



TULSIAN PMS PVT. LTD.

DISCLOSURE DOCUMENT

FOR

PORTFOLIO MANAGEMENT SERVICES

KEY INFORMATION:

- I. The Document has been filed with the Securities and Exchange Board of India (“SEBI”) along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- II. The purpose of the Document is to provide essential information about the Portfolio Management Services in a manner to assist and enable the investors in making informed decisions for engaging services of Tulsian PMS Pvt. Ltd. as a Portfolio Manager.
- III. The necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.
- IV. The investor should carefully read the entire Disclosure Document prior to making a decision to avail of the Portfolio Management Services of Tulsian PMS Pvt. Ltd.
- V. The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is given below.

Disclosure Document is dated: 05-01-2021

PRINCIPAL OFFICER		PORTFOLIO MANAGER	
Mr. Abhinandan Tulsian		Tulsian PMS Pvt. Ltd.	
6/34, Tardeo AC Market, Tardeo, Mumbai - 400 034.		6/40, Tardeo AC Market, Tardeo, Mumbai - 400 034.	
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1. Disclaimer Clause

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

2. Definitions

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

Act	Means the Securities and Exchange Board of India Act, 1992 (15 of 1992)
AUM	Asset Under Management
Board	Means the Securities and Exchange Board of India
Client or Investor	Means any person who registers with the Portfolio Manager for availing the services of portfolio management
Depository Account	Means any account of the Client with an entity registered as a Depository Participant as per the relevant regulations
Discretionary Portfolio Management Services	Discretionary Portfolio Management Services means Portfolio Management Services provided by the Portfolio Manager exercising any degree of discretion as to investments, or management of the Portfolio of the securities or the funds of clients, as the case may be, as per the Agreement relating to portfolio management and to ensure that all benefits accrue to the Client's Portfolio, for an agreed fee structure, and for a definite period as described, entirely at the Client's risk
Disclosure Document	This document issued by Tulsian PMS Pvt. Ltd. for offering Portfolio Management Services, prepared in terms of SEBI (Portfolio Managers) Regulations, 2020.
Financial Year	Means the year starting from April 1 and ending on March 31 of the following year
Funds	Means the money placed by the Client with the Portfolio Manager and any accretions thereto
Funds Managed	Means the market value of the portfolio of the Client as on date
Initial Corpus	Means the value of the funds and the market value of readily realizable investments brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager
Investment Amount	The money or securities accepted by the Portfolio Manager from the Client

	in respect of which the portfolio management services are to be rendered by the Portfolio Manager
NRI	Non-Resident Indian
Portfolio	Portfolio means the total holding of securities belonging to any client / investor
Portfolio Manager or Company	Tulsian PMS Pvt. Ltd. incorporated under the Companies Act, 1956, and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations, 1993 vide Registration No. INP000005838 having validity until suspended or cancelled by the Board
RBI	Reserve Bank of India established under the Reserve Bank of India Act, 1934, as amended from time to time
Regulations	Means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended from time to time
Rules	Means the Securities and Exchange Board of India (Portfolio Managers) Rules, 1993, as amended from time to time
SEBI	Securities and Exchange Board of India
The Agreement	The agreement executed between the Portfolio Manager and its Clients subject to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, and any amendments made thereto from time to time including any circulars, directions or clarifications issued by SEBI or an Government authority and as applicable to the Portfolio Manager from time to time

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

3. Description

I. History, Present Business and Background of the Portfolio Manager

M/S. Tulsian PMS Pvt. Ltd. (Tulsian PMS) is incorporated under the Companies Act, 1956, as a Private Limited Company. Tulsian PMS is registered with SEBI as Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, vide Registration No. INP000005838 having validity until suspended or cancelled by the Board. Presently, the company has no intention of doing any other activities.

II. Promoters of the Portfolio Manager, Directors and their Background

i. Mr. SP Tulsian, Promoter and Director

The company is promoted by Mr. SP Tulsian, B.Com. (Hons.), LL.B., F.C.A., F.C.S., also Non-Executive Chairman and Director. He brings with him an enviable 34 years of experience in Indian Stock market. He has also been the publisher and editor of an English Stock Market Weekly – Premium Investment. Presently, he is CEO & Editor of www.sptulsian.com, an investment advisory company, registered with SEBI as an Investment Adviser vide Registration No. INA000000326 dated November 25, 2013.

ii. Mrs. Uma Tulsian, Promoter

Mrs. Uma Tulsian, B.Com., is another Promoter of Tulsian PMS having an experience of over 30 years in Business Administration and Office Management, more specially in respect to Publication and Print Media Business.

iii. Mr. Abhinandan Tulsian, Director

Mr. Abhinandan Tulsian, B.E., M.S., CFA, FRM, CAIA, brings in his thorough knowledge of industry and financial fundamentals and analysis, having worked as a Research Analyst, Compliance Officer and Chief Technology Officer of www.sptulsian.com, for over 7 years.

III. Group Companies / Firms of the Portfolio Manager

Based on latest audited Financial Statement as on 31st March, 2020, the group companies / firms of Tulsian PMS Pvt. Ltd. are as follows:

- i. SPT Investment Advisory Services Pvt. Ltd.
- ii. Narmada E-Learning Pvt. Ltd.
- iii. Marketbuddy Investment Services Pvt. Ltd.

IV. Details of Services being offered

The Portfolio Manager currently offers only Discretionary Portfolio Management Services. The Portfolio Manager will exercise any degree of discretion as to the investment or management of portfolio of securities or funds of the client.

V. Minimum Investment Amount

The minimum amount to be invested under the portfolio is Rs. 50,00,000/- (Rupees Fifty Lakhs Only).

4. Penalties, Pending Litigation Or Proceedings, Findings, Of Inspection Or Investigations For Which Action May Have Been Taken Or Initiated By Any Regulatory Authority

(i)	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made hereunder	Nil
(ii)	The nature of the penalty / direction	NA
(iii)	Penalties imposed for any economic offence and / or for violation of any securities laws	Nil
(iv)	Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any	Nil
(v)	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency	Nil
(vi)	Any enquiry / adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made hereunder.	Nil

5. Services Offered

Discretionary Portfolio Management

Tulsian PMS Pvt. Ltd. intends to make investments in the stocks, for each of their clients, based on Risk Profile generated while on-boarding of each client.

