applicable Laws. The Portfolio Manager would seek to generate capital appreciation and/ or recurring gains/ income on Client's capital from such investments.
- (b) **Investment philosophy:** The Portfolio Manager utilizes proprietary algorithms to generate model portfolios on a quarterly basis and therefore the model portfolio is updated every quarter. The Securities in such quarterly portfolio are subsequently screened and evaluated qualitatively by the Portfolio Manager. A Client's Portfolio will be based on the model portfolio suggested for the quarter in which the Capital Contribution is received.

- (c) **Investment portfolio:** The Portfolio Manager will invest in large cap and mid cap companies. The Portfolio Manager would typically invest in 10-35 stocks. No single stock would have exposure of over 15% at the time of buying.

The Portfolio Manager would invest in securities of companies that generally exhibit the following characteristics:

- an increasing addressable market opportunity;
  - qualified and experienced management & second line of management;
  - ability to expand and defend its competitive moat;
  - potential to generate superior shareholder returns over long period of time;
  - high standards of corporate governance.
- (d) **Investment horizon:** Companies are held with a minimum investment horizon of 3-12 months.
- (e) **Benchmark:** NIFTY 250 Total Return Index (TRI) will be used as a benchmark for a Client's portfolio.
- (f) **Risk factors:** For the risk factors, kindly refer to **Clause 6** below.

### III. **Investment approach name:** Upside Navigator

- (a) **Investment objective:** The primary investment objective of the Portfolio Manager is to generate capital appreciation over the medium to long term by investing in a combination equity / equity related instruments of companies listed in the Indian equity markets, debt related mutual funds or exchange traded funds or securities listed in India, gold related mutual funds or exchange traded funds or securities listed in India and any other permissible Securities/ instruments/ products in which the Portfolio Manager can invest in as per Applicable Laws. The Portfolio Manager would seek to generate capital appreciation and/ or recurring gains/ income on Client's capital from such investments.
- (b) **Investment philosophy:** The Portfolio Manager utilizes proprietary algorithms to generate asset allocation across equity, debt, and gold and also generate model portfolios for the equity allocation on a quarterly basis and therefore, the portfolio is updated every quarter. The Securities in such quarterly portfolio are subsequently screened and evaluated qualitatively by the Portfolio Manager. A Client's Portfolio will be based on the model portfolio suggested for the quarter in which the Capital Contribution is received.
- (c) **Investment portfolio:** The Portfolio Manager will invest in large and mid-market capitalization companies, debt mutual funds, exchange traded funds, or other securities which are either linked to government or corporate bonds, and mutual funds, exchange traded funds, sovereign gold bonds, or other securities that are linked to the spot price of gold. The Portfolio Manager would typically invest between 15-50% in each of the three sub-asset classes i.e., equity, debt and gold. Within the equity sub-asset class, the Portfolio Manager would typically invest in 10-35 stocks. No single stock would have exposure of over 10% at the time of buying. Within the debt sub-asset class, the Portfolio Manager would typically invest in debt mutual funds, exchange traded funds, or other securities which

are either linked to government or corporate bonds. Within the gold sub-asset class, the Portfolio Manager would typically invest in mutual funds, exchange traded funds, sovereign gold bonds, or other securities that are linked to the spot price of gold.

Within the equity sub-asset class, the Portfolio Manager would invest in securities of companies that generally exhibit the following characteristics:

- an increasing addressable market opportunity;
- qualified and experienced management & second line of management;
- ability to expand and defend its competitive moat;
- potential to generate superior shareholder returns over long period of time;
- high standards of corporate governance.

- (d) **Investment horizon:** Securities are held with a minimum investment horizon of one quarter.
- (e) **Benchmark:** Nifty 50 Hybrid Composite Debt 50:50 index will be used as a benchmark for a Client's Portfolio.
- (f) **Risk factors:** For the risk factors, kindly refer to **Clause 6** below.

**IV. Investment approach name:** Upside Liquid STP

- (a) **Investment objective:** The primary investment objective of Upside Liquid STP approach is to predominantly make investments in liquid mutual funds, short term debt funds, money market mutual funds, other debt funds, ETFs to facilitate investors to take asset allocation calls between cash and other assets.
- (b) **Investment philosophy:** The Portfolio Manager seeks to generate returns for the client through optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities, money market securities and other securities mentioned above.
- (c) **Investment portfolio:** The Liquid STP investment approach is based on investing money in units of liquid funds / overnight funds / debt-oriented funds/ ETF's / money market funds or simply as bank balance till the funds are invested in one of the other investment approaches of Upside AI.
- (d) **Investment horizon:** Investments will have a time horizon of 1-12 months.
- (e) **Benchmark:** Nifty 50 Hybrid Composite Debt 50:50 index will be used as a benchmark for Client's Portfolio.
- (f) **Risk factors:** For the risk factors, kindly refer to **Clause 6** below.

In case of discretionary PMS, the following shall apply to the Portfolio Manager:

- (a) The Portfolio Manager shall have the sole and absolute discretion to invest the Capital Contribution in accordance with the Agreement and make changes to the investment pattern and/or invest all or some of the Capital Contribution in a manner that it deems fit.
- (b) The Portfolio Manager may exercise voting rights, if any, and such other rights in relation to any Securities held on behalf of or invested with the Capital Contribution, in its absolute discretion, but subject to Applicable Laws.
- (c) Any decision of the Portfolio Manager (taken in good faith) in deployment of the Client Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of fraud, mala fide intent, conflict of interest (other than those already disclosed in the Agreement) or gross negligence.
- (d) The Portfolio Manager, in its absolute discretion, may conduct operations and transactions including sale and purchase transactions from the Client Portfolio through agencies, entities, brokers or a panel of brokers at prevalent market prices.
- (e) In the management of the Client Portfolio, the Portfolio Manager may, in its sole discretion apply for, subscribe, obtain, buy, accept, acquire, endorse, transfer, redeem, renew, exchange, dispose, sell or otherwise deal in the Securities and generally manage, convert, transpose and vary the investments of the Client's Portfolio. The powers exercised by the Portfolio Manager as above shall be final, binding and irrevocable on the Client and the Client shall be deemed to have approved/ratified any such investment and related activities or deeds that the Portfolio Manager may undertake from time to time.
- (f) Accruals, accretions, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and / or replacements or any other beneficial interest including dividend, interest, premium, discounts and other rights, benefits and accruals that accrue to the investments in respect of the Client's Portfolio shall be received by the Portfolio Manager in the name of the Client and would in any event belong to Client Portfolio.
- (g) The Portfolio Manager shall buy and sell Securities on the basis of delivery and shall in all cases of purchases, take delivery of the relevant Securities and in all cases of sale, deliver the relevant Securities and shall in no case put itself in a position whereby it has made a short sale or needs to carry forward a transaction or engage in badla finance, bill discounting or lending or placement with corporate or non-corporate bodies. The Portfolio Manager may, subject to authorization by the client in writing, participate in securities lending as per the Securities Lending Scheme, 1997 specified by SEBI.
- (h) Subject to the fees charged by the Portfolio Manager, and other deductible expenses, all variations in the value including capital appreciation or depreciation, trading profits or losses, dividends, interest, premium, discounts and other rights and accruals on the Securities and goods of the Client's Portfolio, would be to the account of and belong solely to the Client. Subject to the aforesaid, the Portfolio Manager, may from time to time:

