

**PPFAS ALTERNATE ASSET MANAGERS IFSC PRIVATE LIMITED  
(PPFAS IFSC)**

**DISCLOSURE DOCUMENT**

**[As required under Regulation 74 of the International Financial Services Centres Authority  
(Fund Management) Regulation 2025]**

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**IFSCA Registration No.: FDM2025FMR0814**

**I. Declaration:**

(i) The purpose of the Disclosure Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making informed decision for engaging “PPFAS Alternate Asset Managers IFSC Private Limited” registered with International Financial Services Centres Authority (“IFSCA”) as a Registered Fund Management Entity (Retail) (hereinafter referred as the “**Portfolio Manager**”) as the portfolio manager.

(ii) The Disclosure Document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor is advised to retain the Disclosure Document for future reference.

(iii) The name, phone number, and e-mail address of the Principal Officer as designated by the Portfolio Manager, along with the address of the Portfolio Manager, are as follows;

Name: Mr. Nirmal Bari

Phone Number: +91 86559 26225

E-mail: [nirmal\\_b@ppfas.com](mailto:nirmal_b@ppfas.com)

Registered & Corporate Office: 412, Pragya II, Block 15C1, Road 11, Gift City, Gandhinagar, Gujarat, India, 382 355

## II. INDEX

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## 1) IMPORTANT DISCLOSURE

The Disclosure Document and its contents are for information only and do not constitute a distribution, an endorsement, an investment advice, an offer to buy or sell or the solicitation of an offer to buy or sell any Portfolio Strategies/Option or any other securities or financial products/investment products mentioned in the Disclosure Document or an attempt to influence the opinion or behaviour of the Clients. Any use of the information / any investments and investment-related decisions of the Clients are at their sole discretion & risk, and the Portfolio Manager shall not be responsible/liable for the same in any manner whatsoever, to any person/entity. The investments may not be suited to all categories of Clients. As with any investment in any securities, the value of the portfolio under any Portfolio Strategies/Option can go up or down depending on the factors and forces affecting the capital market and Clients are advised to read this Disclosure Document carefully.

Clients must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors for seeking independent legal, investment and tax advice as they believe necessary, before acting on any information in the Disclosure Document or any such other documents or before making any investments in such Portfolio Strategies/Option, as applicable. Any use of the information contained in the Disclosure Document, any investments in the Portfolio Strategies/Option and any investment-related decisions pertaining to such Portfolio Strategies/Option of the Clients are at their sole discretion & risk. There may be changes in the legal, tax and regulatory regimes (including, without limitation, political changes, government regulations, social instability, stock market fluctuations, diplomatic disputes, or other similar developments), which could adversely affect the Client's investments in the Portfolio Strategies/Option. Investments in the Portfolio Strategies/Option stand a risk of loss of capital and the Clients should be aware that they may lose all or any part of their investments in such Portfolio Strategies/Option.

## **2) DISCLAIMER**

The particulars set out in this Disclosure Document have been prepared in accordance with the International Financial Services Centres Authority (Fund Management) Regulations, 2025, as amended from time to time. The Disclosure Document has neither been approved nor disapproved by IFSCA, nor has IFSCA certified the accuracy or adequacy of the contents of this Disclosure Document.

### 3) DEFINITIONS & ABBREVIATIONS

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

**Accredited Investor:** shall have the same meaning as may be assigned to it under the Fund Management Regulations from time to time.

**Advisory Services:** means investment advisory services provided by the Portfolio Manager, without execution or administrative responsibility, in accordance with the Regulations and the terms of the Agreement with the Client.

**Agreement:** means the agreement entered between the Portfolio Manager and the Client for the purpose of providing PMS services, whether for Discretionary Portfolio Management Service, Non-Discretionary Portfolio Management Service or Advisory Services, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.

**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 the force of law in IFSC, as is in force from time to time.

**Client or Investor:** shall include Eligible Investor(s), whether natural or juridical, partnership firm or body corporates who are eligible to enter into contracts and who are not barred under any law for the time being in force to deal in securities to avail services under the Agreement, this Document and Applicable Laws.

**Custodian:** means one or more custodians, if appointed by the Portfolio Manager, from time to time, which in turn may appoint such sub-custodians, global custodians or securities depository for maintaining custody of funds and/or Securities of the Client in line with requirements prescribed under Applicable Law.

**Discretionary Portfolio Management Services:** means the discretionary portfolio management services provided by the Portfolio Manager where, under a contract whereby, the Portfolio Manager exercises or may exercise any degree of discretion as to the investment of funds or management of the portfolio of securities of the Client in line with the suitable Portfolio Strategy adopted by the Client;

**Disclosure Document or Document:** means this document issued to the Client as required under the Regulations and made available on the website of the Portfolio Manager and as may be amended by the Portfolio Manager from time to time.

**Eligible Investor:** means: (a) a person resident outside India; (b) a non-resident Indian; (c) a non-individual resident in India who is eligible under the Foreign Exchange Management Act, 1999 to invest funds offshore (to the extent of outward investment permitted); or (d) an individual resident in India who is eligible under the Foreign Exchange Management Act, 1999 to invest funds offshore (to the extent allowed under the liberalized remittance scheme (LRS) of Reserve Bank of India) and such other categories of persons / clients permitted under the Applicable Law, to be eligible to avail the services of the Portfolio Manager from time to time.