The PMS currently offers a single Investment Approach and information for the same as per the 13th Feb., 2020 Circular is as below:

- Investment Objective: To invest client funds for long term wealth creation. Clients' portfolio will consist of a mix of large cap, mid cap, small cap and micro cap stocks and related securities to make a balanced portfolio.
- Description of Types of Securities: Client funds would be invested primarily in listed securities. Some part of the funds may be held as bank balance or liquid securities while investments are made or sold off.
- Basic of Selection of such types of Securities as part of the Investment Approach: The primary basis of securities selection is the fundamentals of the company. Other factors such as current market trend and environment, macro events, regulatory environment may also be considered while arriving at a final decision.
- Allocation of Portfolio across types of Securities: Since only listed securities are selected in the Investment Approach, bulk of the allocation will be towards the same. Within listed securities,

front liners and large cap securities will have a majority allocation at all times. Cash or Liquid securities may be held as per market trends or while moving from one security to another.

- Appropriate Benchmark to compare Performance and basis for choice of Benchmark: Nifty 50 Index would be the benchmark since majority of the portfolio allocation would be in large cap securities and hence is the appropriate benchmark. Prior to the benchmark classification and detailing, specified in the 13th Feb 2020 Circular, the Investment Approach was in favour of small and mid caps and has been realigned w.e.f. 1st April 2020 towards large caps. Hence, prior period portfolio allocation being tilted towards small and mid cap securities would make it prudent to benchmark returns to small and mid cap Indices.
- Indicative Tenure or Investment Horizon: We highly recommend having a 5+ years' time horizon for the Investment Approach. This is due to the volatile and risky nature of equities and hence we highly discourage this Investment Approach for shorter term investments.
- Risks associated with the Investment Approach: Please refer to Risk Factors section of the Disclosure Document.
- Other Salient Features:
There are no entry fees or lock-ins for investing under this Investment Approach. However, to discourage short term investments, we shall levy an exit load if the investments are redeemed or closed within the first year of Investment.

The investments will be made in the name of the investors, subject to such conditions as stipulated by the portfolio manager. For this purpose, demat accounts will be opened in the name of each investor, which will be operated by the portfolio manager duly authorised by the investor through a Power of Attorney.

Tulsian PMS as a portfolio manager shall not make investment in its associates / group companies from the portfolios managed by it.

6. Risk Factors

6.1 General

- i. Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the investments will be achieved.
- ii. Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio Manager.
- iii. Investors are not being offered any guaranteed or assured return/s, i.e., either of Principal or appreciation / return on the portfolio.
- iv. Investors may note that Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.
- v. The liquidity of the Portfolio's investments is inherently restricted by trading volumes in the securities in which it invests.

- vi. The valuation of the Portfolio's investments, 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 any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. There will be no prior intimation or prior indication given to the Clients when the composition/ asset allocation pattern changes.
- vii. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Portfolio Manager. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended securities purchases due to settlement problems could cause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio, due to the absence of a well developed and liquid secondary market for debt securities would result, at times, in potential losses to the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.
- viii. The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- ix. Tulsian PMS Pvt. Ltd. and/or its affiliates, subsidiaries, associates, directors and employees may have a vested interest in the portfolio, recommendation and/or securities held in the portfolio.
- x. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investments incurring losses till the security is finally sold.
- xi. Where for any reason beyond its control including nationalisation, currency restrictions, fire, acts of God, acts of any authority, requirements of any laws or regulations, change in laws or regulations, postal or other strikes, boycott, civil commotion, acts of terrorism, or failure or bankruptcy or disruption of any relevant stock exchange, depository, bank, broker or market, Tulsian PMS is delayed in performing or unable to perform its obligations, Tulsian PMS shall not be responsible for any losses or damage whatsoever that may result there from to any client whatsoever, and there shall be no liability on Tulsian PMS whatsoever to perform or discharge those obligations, provided Tulsian PMS has not by its acts or omissions, contributed to the occurrence of such events, and/or provided that the Tulsian PMS could not have reasonably anticipated the happening of such events and taken suitable action to avoid any risk of loss or damage to the Clients there from.

6.2 The following is an indicative list of some of the risks associated with the Securities

- xii. **Interest Rate Risk:** As with all debt securities, changes in interest rates may affect valuation of the Portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- xiii. **Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.
- xiv. **Credit Risk:** Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.
- xv. **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested in India. To the extent that the portfolio of the Strategy will be invested in securities/ instruments denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/fluctuation in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

6.3 Risks arising out of Non Diversification

Diversification of portfolio across asset classes, investment themes, sectors and securities is normally construed to be less risky for investors. It is to be noted that the portfolio is likely to be more focused on a single asset class, i.e. equities which inherently is very volatile. Further the portfolio could be subject to more risk on account of its concentration of investments into a few sectors or a limited number of securities. In addition to limited/inadequate diversification across asset classes, themes and sectors, the portfolio could be prone to higher risk on account of non-diversification across capitalizations, particularly if the portfolio has a bias towards mid-cap and small-cap companies

6.4 Voluntary Withdrawal, Exit Load and Liquidity

Investors and Tulsian PMS may be allowed to voluntarily terminate the contract and withdraw or transfer the funds or securities subject to lock-in / exit load as mentioned in the agreement. In addition during the continuance of the agreement, Clients may not be able to pledge, create lien or

offer portfolio as collateral and margin, any security, interest, rights, or obligations with regard to the Portfolio.

In addition to the above risk factors, Investors are advised to read carefully risk factors mentioned in detail, in the Agreement to be executed with Portfolio Manager, before making investment.