- i. execute off market transaction in Client Portfolio in accordance with the Regulations;
  - ii. have business relationship with Portfolio Entity/ies whose Securities are held, purchased or sold for the Client's account and may be separately compensated for carrying on such other business activity by the Portfolio Entity/ies;
  - iii. purchase, hold and sell for the Client's account any Securities that may have been held or acquired by it or by its clients with whom it has business relationships subject to the provisions of Clause (ii) hereinabove; and
  - iv. exercise voting rights, if any, and such other rights in relation to any Securities held on behalf of or invested with the Capital Contribution, in its absolute discretion, but subject to Applicable Laws.
- (i) The Portfolio Manager may keep the funds of the Client in a separate bank account maintained with a scheduled commercial bank segregated from the accounts of Portfolio Manager's other clients or, at its discretion, along with the funds of other clients in the PMS subject to the requirements laid down under Regulations and use the same for the purpose of the purchase and sale of Securities allowed in the Agreement and for payment of allowable expenses/fees and for the purposes set out in the Agreement. The Portfolio Manager shall not use funds of the Client for the benefit of any other clients. Accounts of the Client shall be segregated from the accounts of all the other clients of the Portfolio Manager and shall be maintained separately.
- (j) Funds pending investments, if any, shall be invested by the Portfolio Manager in bank deposits, money market instruments, liquid funds, government issued treasury securities and capital guaranteed schemes offered by major financial institutions, liquid or money market mutual fund schemes and other similar securities/instruments etc. In no case shall the Portfolio Manager deploy the Capital Contribution in unregulated financing mechanism such as badla or discounting of bills of exchange or for the purpose of lending or placement with corporate or non-corporate bodies unless otherwise permitted by SEBI.

**V. The policies for investments in associates/group companies of the Portfolio Manager and the maximum percentage of such investments therein subject to the Applicable Laws/regulations/guidelines.**

The Portfolio Manager will not be making investments in associates/group companies.

**6) Risk factors**

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.
- The past performance of the Portfolio Manager will not indicate its future performance.
- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- The Client Portfolio may be affected by settlement periods and transfer procedures.
- The Portfolio Management Service is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single Portfolio Entity/ies. The performance of the Portfolios would depend on the performance of such companies/industries/sectors of the economy.

- The Portfolio Manager will select equity securities using a quantitative selection process constructed by the Portfolio Manager. This selection process involves the Portfolio Manager creating algorithm-based investment model by ranking and scoring equities based on various fundamental factors. While such investment model is expected to address investment risks, the Investment Manager does not guarantee that investments by the Portfolio will yield results intended by such investment model. Any change in the factors initially considered by the Portfolio Manager for constructing the model could have negative impact on the Portfolio.
- Portfolio selection by algorithm-based investment model does not offer guaranteed returns.
- The Net Asset Value (NAV) of the portfolio can go up or down depending on factors beyond the control of PMS that may affect the capital markets.
- The Names of the Scheme under portfolio are not in any manner related to the performance of securities or their prospects or returns.
- If there will be any transactions of purchase and/or sale of securities by Portfolio Manager and employees who are directly involved in investment operations that conflicts with transactions in any of the Client Portfolio, the same shall be disclosed to the Client.
- The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local / international markets, change of local/state/central government law and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change / technology updates / obsolescence of technology would affect the investments made by the Portfolio Manager.
- The Portfolio Manager may use derivatives instruments like Stock / Index Futures, Stock Options, Interest Rate Swaps, Forward Rate Agreements or other derivative instruments, as permitted under the Regulations and guidelines. As and when the Portfolio Manager trades in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Portfolio and the ability to forecast price or interest rate movements correctly. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Also, the market for derivative instruments is nascent in India.

Other risks arising from the investment objectives, investment strategy, investment approach and asset allocation are stated as under:

**Risks associated with investments in equity and equity linked securities**

- Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- Execution of investment strategies depends upon the ability of the Portfolio Manager to identify opportunities which may not be available at all times and that the decisions made by the Portfolio Manager may not always be profitable.
- In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.

- The value of the Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.
- Client may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

### **Risks associated with investments in fixed income Securities/products**

Some of the common risks associated with investments in fixed income and money market securities are mentioned below. These risks include but are not restricted to:

- **Interest Rate Risk:** As with all debt securities, changes in interest rates affects the valuation of the portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the valuation of portfolios.
- **Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

**Credit Risk:** Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e., risk that the issuer will be unable to make timely principal and interest payments on the security). Due to this risk, debentures are sold at a yield spread above those offered on treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.

- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

### **Management and Operational risks**

#### **Reliance on the Portfolio Manager**

- The success of the PMS will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Entities and the structuring of investments. Furthermore, the team members of the Portfolio Manager may change from time to time. The Portfolio Manager relies on one or more key personnel and any change/removal of such key personnel may have material adverse effect on the returns of the Client.



- The investment decisions made by the Portfolio Manager may not always be profitable.
- Investments made by the Portfolio Manager are subject to risks arising from the investment objectives, investment approach, investment strategy and asset allocation.

### **Other risks in relation to investment in Securities/Instruments**

- The Client would be subject to ongoing risk profiling in accordance with the Regulation. If in case during such ongoing risk profiling, it is found that the Client is not suitable for the investments in Securities or doesn't have risk appetite, the Portfolio Manager may terminate the Agreement with the Client.
- The in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Client Portfolio could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the Agreement with Portfolio Entities. If an in-specie distribution is received by the Clients from the Portfolio Manager, the Clients may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.
- Some of the Portfolio Entities in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its Securities in the Portfolio Entity for such period as may be prescribed under the Applicable Law, or there may be certain investments made by the Portfolio Manager which are subject to a statutory period of non-disposal and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.
- The Client Portfolio may be invested in listed securities and as such may be subject to the market risk associated with the vagaries of the capital market.

The Portfolio Manager may also invest in Portfolio Entity/ies which are new or recently established or are investment vehicles like mutual funds/trusts/venture capital funds. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance. Provided investments in mutual funds shall be through direct plans only.

### **Portfolio-related Risks**

#### **Identification of Appropriate Investments**

The success of the PMS as a whole, depends 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 Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

## **Change in Regulation**

Any change in the Regulations and/or other Applicable Laws or any new direction of SEBI may adversely impact the operation of the PMS.