**Exit Load:** means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

**Fund Management Regulations or Regulations:** means International Financial Services Centres Authority (Fund Management) Regulations, 2025, as amended and modified from time to time, and including any circulars/notifications/guidelines/advisories issued pursuant thereto.

**Implementation Service:** means additional services offered by the Portfolio Manager to implement the Services.

**Investment Advice:** means advice relating to investing in, purchasing, selling, or otherwise dealing in Securities or Investment Products, and advice on an investment portfolio containing Securities or Investment Products, whether written, oral, or through any other means of communication for the benefit of the client, and shall include financial planning.

**Investment Product(s):** shall mean and include Securities (whether listed or unlisted), including investment in equity and preference shares, structured products, debt instruments, units of mutual funds (whether listed or unlisted), exchange traded funds, units or other instruments issued by any collective investment scheme to the investors in such scheme, units or other instruments representing the beneficial interest of the investors in any schemes or funds floated by a trust including but not limited to alternative investment funds, real estate investment trusts, infrastructure investment trusts, money market instruments, government securities, treasury bills, insurance products, national pension schemes, unlisted securities, certificates of deposit, participation certificates, commercial paper, securitised debt instruments, investments in bank and / or company deposits, portfolio management strategies offered by portfolio managers, offshore securities / products/instruments or such other instruments and/or products that the Advisor is permitted to provide investment advice under Applicable Laws;

**IFSC or International Financial Services Centre:** shall have the same meaning as assigned to it under clause (g) of sub-section (1) of Section 3 of the International Financial Services Centres Authority Act, 2019.

**IFSCA:** means the International Financial Services Centres Authority established under sub-section (1) of Section 4 of the International Financial Services Centres Authority Act, 2019;

**Independent Valuer** shall mean an independent third-party service provider such as a fund administrator or custodian registered with the IFSCA, a valuer registered with Insolvency and Bankruptcy Board of India or such other person as may be specified by the IFSCA, as may be appointed for carrying out valuation of Portfolio Investments in terms of this Document.

**NAV:** Net Asset Value means the sum total of the current value of the securities plus bank balance and receivables less payables, including fees and expenses levied for availing services under the Agreement.

**Non-Discretionary Portfolio Management Services:** means the non-discretionary portfolio management services provided by the Portfolio Manager who, under a contract relating to portfolio management, acts solely on the Client's instructions while the Client retains full discretion over the investment decision;

**Portfolio Strategies / Options:** shall mean a broad outlay of the type of securities and permissible instruments to be invested in or as advised by the Portfolio Manager for the Client, taking into account factors specific to Clients and securities and includes any of the current portfolio strategy or such portfolio strategy that may be introduced by the Portfolio Manager, from time to time

**Management Fee:** means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

**Portfolio or Client Portfolio:** means the total holdings of Securities and funds belonging to the Client in accordance with the Agreement.

**Portfolio Entity:** means companies, enterprises, bodies corporate, or any other entities in the Securities in which the monies from the Client Portfolio are invested in subject to the Applicable Laws.

**Portfolio Investments:** means investments in Securities of one or more Portfolio Entity/ies made by the Portfolio Manager on behalf of the Client under the PMS from time to time. The Portfolio Manager is permitted to invest in Securities and financial products in an IFSC or foreign jurisdiction, subject to requirements prescribed under Applicable Law.

**PPFAS:** Parag Parikh Financial Advisory Services Limited

**PPFAS IFSC:** PPFAS Alternate Asset Managers IFSC Private Limited

**Principal Officer:** means a designated employee of the Portfolio Manager responsible for the overall activities of the Portfolio Manager.

**Portfolio Management Services or PMS:** means the portfolio management services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement, this Document, and subject to Applicable Laws.

**PML Laws:** means the Prevention of Money Laundering Act, 2002, including the Anti-Money Laundering, Counter-Terrorist Financing, and Know Your Customer) Guidelines, 2022, and such other guidelines/circulars issued by IFSCA thereto as amended and modified from time to time.

**Securities:** shall mean and include in case of Discretionary Portfolio Management Services, securities listed or to be listed or traded on a recognized stock exchange, money market instruments, units of investment scheme and other financial products issued in IFSC, India or Foreign Jurisdiction or such other securities as may be specified by the IFSCA from time to time. In case of Non-Discretionary Portfolio Management and Advisory Services, the term Securities shall mean to include all the permissible securities and financial products which are listed, unlisted, to be listed, including but not limited to equity, debt, etc., and such other financial products in IFSC, India or a Foreign Jurisdiction. Notwithstanding the generality of the meaning ascribed above, the term ‘Securities’ shall have the meaning ascribed to the term under Section 2(h) of the Securities Contracts (Regulation) Act, 1956. It is clarified herein that the Portfolio Manager shall be permitted to invest in securities and financial products in an IFSC or a foreign jurisdiction.