7. Client Representation

(i) Details of Clientele and Funds Managed

Category of Clients	No. of Clients	Funds Managed (Rs. Crores)	Discretionary / Non Discretionary
Associates / Group Companies (last 3 years)	Nil	Nil	NA
Others: As on 31.12.2020	98	45.18	Discretionary
As on 31.03.2020	114	29.44	Discretionary
As on 31.03.2019	138	54.34	Discretionary
As on 31.03.2018	147	69.50	Discretionary

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

This disclosure is extracted from the information provided in the audited accounts of Tulsian PMS Pvt. Ltd. as on 31st March, 2020 (FY 2019-20)

Particulars	Amount (in Rs.)
Salary paid to Key Managerial Persons & relatives of Key Managerial Persons	12,00,000
Rent paid to Key Managerial Persons & relatives of Key Managerial Persons	12,00,000

This disclosure is extracted from the information provided in the unaudited accounts of Tulsian PMS Pvt. Ltd. of FY 2020-21 (till 31st December, 2020)

Particulars	Amount (in Rs.)
Salary paid to Key Managerial Persons & relatives of Key Managerial Persons	12,00,000
Rent paid to Key Managerial Persons & relatives of Key Managerial Persons	9,00,000

8. Financial Performance Of The Portfolio Manager

Following table captures key financial data of Tulsian PMS Pvt. Ltd. based on audited financial statements as on March 31, 2020:

Particulars	As on March 31, 2020 (Rs. in Lakhs)
Source of Funds	
Share Capital	37.03
Reserves & Surplus	422.44
Total Income	66.19
Net Profit / (Loss)	13.50
Application of Funds	
Fixed assets	95.28
Investments	303.55
Net Current Assets & Misc. Expenses	61.00
Networth (as per method of calculation defined in the Regulations)	459.47

9. Portfolio Manager Performance

	2020-21 * ² (till 31-12-2020)	2019-20 * ²	2018-19 * ²	2017-18 * ^{1,2}
PMS Return	75.37%	-35.96%	-16.01%	-19.57%
Nifty 50	62.62%	-26.03%	14.94%	-3.16%
Nifty Midcap 100	78.08%	-35.90%	-2.65%	-11.11%
Nifty Smallcap 100	97.17%	-46.13%	-14.36%	-15.55%

*¹ We are rendering Portfolio Management Services since 4th January 2018. Hence, Returns for 2017-18 for PMS and Indices are from 4/1/2018 till 31/03/2018.

*² Nifty 50 Index would be the benchmark since majority of the portfolio allocation would be in large cap securities. Prior to the benchmark classification and detailing, specified in the 13th Feb 2020 Circular, the Investment Approach was in favour of small and mid caps and has been realigned w.e.f. 1st April 2020 towards large caps. Hence, prior period portfolio allocation being tilted towards small and mid cap securities would make it prudent to benchmark returns to small and mid cap Indices.

10. Audit Observations

No Audit Observations have been found by the Auditor during the Audit process in the preceding 3 years.

11. Nature of Expenses

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

(a) Investment Management and Advisory Fees

Investment Management Fees relate to the Portfolio Management Services offered to clients. The fee will be fixed charge or a percentage of the quantum of funds managed and linked to portfolio returns achieved, as agreed by the Client in the PMS Agreement. The fixed charge or a percentage of the quantum of funds managed shall be charged pro-rata on quarterly basis.

In addition to the fixed fee, with regard to the management fees linked to portfolio returns/out performance achieved, the fee shall be charged at the end of the financial year. The threshold returns will be pro-rata adjusted for funds, managed for less than full financial year. Calculations are based on high watermark principle which shall be the highest value that the portfolio has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged, Management Fee shall also attract GST at the applicable rate, as amended from time to time.

TDS on this management fee, if deducted by the Client, shall be given as credit, by the Portfolio Manager on receiving the TDS Certificate.

(b) Custodian Fee

The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts. The annual fees are expected to be upto 10 basis points (0.10% of AUM). These charges will be met through the sub-brokerage / commission being received by the Portfolio Manager.

(c) Fund Accounting Charges

The Charges in connection with fund accounting, NAV calculation, reconciliations, report generation etc. in respect of Portfolio of Clients. The annual fees are expected to be upto 5 basis points (0.05% of AUM). These charges will be met through the sub-brokerage / commission being received by the Portfolio Manager.

(d) Registrar and Transfer Agent Fee

The annual fees are expected to be upto 10 basis points (0.10% of AUM). These charges will be met through the sub-brokerage / commission being received by the Portfolio Manager.

(e) Brokerage and Transaction Cost

The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax, Securities Transactions Tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments, shall be chargeable as per the contract notes. The trades would be executed through the sub-brokership of Tulsian PMS Pvt. Ltd. (affiliated to India Infoline Ltd.).

Brokerage is charged at 10 basis points (0.10%) excluding Stamp Duty, STT, GST. Other charges (Stamp Duty, STT, GST) are as specified in various regulations at any point of time. Any commission or sub-brokerage received by the PMS may be used to pay other charges of the client or may be utilized in the best interest of the client.

(f) Other Charges

Other charges include the following:

(i) Certification and Professional Charges

Charges which are payable for outsourced professional services like accounting, audit, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities. These charges will be met through the sub-brokerage / commission being received by the Portfolio Manager.

(ii) Incidental Expenses

Charges which are in connection with courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank accounts, etc.

(iii) Goods and Services Tax

As applicable from time to time.

12. TAXATION

TAX IMPLICATIONS FOR CLIENTS.

The information set out below outlines the tax implications based on relevant provisions of the Indian Income-tax Act, 1961 (“**the Act**”) as amended by the Finance Act, 2020 and Chapter VII of the Finance (No. 2) Act, 2004 (“**Securities Transactions Tax Act**”/“**STT**”).

12.1 General

Investment in securities is subject to the provisions of the Act. Special reference needs to be made in respect of provisions related to capital gains, business income and all other provisions of the Act. Interest and dividend would be subject to tax as per the provisions of the Act. Client owns the liability for his Taxation.

The General Information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management Services. This information gives the income tax implications in respect of the securities are/will be held for the purpose of investments. In case the securities are held as stock-in-trade, the income tax treatment will substantially vary and the issue whether the investments are held as capital asset or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment in the Portfolio Management Services shall endure indefinitely or accepted by the tax authorities. Further, the statements with regard to benefits mentioned below are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the Portfolio Management Services. Tax implications of any judicial pronouncements/Double Tax Avoidance Treaties, etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of the individual nature of tax consequence on the income, capital gains or otherwise, arising from investments, each Client is advised to consult his / her / its tax advisor with respect to the specific tax consequences to him / her / it of participation in the portfolio management services. The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligations.