## **Bankruptcy of Portfolio Entity:**

Various laws enacted for the protection of creditors may operate to the detriment of the PMS if it is a creditor of a Portfolio Entity that experience financial difficulty. For example, if a Portfolio Entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the Client's claim to other creditors. If the PMS/Client holds equity securities in any Portfolio Entity that becomes insolvent or bankrupt, the risk of subordination of the PMS's/Client's claim increases.

## **Political, economic and social risks**

Political instability or changes in the Government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. The Portfolio Entity's business may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private and public sector companies, market conditions, prices and yields of the Portfolio Entity/ies.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the government's economic liberalization and deregulation policies in the future could affect business and economic conditions in India and could also adversely affect the Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private and public sector companies, market conditions, prices and yields of the Portfolio Entity/ies.

Many countries have experienced outbreaks of infectious illnesses in recent decades, including severe acute respiratory syndrome and the COVID-19. The COVID-19 outbreak has resulted in numerous deaths and the imposition of both local and more widespread "work from home" and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale. The ongoing spread of the COVID-19 has, had, and will continue to have a material adverse impact on portfolio entities, local economies and also the global economy, as cross border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. Additionally, the Portfolio Manager's operations could be disrupted if any of its member or any of its key personnel contracts the COVID-19 and/or any other infectious disease. Any of the foregoing events could materially and adversely affect the Portfolio Manager's ability to source, manage and divest its investments and its ability to fulfil its investment objectives. Similar consequences may arise with respect to other comparable infectious diseases.

## **Inflation Risk**

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important

influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

## Tax risks

**Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the Portfolio Entities. The Government of India, State Governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Entities. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio's profitability. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by Clients as a result of such changes.**

(i) Data as on 31 October 2022 is provided below:

Category of Clients	No. of Clients	Funds Managed (Rs cr)	Funds Advised (Rs cr)	Type of service
Associate/ Group Companies	1	2.78	NA	Discretionary
Others	58	35.27	NA	Discretionary
Others	5	NA	7.91	Investment Advisory
<b>Total</b>	<b>64</b>	<b>38.05</b>	<b>7.91</b>	

## (ii) Related party transactions:

Wyridian Advisors Private Limited is a "Fund manager" as per the term defined under SEBI (Research Analysts) Regulations, 2014 (RA regulations), and is eligible to act as a Research Analysts (vide SEBI registration number INP000005953) in accordance with the SEBI (Research Analysts) Regulations, 2014.

The disclosure of transactions with Related Party as presented below are for Wyridian Advisors Private limited (date of incorporation 14<sup>th</sup> May 2021) which is as per the standards specified by the Institute of Chartered Accountants of India

- i. The name of transacting related party: Nil
- ii. A description of the relationship between the parties: Nil
- iii. A description of the nature of transactions: Nil
- iv. Amount of transactions: Nil
- v. Any other elements of the related party transactions necessary for an understanding of the financial statements;
  - Remuneration of Rs. 12,00,000 and Reimbursement of Rs. 28,200 to Atanuu Agarrwal, Director for FY ending 2022
  - Remuneration of Rs. 18,00,000 and Reimbursement of Rs. 3,06,236 to Kanika Agarrwal, Director for FY ending 2022

- Remuneration of Rs. 18,00,000 to Nikhil S Hooda, Director for FY ending 2022
- Status of optionally convertible redeemable preference shares as per details mentioned below, Face value- Rs 100 per share

Shareholder Name	No of shares (allotted)	No of shares (redeemed)	No of shares (after redemption)
Atanuu Agarrwal	73245	44000	29245
Kanika Agarrwal	87015	44000	43015
Nikhil S Hooda	76740	44000	32740

- vi. The amounts of outstanding items pertaining to related parties at the balance sheet date and provision for doubtful debts due from such parties at that date: Nil
- vii. Amounts written off or written back in the period in respect of debts due from or to related parties: Nil
- viii. Related party closing balance: Nil

**The disclosure of transactions with Related Party as presented below are for Wyridian Advisors LLP (date of dissolution and conversion to private limited 13<sup>th</sup> May 2021) which is as per the standards specified by the Institute of Chartered Accountants of India**

(i)	Transactions during the year (Rs)	FY2022	FY2021	FY2020
	<b>Capital Contribution</b>	-	-	<b>28,41,865</b>
	Atanuu Agarrwal	-	-	6,00,000
	Kanika Agarrwal	-	-	16,41,865
	Nikhil Surender Hooda	-	-	6,00,000
	<b>Drawings</b>	<b>34,95,372</b>	<b>18,00,000</b>	-
	Atanuu Agarrwal	12,45,098	-	-
	Kanika Agarrwal	11,43,078	9,00,000	-
	Nikhil Surender Hooda	11,07,196	9,00,000	-
	<b>Salary paid to Partners during the year</b>	--	<b>15,00,000</b>	<b>150,000</b>
	Kanika Agarrwal	-	7,50,000	75,000
	Nikhil Surender Hooda	-	7,50,000	75,000
	<b>Reimbursement of Expenses</b>	<b>43494</b>	<b>1,99,075</b>	<b>37,002</b>
	Kanika Agarrwal	43494	1,84,663	36,203
	Atanuu Agarrwal	-	5,000	-
	Nikhil Surender Hooda	-	9,412	799
	<b>Loan taken from Partners</b>	-	-	-
	Kanika Agarrwal	-	-	-
	Nikhil Surender Hooda	-	-	-

<b>(i)</b>	<b>Transactions during the year (Rs)</b>	<b>FY2022</b>	<b>FY2021</b>	<b>FY2020</b>
	<b>Loan repaid to Partners</b>	-	-	<b>1311</b>
	Kanika Agarrwal	-	-	1,131
	Nikhil Surender Hooda	-	-	180
	<b>Share of Profit/ (Loss)</b>	<b>1,23,289</b>	<b>41,77,393</b>	<b>(13,64,612)</b>
	Atanuu Agarrwal	41092	13,92,325	(4,54,825)
	Kanika Agarrwal	41,105	13,92,743	(4,54,962)
	Nikhil Surender Hooda	41,092	13,92,325	(4,54,825)
<b>(ii)</b>				
	<b>Outstanding Capital Accounts (Rs)</b>			
	Atanuu Agarrwal	73,71,783	85,75,790	71,83,464
	Kanika Agarrwal	87,48,798	98,50,768	86,00,138
	Nikhil Surender Hooda	77,21,284	87,87,389	75,45,064

## 8) Financial Performance

Financials presented below are for Wyridian Advisors LLP. Wyridian Advisors LLP was converted to Wyridian Advisors Private Limited as of 14 May 2021.