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

#### 4) DESCRIPTION

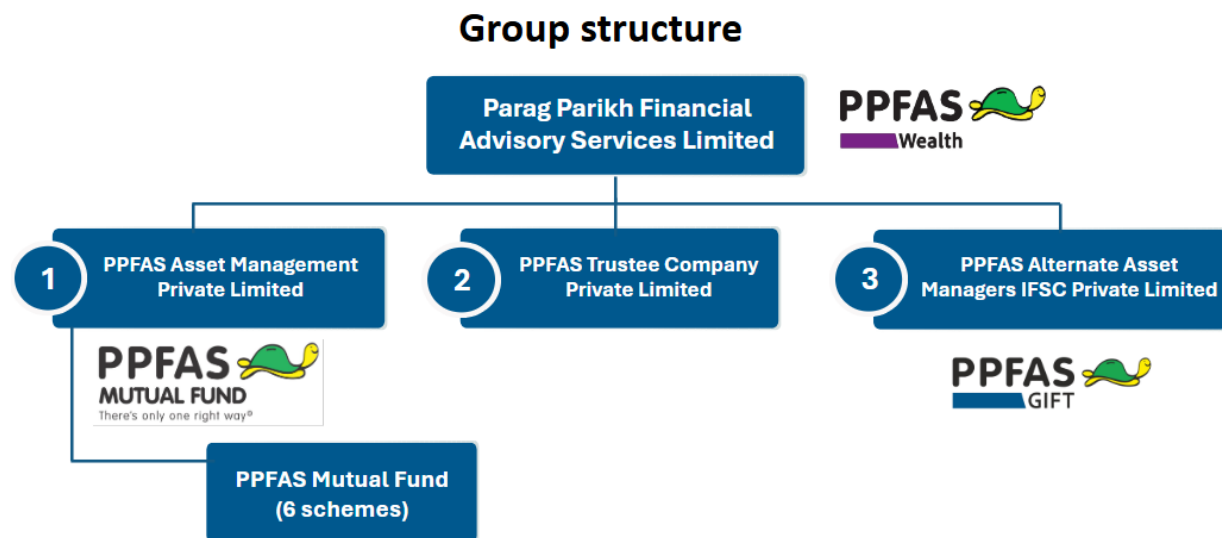
##### (i) History, Present Business, and Background of the Portfolio Manager

###### PPFAS IFSC

PPFAS IFSC is a private company incorporated on November 18, 2024, under the provisions of the Companies Act, 2013, which is a wholly owned subsidiary of PPFAS. PPFAS is a flagship entity / holding company of the PPFAS group.

PPFAS IFSC has obtained registration from the IFSCA as a Registered Fund Management Entity (Retail) bearing registration number: FDM2025FMR0814. The Fund Management Entity (Retail) registration enables PPFAS IFSC to provide the entire gamut of fund management products in GIFT City, including PMS, AIF, and Retail schemes. PPFAS IFSC is in the process of launching various inbound and outbound schemes in addition to this PMS service.

The organization structure of PPFAS IFSC is as under:



## **ii) Promoters of the Portfolio Manager, directors, and their background**

### **(a) Promoters of the Portfolio Manager**

#### **About Mr. Parag Parikh:**

Mr. Parag Parikh, founder of PPFAS, was a distinguished figure in the Indian financial services industry. He was a well-known value investor and financial advisor in India. Mr. Parikh believed in a disciplined, research-driven approach to investing and was known for his contrarian investment style. He began his journey in the financial services sector in the year 1983 by setting up Parag Parikh Securities Ltd. and eventually went on to establish PPFAS as a prominent investment advisory and asset management firm in India. Known for his humility and approachability, Mr. Parikh was a mentor and guide to many young professionals.

#### **Achievements, Reputation, and Investment Principles:**

Mr. Parikh was one of the early proponents of value investing in India, influenced by the teaching of Warren Buffett and Benjamin Graham. He brought these principles into the Indian context, advocating for investments in fundamentally strong companies with long-term growth potential rather than chasing short-term profits. His book, Value Investing and Behavioral Finance, focuses around the behavioural aspects of investing in various circumstances.

Under his leadership, PPFAS has become a brand, known for its client-first philosophy and transparency.

#### **Legacy:**

Mr. Parikh's sudden demise in 2015 was a great loss to the Indian investment community. However, his legacy continues through PPFAS, which operates based on the same principles of ethics, integrity, and investor-centricity that he had established. Today, PPFAS Mutual Fund is one of India's most respected mutual funds, known for its value-based, long-term approach and transparent communication with investors, reflecting the ideals he ingrained into the organization.

#### **About PPFAS Group:**

PPFAS was set up in 1992 with the aim of providing advisory and transaction services on the Bombay Stock Exchange. This was extended to the National Stock Exchange a couple of years later.

PPFAS has over three decades of rich and varied experience in the financial markets, underpinned by a deep understanding of market dynamics, disciplined risk management practices, and a strong emphasis on focused investment research.

Since its inception, research has been the backbone of all operations at PPFAS. It was through rigorous and independent research that the firm initially carved out a space for itself in the highly competitive institutional broking segment. Over the years, this commitment to research has evolved into a core competency that continues to distinguish PPFAS in the fields of investment advisory and portfolio management.

PPFAS adopts a differentiated approach to investment research. Instead of producing lengthy reports based on publicly available data, the firm focuses on delivering actionable advice rooted in original thinking, deep insight, and sound business judgment. PPFAS is guided by the 'Law Of The Farm', which states that everything takes its own time, and hastening the process will be counterproductive. This enables it to identify long-term opportunities often missed by conventional research.