In case of foreign investors, the taxation of income will be governed by the provisions of the Act read with the provisions of the applicable tax treaty i.e. Double Tax Avoidance Agreement (“**DTAA**”), if any. As per Section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the DTAA.

All the Tax Rates contained in this clause are applicable for the financial year 2020-21 , in accordance with Finance Act, 2020.

12.2 Resident and Non- Resident Taxation

12.2.1 Resident Taxation

A resident investor will be subject to income tax on his / her global income. In the case of a resident but not ordinarily resident, any income which accrues/ arises outside India will not be subject to tax in India, unless it is derived from a business/ profession controlled from India.

A Hindu undivided family (HUF), firm or other association of persons is said to be resident in India in any previous year unless where the control and management of its affairs is situated wholly outside India during the year under consideration.

A Company is said to be a resident in India in the previous year if (i) it is an Indian Company; or (ii) its place of effective management is situated in India.

Every other person is said to be resident in India during the year under consideration except where the control and management of affairs is situated wholly outside India. The Finance Act 2020 has amended the minimum period of stay to qualify as a Resident of India from 182 to 120 days during the relevant financial year, in case of an individual who is a citizen of India or a person of Indian origin (PIO), who comes on a visit to India from financial year 2020-21 onwards and having total income (other than income from foreign sources) exceeding INR 15 lakh. Such a person would be treated as 'Resident but Not Ordinarily Resident' (RNOR) if his aggregate stay during the relevant financial year is less than 182 days. Further, Indian citizen who is not subject to tax in any other country by reason of his domicile, residence or any other criterion of similar nature would be deemed to be a resident of India only if such person has total income (other than income from foreign sources) exceeding INR 15 lakh and consequentially, subject to tax on his global income in India. Such a person, who is deemed to be a resident of India under this provision, would be treated as RNOR. It is clarified that the term 'income from foreign sources' would mean income which accrues or arises outside India, except income derived from a business controlled in or a profession set up in India. It is further clarified that this provision is not intended to tax those Indian citizens who are bonafide workers in other countries.

In addition to the above two categories of individual/HUF, who becomes deemed resident of India, other Individual/HUF shall be said to be RNOR in India in a financial year, if the individual or manager of the HUF is non-resident in India in 9 out of 10 financial years or his stay in India is less than 730 days during the preceding 7 financial years .

12.2.2 Non-resident Taxation

A non-resident investor would be subject to taxation in India if he derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued to him in India in terms of the provisions of the Act.

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

The CBDT had vide its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company ('POEM Guidelines'). The POEM Guidelines lay down

emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than or equal to INR 50 crore during the Financial Year.

12.3 Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement DTAA related measures to prevent Base Erosion and Profit Shifting ("MLI"). The MLI, amongst others, includes a "principal purpose test"; wherein DTAA benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs. The Union Cabinet of India issued a press release dated 12 June 2019 approving the ratification of the MLI to implement tax treaty related measures to prevent BEPS. The application of MLI to a DTAA is dependent on ratification as well as positions adopted by both the countries signing a DTAA. India had ratified and deposited the MLI on 25 June 2019, as a result of which the MLI has come into force for India on 1 October 2019. Article 6 of the MLI provides for modification of the Covered Tax Agreements (i.e. DTAA covered by MLI) to include the intention of eliminating double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance including treaty shopping arrangements. Consequently, the Finance Act, 2020 has made amendment in Section 90 to that effect that DTAA should not create opportunities for non-taxation or reduced taxation including through treaty shopping in order to align the purpose of DTAA with the MLI with effect from 1 April 2020.

12.4 Tax deduction at source

In the case of Non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard.

Non-residents without PAN or tax residency certificate of the country of his residence are currently subjected to a higher rate of TDS.

12.5 Advance tax installment obligations

It shall be the Client's responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Act. The provisions related to payment of advance tax shall not apply to an individual resident in India, who does not have any income chargeable under the head "Profit and gains of business or profession"; and is of the age of sixty years or more at any time during the relevant financial year.

12.6 Securities Transaction Tax

Securities Transaction Tax ("STT") is applicable on transactions of purchase or sale of equity shares in a company or Exchange Traded fund ("ETF") or a derivative or units of Equity Oriented Fund or units of Business Trust entered into on a recognized stock exchange and sale of units of Equity Oriented Fund to the Mutual Fund.

The STT rates as applicable are given in the following table:

Transaction	Rates	Payable by
Purchase/ Sale of equity shares (delivery based) or a unit of business trust	0.1%	Purchaser / Seller
Purchase of units of equity oriented mutual fund (delivery based)	Nil	NA
Sale of units of equity oriented mutual fund (delivery based)	0.001%	Seller
Sale of equity shares, units of business trusts, units of equity oriented mutual fund (non delivery based)	0.025%	Seller
Sale of an option in securities	0.017%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.01%	Seller
Sale of unit of an equity-oriented fund to the Mutual Fund	0.001%	Seller
Sale of unlisted equity shares and units of business trust under an initial offer	0.2%	Seller
Sale of unlisted units of a business trust which were acquired in consideration of a transfer referred to in clause (xvii) of section 47 of the Act, under an offer for sale to the public included in an initial offer and where such units are subsequently listed on a recognized stock exchange.	0.2%	Seller

12.7 Characterization of Income on transfer of securities of companies.

Income arising from purchase and sale of securities can give rise to capital gains or business income in the hands of the investor. The issue of characterization of income is relevant as the income tax computation and rates differ in the two situations.

The characterization is essentially a question of fact and depends on whether the shares are held as business/trading assets or as capital assets.

The Central Board of Direct Taxes ("CBDT") has issued a circular which deals with listed shares/ securities which states that:

- Where the assessee opts to treat the listed shares/ securities as stock-in-trade, the income arising from the transfer of such listed shares/ securities would be treated as business income.

- If the assessee desires to treat the gains arising from transfer of listed shares/ securities held for a period of more than 12 months as capital gains, the same shall not be put to dispute by the Assessing Officer.

Further the CBDT has also issued a clarification for unlisted shares stating that the income arising from transfer of unlisted shares would be considered under the head 'capital gain', irrespective of period of holding. It is, however, clarified that the above would not be necessarily applied in the situations where:

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

Further, in cases not following within the purview of the above circulars, the nature of the 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 certain points and principles laid down by the judicial precedents and earlier CBDT circulars.