Data for the last three years is as follows- **Wyridian Advisors LLP**

Particulars	FY2022 (Rs)	FY2021 (Rs)	FY 2020 (Rs)
<b>Income</b>	3,22,087	93,89,881	16,24,738
<b>Expenses</b>	1,98,799	41,57,488	26,74,824
<b>Profit/ (Loss) Before Tax</b>	1,23,288	52,32,393	(10,50,086)
<b>Profit/(Loss) After Tax</b>	1,23,288	41,77,393	(13,64,612)

Data for the last three years is as follows- **Wyridian Advisors Private Limited**

Particulars	FY2022 (Rs)	FY2021 (Rs)	FY 2020 (Rs)
<b>Income</b>	86,17,149	NA	NA
<b>Expenses</b>	2,28,40,423	NA	NA
<b>Profit/ (Loss) Before Tax</b>	(1,42,23,274)	NA	NA
<b>Profit/(Loss) After Tax</b>	(1,42,23,274)	NA	NA

## 9) Track record of the Portfolio Manager

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

The Portfolio Manager has obtained a certificate of registration from SEBI to function as a portfolio manager in February 2018 and commenced investment operations from 4 May 2018. Data for the period 4 May 2018 to 30 April 2022 is provided below.

<b>TWRR Net Performance %</b>	<b>FY23 (upto 31 Oct)</b>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>
<b>Upside Flexicap (earlier known as Upside Multicap)</b>	<b>-5.1</b>	<b>2.4</b>	<b>79.4</b>	<b>-19.9</b>
Benchmark (NIFTY 500 TRI)	4.5	22.3	77.6	-26.8
<b>Upside 250* (earlier known as Wyridian Top 250)</b>	<b>7.2</b>	<b>18.1</b>	<b>80.3</b>	<b>-30.4</b>
Benchmark (NIFTY 250 TRI) (%)	5.8	22.9	85.9	-28.5
<b>Upside Navigator**</b>	<b>0.94</b>	<b>0.07</b>	NA	NA
Benchmark (NIFTY 50 Hybrid Composite Debt 50:50 TRI) (%)	2.5	0.21	NA	NA
<b>Upside Liquid STP***</b>	NA	NA	NA	NA
Benchmark (NIFTY 50 Hybrid Composite Debt 50:50 TRI) (%)	NA	NA	NA	NA

\*Started 1 Jan 2020 for both Upside 250 and its Benchmark

\*\* Scheme started from December 2021

\*\*\*Scheme in setup process

Performance is calculated on a TWRR basis. The above returns are net of all expenses, brokerage and taxes. Please note that actual performance for a client portfolio may vary due to factors such as timing of flows, expenses, redemptions, etc.

## 10) Audit observation of preceding three years

There are no audit observations in preceding three years.

## 11) Nature of expenses

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services is annexed to the Agreement in respect of each of the services provided.

I. Set-up fee:

No upfront fees would be charged by the Portfolio Manager from the Clients.

II. Management/ Advisory fee and Performance Fee:

The management and advisory fee relate to the portfolio management services and investment advisory offered to the Clients. The performance fee relates to the share of profits charged by the Portfolio Manager, subject to high water mark principle.

The fee may be a fixed charge or a percentage of the quantum of the funds being managed/ advised, a variable profit share, or a combination of these. The maximum management fee chargeable is 3% p.a. and the maximum variable fee chargeable is 30% of profits as mutually agreed between the Portfolio Manager and the Client.

III. Termination fee:

The Portfolio Manager may charge early withdrawal fee as may be agreed upon between the Portfolio Manager and the Clients as per the terms and conditions of a particular product. However, the same shall not exceed the restrictions mandated by SEBI from time to time.

A charge of 1% exit fees may be levied by the Portfolio Manager for withdrawal before 12 months, as mutually agreed between the Portfolio Manager and the Client.

IV. Other fees and expenses:

i. Services related to regular communication, account statements, etc.:

Charges relating to custody and transfer of shares, bonds and units, and/or any other charges in respect of the investment.

ii. Depository/Custodian fee:

Charges relating to opening and operation of demat account, dematerialisation and rematerialisation, etc.

iii. Registrars and Transfer Agents' fees:

Fees payable to the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and courier charges.

iv. Brokerage, Transaction Costs and other Services:

The brokerage and other charges like stamp duty, transaction cost and statutory levies such as goods and service tax (GST), securities transaction tax (STT), turnover fees and such other levies as may be imposed from time to time.

Currently the Portfolio Manager has empaneled (1) Incred capital wealth portfolio Managers Pvt Ltd (2) Ambit Capital Pvt. Ltd.; and (3) Aldan Investments Pvt. Ltd. for broking services. Further, it has appointed Orbis Financial Corporation Limited for custody and fund accounting services. Transaction charges are passed on at actuals include brokerage of 0.07%, other statutory charges (GST, stamp duty, SEBI fees, transaction charges) of 0.0135%. STT is applicable at prevailing rates. Custody & fund accounting charges are 0.04% p.a. of average daily AUM charged plus applicable taxes.

V. Any other incidental or ancillary expenses:

All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above arising out of or in the course of managing or operating the Portfolio incurred by the Portfolio Manager on behalf of the Client shall be charged to the Client. However, this amount (including custody and fund accounting charges) shall not exceed 0.50% p.a. or such amount as mandated by SEBI from time to time.

## 12) Taxation

### (i) General

The information furnished below outlines briefly the key tax implications applicable to the Clients investing through the Portfolio Manager. The tax implications are based on the relevant provisions of the Income-tax Act, 1961, (**'the Act'**), as amended by the Finance Act, 2022 (collectively referred to as **'the relevant provisions'**). Since the information below is based on the relevant provisions as on the date of this document, any subsequent changes in the said provisions could impact the overall tax considerations for the Client.

The following information is provided for general information purposes only. The following summary of the anticipated tax treatment does not constitute legal or tax advice and is based on the taxation law and practice in force at the date of this document. While this summary is considered to be a correct interpretation of existing laws and practice in force on the date of this document, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation, or that changes in such laws or practice will not occur. This summary does not purport to be a complete analysis of all relevant tax considerations, nor does it purport to be a complete description of all potential risks inherent in investing in the Securities through the Portfolio Manager. Clients should make their own investigation of the tax consequences of such investment and each Client is advised to consult its own tax advisor with respect to the specific tax consequences. The Portfolio Manager is not making any representation or warranty to any Client regarding any legal interpretations and tax consequences to the Client.

### **Tax Implications to Investors**

Income arising from purchase and sale of equity shares or preference shares or debentures (hereinafter referred to as **'securities'**) under PMS can give rise to business income or capital gains in the hands of the client. The issue of characterization of income is relevant as the tax computation and rates differ in either of the two situations.

The characterization of income arising from transfer of securities as business income or as capital gains is dependent on whether the securities are held as business / trading assets or on capital account.

In this regard, Central Board of Direct Taxes (CBDT) had issued Circular No 6 dated February 29, 2016, the tax treatment of surplus arising from transfer of listed shares/ securities as capital gains or business income. In partial



modification to earlier CBDT Circulars, the 2016 Circular instructs tax authorities to consider below guidelines for classifying listed shares/ securities:

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

The aforementioned Circular shall not apply in a case where the genuineness of the transaction itself is questionable.