A core pillar of investment research is the practical application of behavioural finance—the study of how psychological factors influence investment decisions. Investors frequently fall prey to emotional biases such as herd mentality, overconfidence, or loss aversion. PPFAS helps clients recognize and avoid these common pitfalls while also seeking to capitalize on the irrational behaviour of the broader market. By combining independent research with behavioural insights, PPFAS aims to create sustainable value for its clients over the long term.

Leveraging on its nucleus of investment research, PPFAS was among the first set of firms that secured licenses to provide Portfolio Management Services (PMS) from the Securities and Exchange Board of India (SEBI) in 1996.

PPFAS currently manages two investment approaches:

1. **Cognito (Discretionary PMS)** - Its flagship investment approach under Discretionary Portfolio Management Services, in operation since October 1996. However, it has ceased to accept new clients for the past decade or so, post the launch of PPFAS Mutual Fund.
2. **Multi-Asset Non-Discretionary Strategy:** It is a form of portfolio management service where PPFAS primarily acts as an advisor rather than a portfolio manager. Since the product is of a 'non-discretionary' nature, clients will be involved with investment-related decisions. Ideas will be generated by PPFAS, but investor consent is required before the execution of the trade.

PPFAS's PMS has a sound track record with assets under management (AUM) of INR 8067.60 lakhs, and the number of clients is 15 as of 31 March 2025.

#### **About PPFAS Mutual Fund:**

PPFAS also acts as the sponsor to the PPFAS Mutual Fund. PPFAS group launched its first Mutual Fund Scheme in May 2013 and currently has six schemes as mentioned below.

- Parag Parikh Flexi Cap Fund
- Parag Parikh ELSS Tax Saver Fund
- Parag Parikh Liquid Fund
- Parag Parikh Conservative Hybrid Fund
- Parag Parikh Arbitrage Fund
- Parag Parikh Dynamic Asset Allocation Fund

Since its inception, PPFAS Mutual Fund has successfully gained investors' confidence and trust, and the same can be evidenced from the fact that it has 42 lakh unique unitholders in its schemes, and the AUM of all the schemes stands at INR 1,06,836 crores as on 30 April 2025. Parag Parikh Flexi Cap Fund, the flagship scheme, also became the first actively managed scheme to cross INR 1 lakh crore in AUM in May 2025.

One of the core tenets of PPFAS Mutual Fund is “We see ourselves as asset managers, not asset gatherers”. There is a clear focus that managing the corpus entrusted is the primary objective, and while growth in AUM is welcome, it is not the firm’s primary objective. This is also reflected in the low number of schemes with very different value propositions.

Another key aspect that is core to PPFAS is skin in the game. PPFAS Mutual Fund firmly believes in aligning the interests of its promoters and employees with those of its investors in line with requirements prescribed by SEBI in this regard. In line with this philosophy, the senior management team has committed to investing a significant portion of their investible surplus into various schemes of PPFAS Mutual Fund. As of the date, investment from promoters and employees amounts to an AUM of around INR 720 Cr across all schemes of PPFAS Mutual Fund.

PPFAS Mutual Fund also has a proven track record of researching and actively investing in foreign stocks through the Parag Parikh Flexi Cap Fund. This global diversification has been a key component of the fund’s strategy, aimed at reducing country risk and portfolio volatility at the same time, offering a wider choice for portfolio composition and lower valuations.

#### **(b) Directors of Portfolio Manager**

**A. Mr. Rajeev Thakkar (Executive Director)** – Rajeev possesses relevant experience of over two decades in various segments of the Capital Markets, such as investment banking, corporate finance, securities broking, and managing clients' investments in equities. Rajeev is a Chartered Accountant, CFA charter holder, cost accountant, and certified financial planner by profession. Rajeev is a strong believer in the school of “value-investing” and is heavily influenced by Warren Buffett and Charlie Munger’s approach.

**B. Mr. Nirmal Bari (Executive Director)**– Nirmal has over 11 years of experience in Equity Research, Private Equity & Venture Debt. He has worked extensively on screening undervalued stocks and building financial models, including a long-term industry model to gauge growth potential. He has a strong track record in generating investment ideas, conducting financial analysis, and managing significant financial transactions. Nirmal holds a PGDM from the Management Development Institute (MDI), Gurgaon, and a B.E. in Mechanical Engineering from the Faculty of Technology and Engineering, M.S. University, Baroda. He has also cleared the CFA Level 1 and Level 2 exams. His expertise spans BFSI, IT, Auto, and Consumer sectors.

**C. Mr. Dhinal Shah (Independent Director)**– Dhinal is a practicing advocate and also a Chartered Accountant by profession. He has more than 30 years of experience in taxation, exchange control, insolvency, and corporate laws. He has advised Indian corporates and multinationals on double tax treaties, tax credits, transfer pricing, corporate tax, and IFRS. A former partner at Ernst & Young, Dhinal serves as an Executive Committee Member of the International Fiscal Association and has held key positions, including Central Council Member of ICAI and Chairman of the Direct Tax Committee of the Gujarat Chamber of Commerce. He has also co-authored a book and presented papers at various seminars on topics like taxation, accounting standards, and insolvency. He does contribute to articles in ICAI journals and other professional journals.

**D. Mr. Viral Jhaveri (Independent Director)** – Viral possesses over two decades of experience in research management, portfolio management, and industrial management. During his professional journey, he held various positions and managed model portfolios, and conducted in-depth sector research. Viral is a Chartered Accountant by profession and holds a Master of Commerce in Banking and International Finance, as well as a Bachelor of Commerce in Accounting and Auditing from Gujarat University, where he secured first rank in the state examinations. His expertise includes fundamental and quantitative analysis, investment process improvement, and governance.