Based on the earlier CBDT circulars and judicial decisions, following are the key factors and principles which need to be considered while determining the nature of assets as above

- 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 issue of income characterization as above is essentially a question of fact and dependent on whether the shares are held as Business / Trading assets or on Capital Account.

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

CBDT has clarified that, it is possible for a tax payer 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.

As per CBDT Circular No.6/2016 dated 29February 2016 regarding taxability of surplus on sale of listed shares and securities, it states that:

- a) Where the assessee itself, irrespective of the period of holding the listed shares and securities, opts to treat them as stock-in-trade, the income arising from transfer of such shares/securities would be treated as its business income
- b) In respect of listed shares and securities held for a period of more than 12 months immediately preceding the date of its transfer, if the assessee desires to treat the income arising from the transfer thereof as Capital Gain, the same shall not be put to dispute by the Assessing Officer. However, this stand, once taken by the assessee in a particular Assessment Year, shall remain applicable in subsequent Assessment Years also and the taxpayers shall not be allowed to adopt a different/contrary stand in this regard in subsequent years.

It should also be noted that in the context of portfolio management services there has been litigation in the past on the characterization of income and judicial precedents have taken positions based on facts of each case.

12.8 TAX IMPLICATIONS WHERE TRANSACTION IN SECURITIES ARE IN THE NATURE OF INVESTMENTS

Where investment under Portfolio Management Services is treated as investment, the gain or loss from transfer of securities shall be taxed as Capital Gains under section 45 of the Act.

The Finance Act, 2020 has amended the provisions relating to taxation of dividend income. The dividend distribution tax (DDT) [has now been abolished on dividend declared, distributed or paid by domestic companies or income on units distributed by mutual funds with effect from 1 April 2020. Tax on dividend distributed by domestic companies and income from units of mutual funds will be borne by the recipient of dividend/income at respective slab rates or fixed rate, as the case may be. To avoid double taxation of dividend, dividend received by a domestic company from another domestic company or specified foreign company or business trust will not be taxable in the hands of first domestic company, provided such receipt of dividend does not exceed the amount of dividend distributed by the first mentioned domestic company one month prior to the due date of filing a return under Section 139(1). In the case of a resident shareholder, withholding tax of 10% will be levied on dividends declared/paid by domestic company whereas in the case of a non-resident shareholder, withholding tax at the rate of 20% or the rates that are specified in the DTAA, whichever is beneficial to him, would apply. Further, the minimum threshold for applicability of withholding tax on dividend payments to the resident shareholder during the financial year will be INR 5,000.

As per the amendment made to section 115QA of the Act, by the Finance (No.2) Act, 2019w.e.f. 05 July 2019, even the companies listed on recognized stock exchanges have to pay tax on distributed income included in the buyback of shares at the rate of 20% on such distributed income. Consequently, the amount received by the shareholders on buy back of shares will be exempt under section 10(34A) of the Act in the hands of the shareholder.

12.9 LONG TERM CAPITAL GAINS

As per the earlier provisions under Section 10(38), Long Term Capital Gains on sale of Equity Shares in a company or units of Equity Oriented Fund are exempt from income tax provided such transactions are entered on a recognized stock exchange or such units are sold to the Mutual Fund and such transactions are chargeable to STT. However, the Finance Act 2018 amended the said provision by imposing tax on Long Term Capital Gains exceeding INR 1 lakh at the rate of 10%, without allowing any indexation benefit. However, all gains up to 31 January 2018 will be exempt from such tax.

Further, withholding tax on distributed income by equity oriented mutual funds would be 10%. The CBDT has clarified that the proposal of 10% withholding tax as per the Finance Act, 2020 will be applicable only on dividend payment by mutual funds and not on gain arising out of redemption of units.

Exemption does not Apply

In respect of capital gains not exempted under section 10(38), the provisions for taxation of long-term capital gains for different categories of assessee and depending upon the period for which the securities are held, are explained hereunder:

Sr. No	Securities	Period of Holding	Characterization
1	Listed Securities (other than Units) and units of equity oriented Mutual Funds	More than twelve (12) months	Long-term Capital Asset
		Twelve (12) months or less	Short-term Capital Asset
2	Unlisted shares of a company	More than twenty-four (24) months	Long-term Capital Asset
		Twenty-four (24) or less	Short-term Capital Asset
3	Other securities	More than Thirty-six (36) months	Long-term Capital Asset
		Thirty-six (36) months or less	Short-term Capital Asset

12.9.1 For Resident Indians

Long-term Capital Gains in respect of capital asset (other than listed securities and units of equity oriented mutual funds) will be chargeable under section 112 of the Act at the rate of 20% plus applicable surcharge and education cess, as applicable. Capital gains would be computed after taking into account cost of acquisition as adjusted by Cost Inflation Index notified by the Central Government and expenditure incurred wholly & exclusively in connection with such transfer.

In case where taxable income as reduced by long term capital gains is below the exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of 20% plus applicable surcharge and education cess, as may be applicable.

As per Finance Act, 2017, the base year for indexation purpose has been shifted from 1981 to 2001 to calculate the cost of acquisition or to take fair market value of the asset as on that date. Further, it provides that cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as fair market value as on 1 April 2001.

12.9.2 For Non-resident Indians

Under section 115E of the Act ,

- (i) any income from investment or income from long-term capital gains of an asset other than specified asset as defined in Section 115C (Specified Assets include shares of Indian Company, Debentures and deposits in an Indian Company which is not a private company and securities issued by Central Government or such other securities as notified by Central Government) is chargeable at the rate of 20% plus applicable surcharge and cess.
- (ii) Income by way long-term capital gains is chargeable at the rate of 10% plus applicable surcharge and cess.

Long term capital gains arising to a non-resident from transfer of unlisted securities or shares of a company, not being a company in which the public are substantially interested, subject to 10% tax (without benefit of indexation and foreign currency fluctuation).