Based on the earlier CBDT circulars and judicial precedents, the following are, *inter alia*, the key factors and principles to be considered for determining the nature of assets (ie business or capital asset):

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

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

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

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

In the following paragraphs, we have considered the broad implications under the IT Act arising in the hands of the resident clients for investments made in listed and unlisted securities under both the scenarios, viz:

- PMS securities held as Business Asset; and
- PMS securities held as Capital Asset.

**(ii) Proceeds on buy-back of shares by company**

As per the Section 10(34A) of the IT Act, gains arising on buy-back of shares are exempt in the hands of investors. As per section 115QA of the IT Act, buy-back tax (BBT) at the rate of 20% (plus applicable surcharge and health and education cess) is payable by an Indian company on distribution of income by way of buy-back of its shares if the buy-back is in accordance with the provisions of the Companies Act.

Such BBT is payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount received by the Indian company at the time of issue of such shares, determined in the manner prescribed. In this regard, Rule 40BB of IT Rules provides for mechanism for determining the amount received by the Indian company in respect of issue of shares.

**(iii) Securities Transaction Tax ('STT')**

**Applicability**

Securities Transaction Tax (STT) is applicable on purchase or sale of equity shares in a company or ETF or Derivative or units of Equity Oriented Funds entered on a recognized stock exchange and sale of units of Equity Oriented Fund to Mutual Fund.

**Levy**

<b>Taxable securities transaction</b>	<b>STT rate</b>	<b>Responsible Person</b>	<b>Taxable Value</b>
Delivery based purchase of equity share and units of business trust	0.1%	Purchaser	Purchase price of equity share
Delivery based sale of an equity share and units of business trust	0.1%	Seller	Selling price of equity share
Delivery based sale of a unit of an equity oriented mutual fund	0.001%	Seller	Selling price of unit
Sale of equity share or unit of equity oriented mutual fund or and units of business trust in recognized stock exchange otherwise than by actual delivery or transfer and intraday traded shares	0.025%	Seller	Selling price of equity share or unit
Derivative – Sale of an option in securities	0.017%	Seller	Option Premium
Derivative – Sale of an option in securities where option is exercised	0.125%	Purchaser	Settlement Price
Derivative – Sale of future in securities	0.01%	Seller	Price at which futures are traded
Sale of unit of an equity-oriented fund to the Mutual Fund- Exchange traded funds (ETFs)	0.001%	Seller	Selling Price
Sale of unlisted shares under an offer for sale to public included in IPO and where such shares are subsequently listed in stock exchanges	0.2%	Seller	Selling Price

**(iv) Tax implications where securities are held as Business Assets**

**(a) Profits and Gains of Business or Profession**

The following are the various income streams that can arise from securities held under PMS:

- Gains on sale of securities;
- Dividend income on shares; and
- Interest income on debentures.

If the securities under the PMS is regarded as a “Business/Trading asset, then any gain / loss arising from sale of the shares would be taxed under the head “Profits and Gains of Business or Profession” under section 28 of the Act. The gain / loss is to be computed under the head “Profits and Gains of Business or Profession” after allowing normal business expenses (inclusive of the expenses incurred on transfer) subject to various conditions prescribed for deductibility of expenses.

Dividend income on shares w.e.f 1 April 2020 Dividend is taxable in the hands of investor/shareholder. If shares/securities are held for trading purpose, then dividend income would be taxable under under the head “Income from business or profession”. If shares/securities are held for investment purposes the income arising on such investment would be taxable under the head “Income from other sources”. Finance Act 2020 imposed a TDS on dividend distributed by companies and mutual funds on or after 01 April 2020. The rate of TDS is be 10% on dividend income paid to residents by a company or mutual fund.TDS is applicable if dividend income paid during the financial year to a resident exceed Rs. 5000. The rate of TDS would be 20% (plus applicable surcharge and cess) on dividend income paid to non-residents by a company or mutual fund. No threshold limit is applicable in case of non-resident.

Interest income arising on securities may be categorized as ‘Business Income’ or ‘Income from Other Sources’. Expenses incurred to earn such interest income would be available as deduction.

STT paid on securities held as Business Asset is allowable as a deductible expenditure while computing taxable income under the head ‘Profit and Gains from Business or Profession’.

The tax rates applicable for the financial year 2022-2023 to different categories of assessee on the income computed under the head ‘Profits and Gains of Business or Profession’ are as under for the financial year 2022-2023

The income tax rates specified above and elsewhere in this document are exclusive of the applicable surcharge & cess.

**Resident Individuals and Hindu Undivided Families**

Individuals and HUFs, are taxed on their total taxable income at the following rates:

<b>Slab</b>	<b>Tax rate*</b>
Total income up to Rs.250,000	Nil
More than Rs.250,000 but upto Rs.500,000	5 percent of excess over Rs.250,000
More than Rs.500,000 but up to Rs.1,000,000	20 percent of excess over Rs. 500,000 + Rs.12,500

Exceeding Rs.1,000,000	30 percent of excess over Rs 1,000,000 + Rs.112,500
------------------------	--

\*The above tax rates shall be increased by applicable surcharge and health and education cess as mentioned in Note 3.

**Note 1:**

- 1.1. A resident individual (whose total income does not exceed Rs.500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100% of income-tax chargeable on his total income or Rs.12,500, whichever is less.”
- 1.2. For resident senior citizens of sixty years of age and above but below eighty years of age, Rs. 250,000 has to be read as Rs. 300,000 and for resident senior citizens of eighty years of age ‘and above Rs.250,000’ has to be read as Rs. 500,000.
- 1.3. Similarly for resident senior citizens of sixty years of age and above but below eighty years of age, Rs. 12,500 has to be read as 10,000 and Rs.112,500 has to be read as Rs. 110,000. And for resident senior citizens of eighty years of age and above Rs. 12,500 has to be read as Nil and Rs. 112,500 has to be read as Rs. 100,000.

Section 115BAC in the IT Act provide individuals and HUFs for an optional tax regime in respect of their total income at the following rates:

Slab	Tax rate*
Total income up to Rs.250,000	Nil
More than Rs.250,000 but up to Rs.500,000	5 percent of excess over Rs.250,000
More than Rs.500,000 but up to Rs.750,000	10 percent of excess over Rs.500,000 + Rs.12,500
More than Rs.750,000 but up to Rs.1,000,000	15 percent of excess over Rs.750,000 + Rs.37,500
More than Rs.1,000,000 but up to Rs.1,250,000	20 percent of excess over Rs. 1,000,000 + Rs.75,000
More than Rs.1,250,000 but up to Rs.1,500,000	25 percent of excess over Rs. 1,250,000 + Rs.125,000
Exceeding Rs.1,500,000	30 percent of excess over Rs 1,500,000 + Rs.187,500

\*The above tax rates shall be increased by applicable surcharge and health and education cess as mentioned in **Note 3.**

**Note 2:**

- 2.1. A resident individual (whose total income does not exceed Rs.500,000) can avail rebate under Section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100% of income-tax chargeable on his total income or Rs.12,500, whichever is less.”
- 2.2. The above tax regime shall be subject to conditions and other proviso laid down under the Section 115BAC of the IT Act.
- 2.3. Further, individuals and HUF who do not have business income or income from profession can opt for the above tax regime on a year-on-year basis. However, taxpayers earning business income or income from

profession can opt into the regime only once on irrevocable basis. Such option will apply to all subsequent tax years and in a case where such option is withdrawn by the taxpayer, he shall not be eligible to avail the concessional slab rates in subsequent years until he ceases to have business income or income from profession.