**iii) Details of Key Managerial Personnel**

- (a) Mr. Nirmal Bari – Principal Officer
- (b) Mr. Purvesh Pandit – Compliance Officer and Company Secretary
- (c) Mr. Akshay Falgunia – Fund Manager

The details of the mentioned Key Managerial Personnel can be accessed here (<https://gift.ppfas.com/about/#team>)

## 5) SERVICES OFFERED

The Portfolio Manager shall provide Discretionary Portfolio Management Services, Non-Discretionary Portfolio Management Services, and Advisory Services to Eligible Investors.

### a) DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

Under the Discretionary Portfolio Management Services, the choice as well as the timing to make the investment/divestment decisions on an ongoing basis rest solely with the Portfolio Manager. The Portfolio Manager may, at times and at its own discretion, adhere to the views of the Client pertaining to the investment/disinvestment decisions of the Client's Portfolio. The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of Securities as per the Client Agreement and make such changes in the investments and invest some or all of the Client's monies in such manner and in such markets as it deems fit. The Securities invested/disinvested by the Portfolio Manager for Clients in the same Portfolio Strategies /Option may differ from one Client to another. The Portfolio Manager's decision taken in good faith towards deployment/divestment of the Clients' Portfolio is absolute and final and can never be called in question or be open to review at any time during the currency of the Client Agreement or any time thereafter except on the ground of malafide intent, fraud or gross negligence as proven before the highest court of competent jurisdiction. This right of the Portfolio Manager shall be exercised strictly in accordance with the Regulations.

The Portfolio Manager shall not accept from the Clients, funds or securities worth less than USD 75,000 (except Accredited Investors) or such other amount as may be determined by IFSCA under the Regulations / by the Portfolio Manager. Acceptance of Clients would be solely at the discretion of the Portfolio Manager, even if it meets the threshold requirement. However, such a threshold may not apply to Accredited Investors at the discretion of the Portfolio Manager.

### b) NON-DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

Under the Non-Discretionary Portfolio Management Service, the assets of the Client are managed in consultation with the Client and based on the final investment decisions of 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. The deployment of the Client's monies by the Portfolio Manager on the instructions of the Client is absolute and final and can never be called in question or shall not be open to review at any time during the currency of the Client Agreement or at any time thereafter except on the ground of mala fide intent, fraud or gross negligence as proven before the highest court of competent jurisdiction.

The Portfolio Manager shall not accept from the Clients, funds or securities worth less than USD 75,000 (except Accredited Investors) or such other amount as may be determined by IFSCA under the Regulations / by the Portfolio Manager. Acceptance of Clients would be solely at the discretion of the Portfolio Manager, even if it meets the threshold requirement. However, such a threshold may not apply to Accredited Investors at the discretion of the Portfolio Manager.

**c) ADVISORY SERVICES:**

The Portfolio Manager may provide investment advisory services, in terms of the Regulations, which shall include the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the Client Portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk; to all eligible category of investors. The Portfolio Manager shall be solely acting as an advisor to the Client Portfolio and shall not be responsible for the investment/divestment of Securities and/or any administrative activities on the Client Portfolio, including but not limited to the execution or implementation of any investment decision of the Client. 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. The terms of the Advisory Services provided shall be in accordance with the advisory agreement entered into by the Clients with the Portfolio Manager.

Portfolio Manager shall make disclosure of conflict of interest related to services offered by group companies of the Portfolio Manager, if any, on a periodic basis as may be required under the Regulations.

**(i) The present investment objectives, portfolio strategy, and policies, including the types of securities in which investments are made.**

The investment objective of the Portfolio Manager is to optimize the annualized return on the funds placed with the Portfolio Manager through a judicious deployment in capital/money market instruments, mutual fund units or derivatives based on a professional, detailed assessment and evaluation of all factors pertaining to the investment in order to generate long term capital growth from an actively managed portfolio while at the same time evaluating the risks associated with the investments.

Buying securities at a discount to intrinsic value will help to create value for investors. We aim to avail such opportunities whenever available. We also intend to hold every constituent in our portfolio for several years, unless certain circumstances dictate otherwise. This will automatically reduce the churn in the portfolio, thereby resulting in a more tax-efficient investment for Clients.

The money or securities accepted by PPFAS IFSC shall only be invested as per the terms of the agreement between PPFAS IFSC and the Client. PPFAS IFSC shall not, while dealing with Clients' funds, indulge in speculative transactions, that is, it shall not enter into any transaction for the purchase or sale of any security which is periodically or ultimately settled otherwise than by actual delivery or transfer of security, except the transactions in derivatives.

PPFAS IFSC shall not borrow funds or securities on behalf of the Client.

PPFAS IFSC shall not invest in derivatives, unless express consent has been obtained from clients as part of the Agreement or otherwise.

PPFAS may, in any of its Portfolio Strategies, invest through an omnibus structure as permissible in such jurisdictions with prior consent of the Client.