12.9.3 Tax on Long Term Gain in Certain Cases:

Under section 112A of the Act, long-term capital gains on transfer of (i) listed equity shares on which STT has been paid both at the time of acquisition and sale of such shares; or (ii) units of equity oriented mutual fund or business trust on which STT has been paid on transfer; shall be chargeable to tax at the rate of 10% on such long-term gains exceeding one lakh rupees. However, all gains up to 31st January, 2018 will be exempt from such tax.

In case of Individual or HUF being a resident, where the taxable income as reduced by long term capital gains is below the exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of 10% plus cess, as may be applicable.

The Taxation Laws (Amendment) Ordinance, 2019 dated 20th September 2019 provided that in case where the total income includes any income chargeable under Section 111A and Section 112A of the Income Tax Act, the rate of surcharge on the amount of income-tax deducted in respect of that part of income shall not exceed 15% for an individual, HUF, AOP, BOI and Artificial Judiciary Person.

The condition with respect to STT shall not apply to transfers undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transfer is received or receivable in foreign currency.

12.10 Short Term Capital Gains

Section 111A of the Act provides that short-term capital gains arising on sale of Equity Shares of a company or units of Equity Oriented Fund or units of a business trust entered on a recognized stock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund are chargeable to income tax at a concessional rate of 15% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to STT. However, the above shall not be applicable to transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains. In respect of capital gains not chargeable under Section 111A, the provisions for taxation of short-term capital gains for different categories of assesses are explained hereunder:

Short Term Capital Gains in respect of shares of a company (listed on a recognized stock exchange), units of Mutual Fund, units of Business Trust and any other listed securities held for a period of not more than 12 months and share of a company (not being a share listed in a recognized stock exchange) held for a period of not more than 24 months is added to the total income, total income including short-term capital gains is chargeable to tax as per the relevant slab rates.

The Taxation Laws (Amendment) Ordinance, 2019 dated 20 September 2019, provided that in case where the total income includes any income chargeable under Section 111A and Section 112A of the Income Tax Act, the rate of surcharge on the amount of income-tax deducted in respect of that part of income shall not exceed 15% for an individual, HUF, AOP, BOI and Artificial Judiciary Person..

12.11 PROFITS AND GAINS OF BUSINESS OR PROFESSION

- 12.11.1** If the investment under the Portfolio Management Services is regarded as “Business / Trading Asset” then the gain / loss arising there from is likely to be taxed as income from business as per slab rates i.e. in the case of resident individual and HUF and at the rate of 30% or 25% or 22% plus applicable surcharge and cess, (as the case may be, in case of resident other than individual and HUF (as the case may be) and also for non-residents other than a foreign company (assuming the highest slab rate for individual). It shall be taxable at the rate of 40% (plus applicable surcharge and cess) in case of a foreign company. The above rates would be subject to availability of benefits under the DTAA, if any in case of non-resident assessee.
- 12.11.2** Interest income arising on securities could be characterized as ‘Income from Other Sources’ or ‘business income’ depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the Act.
- 12.11.3** Earlier, as per section 40(a)(ib) of the Act, any sum paid on account of STT will not be allowed as deduction in computing the income under the head “Profit and gains of business or profession” However, this provision was applicable only up to assessment year 2008-09. With effect from April 1, 2009, the said clause has been deleted. From the assessment year 2009-10, where income referred to above is treated as Business Income, the person is eligible for deduction u/s 36(1)(xv), for the amount of STT paid.

12.12 TAX RATES

Rates of taxation for the Financial Year 2020-21 are given below:

Individuals, HUF, AOP & BOI:

Total Income	Tax Rate (Without Surcharge)
Up to INR 2,50,000	Nil
INR 2,50,001 - 5,00,000	5%
INR 5,00,001 - 10,00,000	20%
INR 10,00,001 onwards	30%

Resident Individual whose age is 60 years or more but less than 80 years:

Total Income	Tax Rate (Without Surcharge)
Up to INR 3,00,000	Nil
INR 3,00,001 - 5,00,000	5%
INR 5,00,001 - 10,00,000	20%
INR 10,00,001 onwards	30%

Resident Individual whose age is 80 years or more:

Total Income	Tax Rate (Without Surcharge)
Up to INR 5,00,000	Nil
INR 5,00,001 - 10,00,000	20%
INR 10,00,001 onwards	30%

Note 1 - Finance Act, 2019 provides a rebate of lower of actual tax liability or INR 12,500 (against earlier rebate of INR 2,500) in case of individuals having total income of less than INR 5 lakh (against earlier total income of INR 3.5 lakh).

Note 2 – The above tax rates are further to be increased by Health and Education cess of 4%(As amended by Finance Act 2018) and Surcharge wherever applicable.

Note 3 – (i) The amount of income-tax shall be increased by a surcharge at the rate of 10% of such tax, where total income exceeds INR 15 lakh but does not exceed INR 1 crore . However, the surcharge shall be subject to marginal relief (where income exceeds INR 50 lakh, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 50 lakh by more than the amount of income that exceeds INR 50 lakh).

ii) The amount of income-tax shall be increased by a surcharge at the rate of 15% of such tax, where total income exceeds INR 1 crore but doesn't exceed INR 2 crore. However, the surcharge shall be subject to marginal relief (where income exceeds INR 1 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 1 crore by more than the amount of income that exceeds INR 1 crore).

iii) The amount of income-tax shall be increased by a surcharge at the rate of 25% of such tax, where total income exceeds INR 1 crore but doesn't exceed INR 5 crore. However, the surcharge shall be subject to marginal relief (where income exceeds INR 2 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 2 crore by more than the amount of income that exceeds INR 2 crore).

iv) The amount of income-tax shall be increased by a surcharge at the rate of 37% of such tax, where total income INR 5 crore. However, the surcharge shall be subject to marginal relief (where income exceeds INR 5 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 5 crore by more than the amount of income that exceeds INR 5 crore).

The enhanced surcharge of 25% levied on the total taxable income exceeding INR 2 crore but upto INR 5 crore and 37% levied on the total taxable income exceeding INR 5 crore would not apply on the dividend income (included in the total taxable income) from FY 2020-21 and onwards.