**Note 3:**

3.1. For the financial year 2022-2023, the applicable surcharge for Individuals and HUFs are given below:

<b>Taxable Income</b>	Rs. 50 Lakhs to Rs. 1 Crores	Rs. 1 Crores to Rs. 2 Crores	Rs. 2 Crores to Rs. 5 Crores	Rs. 5 Crores to Rs. 10 Crores	Exceeding Rs. 10 Crores
<b>Surcharge Rates</b>	10%	15%	25%	37%	37%

3.2. The enhanced surcharge of 25% & 37%, as the case may be, is not leviable, on dividend income and income chargeable to tax under sections 111A 112A, 112 and 115AD. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%. The surcharge will be subject to marginal relief as per the Act.

3.3. Additionally, Health and education cess shall be chargeable at the rate of 4 per cent

**Domestic Company**

<b>Domestic Company</b>	<b>Tax rate</b>
Where its total turnover or gross receipts during the previous year 2020-21 does not exceed Rs. 400 crores	25%
Any other domestic company	30%

For the financial year 2022-2023, the applicable rates for surcharge for domestic companies are given below:

<b>Taxable income</b>	<b>Rs. 1 Crore to Rs. 10 Crores</b>	<b>Exceeding Rs. 10 Crores</b>
Surcharge rates	7%	12%

The surcharge will be subject to marginal relief as per the Act.

Health and education cess at the rate of four percent will be levied on the amount plus tax plus surcharge.

**Special Tax rates applicable to Domestic Companies**

<b>Domestic Company</b>	<b>Tax rate</b>
Where it opted for Section 115BAA	22%

Surcharge will be levied at ten percent, irrespective of amount of total income in case the company pays tax as per special tax rate.

Health and education cess at the four percent will be levied on the amount plus tax plus surcharge.

The special tax rate specified in Section 115BAA shall be applicable subject to fulfillment of prescribed conditions and other provisions laid down therein.

**Partnership Firm**

For the Financial Year 2023-24, a partnership firm (including LLP) is taxable at 30%.

The above tax rate shall be increased by applicable surcharge and health and education cess as under:

- (a) **Surcharge:** The amount of income-tax shall be increased by a surcharge at the rate of 12% of such tax, where total income exceeds one crore rupees. However, the surcharge shall be subject to marginal relief (where income exceeds one crore rupees, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds one crore rupees).
- (b) **Health and Education Cess:** The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge

### **Taxation implications in case of Non-Residents**

In case of a non-resident investor who is a resident of a country with which India has signed a DTAA (which is in force), income tax is payable at the rates provided in the IT Act, as discussed above, or the rates provided in such tax treaty, if any, whichever is more beneficial to such non-resident investor.

For non-residents claiming such tax treaty benefits, the IT Act mandates obtaining a Tax Residency Certificate ('TRC') in the prescribed format from the home country tax authority.

Where the required information is not explicitly mentioned in the TRC, non-resident taxpayer shall be required to execute self-declaration in Form 10F in the format prescribed as per Rule 21AB of the Income-tax Rules, 1962 (Rules).

The non-residents shall be required to keep and maintain the aforesaid documents (i.e., TRC and Form 10F) to substantiate their claim to be governed by DTAA, to the extent the provisions are more beneficial as compared to the provisions of the IT Act.

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

### **(b) Losses under the head Profits and Gains of Business or Profession**

In the case of Loss under the head 'Profits and Gains of Business or Profession' (other than speculative loss), are permitted to be set off against income from any other source under the same head or income under any other head (subject to certain exceptions) in the same assessment year. If such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be eligible for set off only against the profits and gains of the business (other than speculative loss), within a period of 8 subsequent assessment years.

In case the loss is in the nature of speculation loss, set-off would be available in the same assessment year only against speculation gain. Such speculation loss can be carried forward for set-off against speculative gains within a period of 4 subsequent assessment years.

Derivatives transactions traded on a stock exchange are excluded from being treated as a speculative transaction.

**(v) Tax implications where securities are held as Capital Assets**

The following are the various income streams that could arise from securities held under the PMS:

- Gains on sale of securities;
- Dividend income on shares; and
- Interest income on debentures.

**Gains on sale of securities**

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company and any other securities listed on a recognized stock exchange in India (including listed debentures) are considered as long-term capital assets if these are held for a period exceeding 12 months. Other securities (including unlisted debentures) would be considered as long-term capital asset if held for a period exceeding 36 months. The period of holding for each type of security is tabulated below:

<b>Asset</b>	<b>Period of Holding</b>	<b>Short Term Asset / Long Term Asset</b>
Listed equity shares or listed securities (other than a unit) or zero-coupon bond, Equity-oriented Mutual Funds	≤12 months	Short Term
	>12 months	Long Term
Unlisted shares	≤24 months	Short Term
	>24 months	Long Term
Equity-oriented Mutual Funds	≤12 months	Short Term
	>12 months	Long Term
Debt Mutual Funds and Other Assets	≤36 months	Short Term
	>36 months	Long Term
Other Assets	≤36 months	Short Term
	>36 months	Long Term

The mode of computation of capital gains would be as follows:

Sale Consideration	xxx
<u>Less: Cost of Acquisition (Note 1)</u>	<u>(xxx)</u>
Expenses on such transfer (Note 2)	<u>(xxx)</u>
Capital Gains	<b><u>xxx</u></b>

**Note 1:** In case of the computation of long-term capital gains, option of indexation of cost is available on all securities (other than bonds and debentures).

**Note 2:** This would include only expenses relating to transfer of securities such as brokerage, stamp duty, etc. Normal business expenses would not be allowable. Further, STT is not allowable as a deduction in computing taxable capital gains.

The tax rates applicable for capital gains income are as under

Nature of gains		Condition	Tax Rates*
Long-term gains	capital	On sale of equity shares/unit of equity-oriented fund	10% over and above Rs. 1 lakh without indexation
Long-term gains	capital	On sale of assets other than equity shares/unit of equity-oriented fund	20% with indexation or (10% without indexation**)
Short-term gains	capital	When Securities Transaction Tax is applicable	15%
Short-term gains	capital	When Securities Transaction Tax is not applicable	As per Individual tax slab
Short-term gains tax	capital	When Securities Transaction Tax is applicable	15%

\*The above tax rates shall be increased by applicable surcharge and health and education cess.