**(ii) Portfolio Strategy of the Portfolio Manager.**

The Portfolio Manager offers Discretionary Portfolio Management Services, Non-Discretionary Portfolio Management Services, and Advisory Services and as per the Agreement executed with each Client. The details of the Portfolio Strategy offered by the Portfolio Manager are as follows (new portfolio strategies may be launched by the Portfolio Manager from time to time):

**(a) Parag Parikh Global Investing Strategy:**

- (i) **Investment Objective** – To generate sustainable returns over the medium to long term by making investments that primarily comprise equity securities.
- (ii) **Description of Securities** – Under the PMS, Client monies would primarily be invested in equity shares and equity-linked instruments issued by companies that could be listed in any global stock market. Some part of Client monies might be invested in units of money market securities, liquid funds, or exchange-traded funds, and/or some part might be retained as cash.
- (iii) **Basis of Selection of type of security** – The portfolio strategy is based on generating returns by investing in participating instruments of companies that have a proven track record of steady growth in free cash flows through a combination of strong competitive advantages and disciplined capital allocation. Hence, under this portfolio strategy, investments are primarily made in equity shares and equity-linked instruments issued by companies listed across the stock exchanges globally. To keep some part of Client monies in liquid form, such monies are either invested in units of money market instruments, funds, or liquid funds, or they are retained in the bank account in the form of cash. Buying securities at a discount to intrinsic value will help to create value for investors. We aim to avail such opportunities whenever available. We also intend to hold every constituent in the portfolio for several years, unless certain circumstances dictate otherwise. This will automatically reduce the churn in the portfolio, thereby resulting in a more tax-efficient investment.
- (iv) **Allocation of portfolio across types of securities** –

Type of security	Allocation in the portfolio
Equity and equity-linked instruments	=>70%
Money market funds / Liquid mutual funds /Bank balance	<=30%

- (v) **Appropriate Benchmark to compare performance** – S&P 500 Net Total Return Index
- (vi) **Basis for choice of benchmark** – Most of the portfolio companies operate in the world’s developed economies, and many of the portfolio companies are part of the S&P 500. Further, the Portfolio Manager will reinvest the dividends received unless the Client provides instructions for payout of dividends. Hence, the S&P 500 Net Total Return Index has been selected as the benchmark for comparing performance.

- (vii) **Minimum investment** – The minimum value of funds/investments which are accepted towards initial corpus under the PMS would be decided by the Portfolio Manager from time to time, and the minimum sum will not be less than any amount as may be stipulated by the Regulations from time to time. The uninvested amounts forming part of the Client’s Assets may be at the discretion of the Portfolio Manager held in cash or deployed in liquid mutual fund schemes, exchange-traded index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits, and other short-term avenues for investment.
- (viii) **Indicative tenure or investment horizon** – 3 years to 20 years
- (ix) **Lock-in period** – Investments managed under the PMS shall not be subject to any lock-in period.
- (x) **Exit loads** – There shall be no levy of exit load on withdrawal of monies being managed under this approach.
- (xi) **Redemptions / Partial withdrawals** – Partial withdrawal shall be allowed only to such extent that the portfolio value after recovery of fees, charges, and payment of withdrawal amount is not less than the minimum investment amount specified in this Document.
- (xii) **Use of derivatives** – The Portfolio Manager may transact in derivatives in case it deems it necessary to protect the value of the Client’s portfolios in periods of market instability, only after a prior written consent from the Client has been received with respect to such proposed investments in derivatives under the Agreement. If the client does not want the Portfolio Manager to use derivatives at all in his/her portfolio, then he/she can mention Derivatives as negative security, and the Portfolio Manager would be barred from using derivatives in the client’s portfolio.

**(iii) 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 shall have the sole and absolute discretion to invest/divest the Client’s Funds in permissible Securities, including the Securities issued by any of the group or associate companies of the Portfolio Manager. The Portfolio Manager may also invest in any financial instruments issued by any of the group companies of the Portfolio Manager, and such investments therein shall be subject to the Applicable Laws/regulations/ guidelines, and all investment transactions entered into with group companies shall strictly be on an arm’s length basis. All conflicts of interest arising with respect to such investments by the Portfolio Manager shall be handled as per the Conflict of Interest Policy of the Portfolio Manager.

## 6) RISK FACTORS

The investments made in Securities are subject to market risk, and there is no assurance or guarantee that the objectives of investments will be achieved, and the Portfolio Manager has no liability for any losses resulting from the Client's availing of the PMS Services. The following are the current risk factors as perceived by the management of the Portfolio Manager. This list is not intended to be exhaustive in nature and is merely intended to highlight certain risks that are associated with investing in Securities:

### (i) General Risk

- Investments in securities that are traded in stock exchanges are exposed to risks associated with the particular country in which the stock exchange is situated. Investing in such securities could be riskier when compared with Indian securities due to geographical and other issues.
- Securities investments are subject to market risk, and there is no assurance or guarantee that the objectives of the investments will be achieved.
- As with any investment in securities, the Net Asset Value of the Portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- The performance of the Portfolio may be affected by changes in Government policies, general levels of interest rates, and risks associated with trading volumes, liquidity, and settlement systems in equity and debt markets.
- The performance of the assets of the Client may be adversely affected by the performance of individual securities, changes in the marketplace, and industry specific and macroeconomic factors.
- The past performance of the Portfolio Manager does not indicate or guarantee its future performance.
- The Portfolio Manager may invest in non-publicly offered debt Securities and unlisted equities. This may expose the Client's Portfolio to liquidity risks.
- There are inherent risks arising out of investment objectives, investment strategy, asset allocation, and non-diversification of portfolio.
- The Net Asset Value may be affected by changes in settlement periods and transfer procedures.
- Investments are subject to risk arising out of non-diversification, if any.
- 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.