The Finance Act, 2020 has simplified tax regime for individual and HUF with effect from financial year 2020-21 whereby individuals and HUF ('specified persons') can opt for a lower rate of tax (simplified regime tax rates as given below) if they forego certain exemptions and deductions and comply with certain conditions. This option can be exercised only once by the specified persons having business/professional income and once exercised it will remain same for the subsequent years as well.

Aggregate Income (INR)	Simplified Regime tax rates (%)
0 – 2,50,000	NIL
2,50,000– 5,00,000	5
5,00,000 – 7,50,000	10
7,50,000 – 10,00,000	15
10,00,000– 12,50,000	20
12,50,000– 15,00,000	25
Above 15,00,000	30

Alternate Minimum Tax will no longer be applicable if the option under the simplified tax regime is exercised.

Partnership Firm (Including LLP's):

A partnership firm (including LLP) is taxable at 30%.

Note 1 - The amount of income-tax shall be increased by a surcharge at the rate of 12% of such tax, where total income exceeds INR 1 crore . However, the surcharge shall be subject to marginal relief (where income exceeds INR 1 crore , the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 1 crore by more than the amount of income that exceeds INR 1 crore).

Note 2- 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 4% of such income-tax and surcharge

Local Authority:

A local authority is taxable at 30%.

Note - 1: The amount of income-tax shall be increased by a surcharge at the rate of 12% of such tax, where total income exceeds INR 1 crore . However, the surcharge shall be subject to marginal relief (where income exceeds INR 1 crore , the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 1 crore by more than the amount of income that exceeds INR 1 crore).

Note - 2: The amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of 4% of such income-tax and surcharge.

Domestic Company:

For the assessment year 2019-20, a domestic company is taxable at 30%. However, the tax rate would be 25% if turnover or gross receipt of the company does not exceed INR 250 crore in the previous year 2016-17.

For the assessment year 2020-21, a domestic company is taxable at 30%. However, the tax rate would be 25% if turnover or gross receipt of the company does not exceed INR 400 crore in the previous year 2017-18.

Note - 1: The amount of income-tax shall be increased by a surcharge at the rate of 7% of such tax, where total income exceeds one crore rupees but not exceeding INR 10 crore and at the rate of 12% of such tax, where total income exceeds INR 10 crore . However, the surcharge shall be subject to marginal relief, which shall be as under:

(i) Where income exceeds INR 1 crore but not exceeding INR 10 crore , the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 1 crore by more than the amount of income that exceeds INR 1 crore .

(ii) Where income exceeds INR 10 crore , the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 10 crore by more than the amount of income that exceeds INR 10 crore .

Note - 2: The amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of 4% of such income-tax and surcharge.

As per the The Taxation Laws (Amendment) Act, 2019 Domestic companies which do not avail tax incentives have an option to pay income tax at the rate of 22%. New domestic manufacturing companies incorporated on or after 01 October 2019 and commencing their production on or before 31 March 2023 have an option to pay lower income tax at the rate of 15%. Surcharge applicable to domestic companies opting for a lower base tax rate of 15%/22%:

Aggregate income	Surcharge for domestic company (%)	Surcharge for companies opting for 15%/22%
Income exceeding INR 1 crore but not exceeding INR 10 crores	7	10
Income exceeding INR 10 crores	12	

Foreign Company:

Sr. No	Nature of Income Tax	Tax Rate
1.	Royalty received from Government or an Indian concern in pursuance of an agreement made with the Indian concern after March 31, 1961, but before April 1, 1976, or fees for rendering technical services in pursuance of an agreement made after February 29, 1964 but before April 1, 1976 and where such agreement has, in either case, been approved by the Central Government	50%
2.	Any other income	40%

Note -1: The amount of income-tax shall be increased by a surcharge at the rate of 2% of such tax, where total income exceeds INR 1 crore but not exceeding INR 10 crore and at the rate of 5% of such tax, where total income exceeds INR 10 crore . However, the surcharge shall be subject to marginal relief, which shall be as under:

(i) Where income exceeds INR 1 crore but not exceeding INR 10 crore , the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 1 crore by more than the amount of income that exceeds INR 1 crore .

(ii) Where income exceeds INR 10 crore , the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 10 crore by more than the amount of income that exceeds INR 10 crore.

Note - 2: The amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of 4% of such income-tax and surcharge.

Co-operative Society:

Co-operative societies shall be taxed at the following rates:

Sr. No	Taxable income	Tax Rate
1.	Up to Rs. 10,000	10%
2.	Rs. 10,000 to Rs. 20,000	20%
3.	Above Rs. 20,000	30%

Note - 1: The amount of income-tax shall be increased by a surcharge at the rate of 12% of such tax, where total income exceeds INR 1 crore. However, the surcharge shall be subject to marginal relief (where income exceeds INR 1 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of INR 1 crore by more than the amount of income that exceeds INR 1 crore).

Note - 2: The amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of 4% of such income-tax and surcharge.

The Finance Act, 2020, has made amendment in tax rate for Co-operative societies with effect from the financial year 2020-21 where they can opt for the reduced rate of tax at 22% and reduced surcharge of 10% and health and education cess of 4% (effective rate of tax of 25.168%) provided they comply with the prescribed conditions.

12.13 LOSSES UNDER THE HEAD BUSINESS INCOME

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

12.14 DIVIDEND STRIPPING

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

The Finance Act, 2020 has abolished DDT and tax dividend income in the hands of shareholders in respect of dividend declared, distributed or paid on or after 1 April 2020 and therefore, in such cases the provisions of section 94(7) would not apply.

12.15 BONUS STRIPPING

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units.

13. Accounting Policies

- A) The company shall maintain a separate Portfolio record in the name of the client in its book for accounting the assets of the client and any receipt, income in connection therewith as provided under SEBI (Portfolio Managers Regulations 1993).
- B) For every Client Portfolio, the Company shall keep and maintain proper books of accounts, records and documents, for the client, on mercantile system of accounting, so as to explain its transactions and to disclose at any point of time the financial position of the Client Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.
- C) Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts, records for the clients:
 - i. For the purposes of the financial statements, Tulsian PMS shall carry all investments in the balance sheet at cost.
 - ii. Dividend income earned by a Client shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on a stock exchange, dividend income shall be recognized on the date of receipt.
 - iii. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
 - iv. In determining the holding cost of investments and the gains or loss on sale of investments, the First-In-First-Out (FIFO) method shall be followed.
 - v. Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.