\*\* Applicable in the case of listed securities (other than a unit) or zero-coupon bonds

### In case of Non-Residents\*

#### Long-term capital gains (LTCG)

LTCG on transfer of listed equity shares or units of equity oriented mutual fund or units of business trust on which STT is paid will be taxable under Section 112A of the IT Act at the rate of 10 percent (plus applicable surcharge and health and education cess) on the amount exceeding Rs. 1 lakh.

LTCG on transfer of listed securities (computed with foreign exchange fluctuation benefit or indexation, as applicable) is taxable under Section 112 of the IT Act at the rate of 20 percent (plus applicable surcharge and health and education cess). The tax payable on listed securities (for other than a listed unit) could alternatively be determined at 10 percent (plus applicable surcharge and health and education cess) without indexation.

Further, LTCG arising out of the transfer of unlisted securities or shares of a company not being a company in which the public are substantially interested shall be subject to tax at the rate of 10% (plus applicable surcharge and health and education cess) without giving effect to indexation and foreign exchange fluctuation benefit.

The above-mentioned rates would be subject to relief, if any, as per applicable DTAA.

\*Non-resident Indians (NRI) have an option to be governed by the provisions of Section 115E of the Act only if the total income of NRI consists only of investment income or income by way of LTCG relating to specified asset (as per Section 115C).

#### Deductions from Long-term Capital Gains

According to section 54EC of the Act and subject to the conditions specified therein, capital gains arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds (i.e. bonds of National Highways Authority of India and Rural Electrification Corporation Limited) within six months from the date of transfer, provided that the investment in the notified bonds by the investor during any financial year does not exceed Rs. 50 lakhs.



Further, if the said bonds are transferred or converted into money within a period of five years from the date of their acquisition, the amount of capital gains exempted earlier would be taxable as long-term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC has been availed on investments in the notified bonds, deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act.

However, according to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long-term capital asset (not being a residential house), are not taxable if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

### **Short-term capital gains (STCG)**

STCG in case of transfer of listed equity shares or units of equity oriented mutual fund or units of business trust on which STT is paid will be chargeable under Section 111A of the IT Act at the rate of 15 percent (plus applicable surcharge and health and education cess).

STCG on transfer of other securities will be chargeable to tax at the slab rates applicable to the client.

### **Capital Loss**

Losses under the head 'Capital Gains', cannot be set-off against income under any other head. Further, within the head 'Capital Gains', long-term capital losses cannot be adjusted against short-term capital gains. However, short-term capital losses can be adjusted against any capital gains.

Unabsorbed long-term capital loss can be carried forward and set off against the long-term capital gains arising in subsequent eight assessment years.

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

### **Dividend income on shares**

W.e.f 1 April 2020, Dividend income is taxable in the hands of investor/shareholder. Income arising from shares/securities held for investment purpose would be taxable under income from other sources. The Finance Act 2020 has imposed TDS on dividend distributed by companies and mutual funds on or after 01<sup>st</sup> April 2020. The rate of TDS would be 10% on dividend income paid to residents during the financial year. In case of individual shareholders, TDS is applicable if Dividend paid or distributed during the financial year exceeds Rs. 5,000. The rate of TDS would be 20% (plus applicable surcharge and cess) on dividend income paid to non-residents by a company or mutual fund. Further, the taxpayer can claim a deduction of interest expenditure only under section 57 of the IT Act which shall be restricted to 20% of the gross dividend income.

## **Interest income on debentures**

Interest income arising on securities would be categorized as 'Income from Other Sources' at the rate mentioned above. Expenses incurred wholly and exclusively for earning such interest would be available as deduction.

### **(vi) Special Provisions relating to Avoidance of Tax**

#### **Loss to be disallowed under certain circumstances:**

According to Section 94(7) of the IT Act, losses arising from the sale/transfer (including redemption) of securities including units purchased up to 3 months prior to the record date (for entitlement of dividends or income from units declared up to 31 March 2020) and sold within 9 months (in case of units) or 3 months (in case of any other securities) after such date, will be ignored while computing the income to the extent of income distribution (excluding redemptions) on such units is claimed as tax exempt by the unit holder.

With effect from 1 April 2020, any dividend or income distributed in respect of units are not subject to DDT. Hence, such income is now taxable in the hands of shareholder/unit holder. Therefore, the provisions of dividend stripping shall not apply on such dividend or income from units.

According to Section 94(8) of the Act, in case of units purchased within a period of 3 months prior to the record date, (for entitlement of bonus) and sold/transferred (including redeemed) within 9 months after such date, the loss arising on transfer of all or any such units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

### **(vii) Minimum Alternate Tax (MAT)**

Minimum Alternate Tax is payable under the IT Act. Companies have to pay a fixed percentage of their profits as Minimum Alternate Tax. MAT is applicable to all companies, including foreign companies. MAT is calculated under section 115JB of the Income-tax Act. MAT is equal to 15% with effect from AY 2020-21 (18.5% prior to AY 2020-21) of Book profits (plus surcharge and cess as applicable). Further, corporate assessee operating in International Financial Services Centre ('IFSC') shall be charged MAT at the concessional rate of 9%.

The IT Act provides for levy of Minimum Alternate Tax ('MAT') on corporates if the tax amount calculated at the rate of 15% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act.

The Finance Act, 2020 has provided that all the domestic companies opting for lower tax regime under section 115BAA or 115BAB will not be required to pay minimum alternate tax (MAT) under section 115JB of the Act. Further, the provisions regarding MAT credit will also not apply to companies opting for these sections. If MAT is held to be applicable to the Client, then income receivable by such Client from their investment in the Fund shall also be included to determine the MAT.

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

### **(viii) Alternate Minimum Tax (AMT)**

The IT Act provides for levy of Alternate Minimum Tax ('AMT') under Section 115JC, on non-corporate Client having adjusted total income exceeding INR 20 lac. If the tax payable as per Section 115JC at 18.5% (plus applicable surcharge and cess) of the adjusted total income exceeds the regular income-tax payable, then the Client is liable to pay AMT. Further, non-corporate Client operating in International Financial Services Centre ('IFSC') shall be charged AMT at the concessional rate of 9%. Furthermore, a co-operative society shall be charged AMT at the concessional rate of 15%.

Adjusted total income shall be the total income before giving effect to AMT as increased by—

- (i) deductions claimed, if any, under any section (other than section 80P) included in Chapter VI-A under the heading "*C.—Deductions in respect of certain incomes*";
- (ii) deduction claimed, if any, under section 10AA; and
- (iii) deduction claimed, if any, under section 35AD as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed.

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

### **13) Accounting policies**

Following key accounting policies shall be followed:

- All investments will be marked to market. Stocks, for net asset value (NAV) purposes, would be valued based on the closing stock prices on National Stock Exchange (NSE). If the stock is not listed on NSE, then the closing prices on Bombay Stock Exchange would be used.
- Revenue arising from interest and dividends is accounted for on accrual basis.
- In determining the holding cost of investments and the gains or loss on sale of investments, the 'first in first out' method shall be followed.
- The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note.
- Accounting norms prevalent in the portfolio management services industry and as may be prescribed/applicable from time to time.