- Changes in laws, regulations, or government policies in the jurisdictions where investments are made or where the Portfolio Manager operates could have an adverse impact on portfolio performance. These may include, but are not limited to, changes in investment restrictions, tax laws, repatriation norms, or foreign exchange controls.
- Legal proceedings, contractual disputes, or litigation involving investee companies or the Portfolio Manager may result in reputational damage, fines, or financial loss, which could adversely affect portfolio value.
- The Portfolio Manager may rely on external service providers such as custodians, fund administrators, brokers, and auditors. The failure or underperformance of any of these entities may lead to delays, errors, or financial loss.
- Events beyond the reasonable control of the Portfolio Manager, including natural disasters, pandemics, wars, or systemic market failures, could materially affect investment outcomes and operational capabilities.
- The benchmark used may not always represent the most accurate or relevant comparator for the investment strategy pursued. Benchmark mismatch can lead to a false perception of underperformance or excess risk.

Risks arising from the portfolio strategy, investment objective, investment strategy, and asset allocation are as follows:

**(ii) Risk associated with Equity and Equity-Related Instruments**

- Equity and equity-related instruments, by nature, are volatile and prone to price fluctuations on a daily basis due to macro and microeconomic factors.
- The value of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the Government, taxation laws, political, economic or other developments, which may have an adverse impact on individual securities, a specific sector or all sectors. Consequently, the value of the Client Portfolio may be adversely affected.
- Further, the equity and equity-related instruments are risk capital and are subordinate in the right of payment to other securities, including debt securities. Equity and equity-related instruments listed on the stock exchange carry lower liquidity risk; however, the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges.
- In markets, there may be risks associated with trading volumes, settlement periods, and transfer procedures that may restrict the liquidity of investments in equity and equity-related securities.
- In certain cases, settlement periods may be extended significantly by unforeseen circumstances.

- The inability of the Portfolio Manager to make intended securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of securities held in the Client's Portfolio.
- Voting rights on equity and equity-related instruments would be limited as the investee companies would be domiciled in different geographies and may be subject to applicable local laws and regulations imposing restrictions on voting rights of the Portfolio Manager.
- Although investments may be in liquid instruments, large-scale redemption requests by clients could cause a liquidity mismatch if the Portfolio Manager is forced to sell holdings at unfavorable prices to meet withdrawal demands.

**(iii) Risk associated with Debt and Money Market Securities**

- Investments in debt instruments and other fixed income securities are subject to credit risk, liquidity risk, reinvestment risk, rating risk, interest rate risk, etc. A few key risks are explained below:
- Interest Rate Risk - Fixed income and money market instruments run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall, and when interest rate falls, the prices increase. In the case of floating rate securities, an additional risk could arise because of the changes in the spreads of floating rate securities. With the increase in the spread of floating rate securities, the price can fall, and with a decrease in the spread of floating rate securities, the price can rise.
- Credit Risk - Credit risk or default risk refers to the risk that the issuer of a fixed income security may default on interest payment or even to pay back the principal amount on maturity. In the case of Government Securities, there is minimal credit risk to that extent. Lower-rated or unrated securities are more likely to react to developments affecting the market and credit risk than the highly rated securities, which react primarily to movements in the general level of interest rates. Lower-rated or unrated securities also tend to be more sensitive to economic conditions than higher-rated securities.
- Liquidity or Marketability Risk - Liquidity or marketability risk refers to the inability of the Portfolio Manager to execute a sale/purchase order due to a lack of sufficient volumes. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The Securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these securities is limited by the overall trading volumes.
- Reinvestment Risk – Reinvestment risk refers to the interest rate risk at which the intermediate cash flows received from the Securities in the Portfolio, including maturity proceeds, are reinvested. 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 debt security. Consequently, the proceeds may be invested at a lower rate.

- Price Volatility Risk - Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity, and market perception of the creditworthiness of the issuer, among others (market risk). The market for these Securities may be less liquid than that for other higher-rated or more widely followed Securities.
- Spread Risk: In a floating rate security, the coupon is expressed in terms of a spread or markup over the benchmark rate. In the life of a security, this spread may move adversely, leading to a loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase, leading to a loss in value of the security.
- Rating Risk: Different types of debt securities in which the Client invests may carry different levels and types of risk. Accordingly, the risk may increase or decrease depending upon its investment pattern; for instance, corporate bonds carry a higher amount of risk than government securities. Further, even among corporate bonds, bonds that are AA-rated are comparatively riskier than bonds that are AAA-rated.

**(iv) Risks Associated with Investing in Securitised Debt**

- Securitised debt may suffer losses in the event of delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. Securitised debt is subject to interest-rate risk, prepayment risk, credit or default risk.
- Further, Asset Backed Security (ABS) has structural risk due to a unique characteristic known as early amortization or early pay-out risk.

**(v) Risks associated with Investing in Derivatives**

- The Portfolio Manager may use derivative instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent in such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, 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.