- vi. Bonus shares to which the Client becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- vii. Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
- viii. The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's bought note except STT amount.
- ix. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- x. All other expenses payable by the Client shall be accrued as and when liability is incurred.
- xi. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange (NSE). If the securities are not traded on the NSE on the valuation day, the closing price of the security on the Bombay Stock Exchange will be used for valuation of securities. In case of the securities are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of Mutual Funds shall be valued at the repurchase price of the previous day declared for the relevant Scheme on the date of the report.
- xii. Open positions in derivative transactions, will be marked to market on the valuation day.
- xiii. Private equity/Pre IPO placements will be valued at cost or at a last deal price available at which company has placed shares to other inventors.
- xiv. Unrealised gain/losses are the differences, between the current market value / Net Asset Value and the historical cost of the securities.
- xv. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the portfolio obtains in enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- xvi. The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.

14. Investor Services

i. Name, Address and Telephone Number of the Investor Relation Officer, who shall attend to the investor queries and complaints

Name	Megha Tulsian
Address	6/34, Tardeo AC Market, Tardeo, Mumbai - 400 034.
Telephone	022 - 2351 1144
E-mail	megha@tulsianpms.com

ii. Grievances redressal and dispute settlement mechanism

In the event the investor has any grievance on the services standards or reporting that the Portfolio Manager has agreed to provide, then the investor shall write to the Compliance Officer of the Portfolio Manager at the company address specified below, or write by email to compliance@tulsianpms.com. The Compliance Officer shall acknowledge the receipt of email within 2 working days. Further, the Compliance Officer shall within a period of 15 working days address the grievance of the Client and write to the Client in the form of an Action Taken Report (ATR) stating the action taken, and where the grievance is of the nature that can be repetitive, the steps taken so that the grievance does not arise again.

Where the Client is not satisfied with the ATR of the Compliance Officer, then the client shall write to the Principal Officer of the Portfolio Manager either at the company address specified below or write by email to abhinandan.tulsian@tulsianpms.com. The timelines specified for the Compliance Officer relating to acknowledge and the timelines for writing to the Client in the form of an ATR shall be applicable to the Principal Officer also.

In the event the investor does not get a response from the Portfolio Manager, or not satisfied with the response provided by the Portfolio Manager, he/she may approach SEBI to address complaints against the Portfolio Managers, registered with it. The complaint has to be filed in SEBI Complaints Redress System (SCORES) at <http://scores.gov.in/Default.aspx>.

All disputes, differences, claims and questions whatsoever arising from (i) the Agreement between the Investor and the Portfolio Manager and (ii) the services to be rendered by the Portfolio Manager and / or their respective representatives shall be attempted to be resolved by discussions between the parties and amicable settlement. In case the disputes remain unsettled, the same shall be referred to a sole arbitrator and such arbitration shall be in accordance with and subject to the provisions of The Arbitration and Conciliation Act, 1996, or any statutory modification or re-enactment thereof for the time being in force. Such Arbitration proceedings shall be held at Mumbai.

15. Name & Signature Of At Least Two Directors Of Portfolio Manager

Sr. No.	Name of Director	Signature
1.	Mr. Shashikant Tulsian	SHASHIKANT PARMANAN D TULSIAN Digitally signed by SHASHIKANT PARMANAND TULSIAN Date: 2021.01.07 14:38:18 +05'30'
2.	Mr. Abhinandan Tulsian	ABHINANDAN SHASHIKANT TULSIAN Digitally signed by ABHINANDAN SHASHIKANT TULSIAN Date: 2021.01.07 14:37:12 +05'30'

Date: 05/01/2021

Place: Mumbai

FORM C

SECURITIES AND EXCHANGE BOARD OF INDIA
(PORTFOLIO MANAGERS) REGULATIONS, 1993
(Regulation 22)

TULSIAN PMS PVT. LTD.

6/40, Tardeo AC Market, Tardeo. Mumbai - 400 034.

Telephone No.: 022 - 2351 1144

We confirm that:

- the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
- the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;
- the Disclosure Document has been duly certified by an Independent Chartered Accountants viz, Mrs. Supriya Panse (Membership No.- 046607) of M/s. S. Panse & Co. LLP, 9, Three View Society, Opp. Century Bazaar, Veer Savarkar Marg, Mumbai – 400 025 on 05-01-2021.

ABHINANDAN
SHASHIKANT
TULSIAN

Digitally signed by
ABHINANDAN
SHASHIKANT TULSIAN
Date: 2021.01.07
14:36:38 +05'30'

Signature of the Principal Officer

Date : 05-01-2021

Name : Abhinandan Tulsian

Place : Mumbai

Designation : Director and CEO

**Address : 6/40, Tardeo AC Market
Tardeo, Mumbai - 400 034.**

S Panse & Co LLP

"formerly S. Panse & Co."

Chartered Accountants

9, Three View Society, Veer Savarkar Marg, Mumbai - 400 025. India. Tel / Fax : 2437 0483 / 84 Email: admin@panse.in

CERTIFICATE

In the matter of:

Tulsian PMS Private Limited.

6/40, Tardeo AC Market,
Tardeo, Mumbai - 400 034.

On the basis of verification of the Disclosure Document and other documents, audited Financial Statements as on March 31, 2020 of Tulsian PMS Private Limited and the information and explanation given to us, it is confirmed that:

The disclosures made in the Disclosure Document dated January 5, 2021, copy enclosed herewith, as required by the SEBI (Portfolio Managers) Regulations, 2020 (as amended from time to time and the guidelines and the directives issued by SEBI from time to time) are true, fair and adequate to enable the investors to make a well informed decision.

For S Panse & Co LLP

Chartered Accountants

Firm Registration No.:113470W/W100591

Supriya
Sanjay
Panse

Digitally signed by Supriya Sanjay
Panse
DN: CN = Supriya Sanjay Panse,
C = IN, S = Maharashtra, O =
Personal
Reason: I have reviewed this
document
Date: 2021.01.07 16:55:36 +05'30'

Supriya Panse

Partner

Membership No. 046607

UDIN : 21046607AAAAAD7631

Place : Mumbai

Date : January 5, 2021