### **14) Investors services**

The Portfolio Manager seeks to provide the portfolio Clients a high standard of service. The Portfolio Manager is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Client servicing essentially involves: -

- (a) Reporting portfolio actions and client statement of accounts quarterly;
- (b) Attending to and addressing any client query with least lead time;

(c) Ensuring portfolio reviews at predefined frequency.

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

Name	Kanika Agarrwal
Address	702 Amarnath Towers CHS Ltd, off J.P. Road Near Sanjiv Enclave, Seven Bungalows, Andheri(W) Mumbai-400061
Contact No	+91 98332 58135
Email id	kanika@wyridian.com

**Grievance redressal and dispute settlement mechanism:**

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query/concern/grievance at the earliest. The Portfolio Manager will ensure that this official is vested with the necessary authority and independence to handle Client complaints.

The aforesaid official will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the Client. Effective grievance management would be an essential element of the Portfolio Manager's portfolio management services and the aforesaid official may adopt the following approach to manage grievance effectively and expeditiously:

1. **Quick action-** As soon as any grievance comes to the knowledge of the aforesaid personnel, it would be identified and resolved. This will lower the detrimental effects of grievance.
2. **Acknowledging grievance-** The aforesaid officer shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
3. **Gathering facts-** The aforesaid official shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
4. **Examining the causes of grievance-** The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.
5. **Decision-making -** After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analyzed and accordingly decision should be taken by the aforesaid official. The aforesaid official would execute the decision quickly and shall endeavor to execute the same within 60 days from the day the said grievance arose.
6. **Review -** After implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

Grievances/concerns, if any, which may not be resolved/satisfactorily addressed in aforesaid manner shall be redressed through the administrative mechanism by the designated Compliance Officer, namely Nikhil Surender Hooda and subject to the Regulations. The Compliance Officer will endeavor to address such grievance in a reasonable manner and time. The coordinates of the Compliance Officer are provided as under:

Name	Nikhil Surender Hooda
Designation	Compliance Officer
Address	Idea Square Business Center, 2nd Floor, Cabin #15 B-42, Veera Industrial Estate, Opp Citi Mall New Link Road, Andheri West, Mumbai 400053
Email id	nikhil@wyridian.com

If the Client still remains dissatisfied with the remedies offered or the stand taken by the Compliance Officer, the Client and the Portfolio Manager shall abide by the following mechanisms:

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The arbitration shall be before three arbitrators, with each party entitled to appoint an arbitrator and the third arbitrator being the presiding arbitrator appointed by the two arbitrators. Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. Further, the cost of appointing the presiding arbitrator will be borne equally by both the parties. Such arbitration proceedings shall be held at Mumbai and the language of the arbitration shall be English. The courts of Mumbai shall have exclusive jurisdiction to adjudicate upon the claims of the parties.

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same. SCORES is available at <http://scores.gov.in>.

## 15) General

### Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including portfolio managers should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). SEBI has further strengthened the KYC and client risk assessment requirements under its circular no. CIR/MIRSD/1/2014 dated March 12, 2014. The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'.

The Client(s), including guardian(s) where Client is a minor, should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated

for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

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

The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including *inter alia* identity, residential address(es), occupation and financial information by the Portfolio Manager. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND (and any other competent authorities and self-regulating bodies) that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KRA compliant and the ones who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The KYC requirements shall also be applicable for all joint holders, legal representatives, legal heirs, estates, nominees of the Client. The KYC documentation requirements shall also be complied with by the person(s) becoming beneficial owner of the account by virtue of operation of law for e.g. transmission cases and nominees/legal heirs on the death of the Client. In case of minor Client, KYC documentation requirements shall be complied by the Client on attaining the "major" status.

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

### **Client Information**

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorized/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines there under shall be applicable. Clients/Investors are advised to read the Document carefully before entering into an Agreement with the Portfolio Manager.

**For and on behalf of Wyridian Advisors Private Limited (previously “Wyridian Advisors LLP”)**

<b>Kanika Agarrwal (Director)</b>	:	
<b>Nikhil Surender Hooda (Director)</b>	:	

Place: Mumbai

Dated: 30 November 2022

## FORM C

### SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS, 2020 (Regulation 22)

<b>Name</b>	Wyridian Advisors Private Limited (previously “Wyridian Advisors LLP”)
<b>Address</b>	Registered address: 702 Amarnath Towers CHS Ltd, off. J. P. Road Near Sanjiv Enclave, Seven Bungalows, Andheri (W) Mumbai- 400061.  Commercial address: 807 Aston Building Sundervan Complex Road, Lokhandwala, Andheri West, Mumbai-400053
<b>Phone</b>	+91 98332 58135
<b>Fax Number</b>	Not Applicable
<b>Email</b>	<a href="mailto:kanika@wyridian.com">kanika@wyridian.com</a>

We confirm that:

- (i) the Disclosure Document forwarded to the SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the SEBI from time to time;
- (ii) the disclosures made in the Document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager;
- (iii) the Disclosure Document has been duly certified by an independent Chartered Accountant, as on **30 November 2022**.

The details of the Chartered Accountants are as follows:

Name of the firm	JVJ & Co
Firm registration number	141427W
Membership number	1165186
Address	20/A Devkaran Niwas, 283, Samuel Street, Masjid Bunder, Mumbai, Maharashtra, India 400093
Telephone number	+91-81499 41510

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

**For and on behalf of Wyridian Advisors Private Limited  
(previously “Wyridian Advisors LLP”)**

\_\_\_\_\_  
Ms. Kanika Agarrwal

Date: 30 November 2022

Place: Mumbai

Address: 702 Amarnath Towers CHS Ltd, off. J. P. Road Near Sanjiv Enclave, Seven Bungalows, Andheri (W) Mumbai- 400061.



**JVJ and Co.**  
**Chartered Accountants**

301, 3<sup>rd</sup> Floor, Navkar Plaza, Bajaj Road, Vile Parle (West) Mumbai-400 056.  
Phone No: 9619941184 Email id: info@jvjandco.com

---

**CHARTERED ACCOUNTANT CERTIFICATE**

We have been requested by Wyridian Advisors Private Limited (*previously known as Wyridian Advisors LLP*) to certify the contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020.

We have verified the data from the respective documents provided by the Management. We have relied on various representations made to us by the Management of the Company wherever necessary.

Based on our verification of the records and information provided to us, we certify that the contents and information provided in the Disclosure Document dated 30 November 2022 are true, fair, and adequate as required under Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020.

For **JVJ & Co.**  
*Chartered Accountants*  
Firm Registration No.: 141427W



**Ketan Kataliya**  
*Partner*  
Membership No: 165186  
UDIN: 22165186BEOYAG5592

**Place : Mumbai**  
**Date : 30 November 2022**