**(vi) Risks associated with investments in Overseas Mutual Funds/ETFs**

Investments in mutual funds and securities are subject to market risks, and there is no assurance that the portfolio objectives will be achieved. Specific risks related to investing in overseas mutual funds and ETFs include:

- **Underlying Scheme Risk** - The Portfolio may predominantly invest in overseas mutual funds/ETFs. Any changes in the investment policy or fundamental attributes of these schemes can impact performance.
- **Relevant Risk Factors** - For every investment in overseas mutual funds/ETFs, the risk factors of the underlying schemes/ETFs will be relevant and must be treated as risk factors of the Portfolio. The risk in such underlying schemes/ETFs may relate to factors including but not limited to the performance of underlying stocks, bonds, derivative instruments, offshore investments, interest rate risk, and exchange risk.
- **Performance & Liquidity Linkage** - To the extent Portfolio assets are invested in the overseas mutual funds/ETFs, the Portfolio's performance, risk profile, and liquidity will be dependent on the underlying mutual funds/ETFs. These may not always align with broader market trends or achieve their stated investment objectives.
- **Settlement & Operational Risks** - Differences in settlement cycles between domestic and international funds may lead to operational delays. Additionally, delays in redemption proceeds due to book closures or other regulatory actions may impact liquidity.
- **NAV Disclosure Lag** - Due to time zone differences and regulatory requirements, NAVs of overseas funds may be disclosed with a delay, affecting valuation and transaction timing. Net Asset Value applicability for the investor may differ if investing in overseas funds / ETFs to that extent.
- **Aggregate Costs** - In case of investments in a mutual fund, the Client pays the recurring expenses of the Portfolio Manager in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what the Client may have received had the Client invested directly in the underlying securities of the mutual fund schemes.
- **Exit Load** – Investments made in foreign mutual funds may be subject to exit load, and to that extent, there would be an impact on the realised NAV vs the disclosed NAV to any client at the point of exit.

- Deployment Risk - There may be delays in deploying the corpus post-investment, leading to opportunity loss.

Other Associated Risks -

- Reinvestment risk
- Risk of substantial redemptions
- Non-diversification risk
- Absence of prior active market
- Trading in units may be halted
- Units may trade at prices lower than the NAV

**(vii) Risk associated with Global Investing**

- **Currency Risk** - Contributions to the PMS Service will be denominated in U.S. Dollars. However, the strategy may invest in securities denominated in currency other than U.S. Dollars. Any dividends, sale proceeds, interest, and return of capital contributions in respect of such portfolio companies will likely be paid in currency other than U.S. Dollars and subsequently converted into U.S. Dollars for repatriation. A change in the value of such currency against the U.S. Dollar will cause a corresponding change in the U.S. Dollar value of the investments that are denominated in a currency other than U.S. Dollars. Such changes may also affect the Client's income and profitability. Any change in trading policy by the respective central banks and governments can significantly and suddenly influence exchange rates from time to time. Other factors that may affect currency values include trade balances, the level of short-term interest rates, long-term opportunities for investment and capital appreciation, and political developments. The Client may incur costs in converting from one currency to another. The Portfolio Manager may employ hedging techniques for select Clients to minimize these risks, but there can be no assurance that such strategies will be effective.

The assets in which the underlying fund is invested and the income from the assets will or may be quoted in currencies that are different from the underlying fund's base currency. The performance of the underlying fund will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the underlying fund's base currency, and hence there can be the prospect of additional loss or the prospect of additional gain to the Clients greater than the usual risks of investment. The performance of the underlying fund may also be affected by changes in exchange control laws.

- Political, Social & Economic Risks - Political instability, changes in government, or adverse geopolitical developments may materially impact economic conditions and, consequently, the Portfolio Manager's operations and performance in specific jurisdictions. Investments across global jurisdictions are subject to risks including, but not limited to: changes in interest rates, government policies, taxation, civil unrest, military conflict, economic slowdowns, currency fluctuations, capital controls, regulatory uncertainty, and evolving local compliance requirements—any of which may adversely affect the Client Portfolio. Inflationary pressures, volatile crude oil prices, and interest rate fluctuations also pose macroeconomic risks. Further, the outbreak of infectious diseases such as COVID-19 and similar public health emergencies may disrupt economic activity, impair portfolio entities, and hinder the Portfolio Manager's ability to execute investment strategies or maintain normal operations. These factors, individually or collectively, may materially and adversely affect portfolio performance and investment outcomes.

- Counterparty Risk - The Portfolio will also be exposed to counterparty risk in relation to the brokers, vendors, and other parties with whom they transact. Some of these counterparties may be operating from different jurisdictions, and the ability of the portfolio manager to enforce judgments in case of disputes would be limited.

**(viii) Risk arising out of non-diversification**

The investment, according to the investment objective of a Portfolio, may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the Portfolio with the investment objective to invest in a specific sector/industry would be exposed to the risk associated with such sector/industry, and its performance will be dependent on the performance of such sector/industry.

**(ix) Tax Risks**

- General Anti - Avoidance Rules and its impact on the investors and risks associated with it - The General Anti - Avoidance Rules ('GAAR') provisions provide that an arrangement whose main purpose is to obtain a tax benefit and which also satisfies at least one of the four specified tests (i.e. arrangement is not in arm's length, misuse or abuse of tax laws, lacks or is deemed to lack commercial substance or not carried out for bonafide purpose) can be declared as an "impermissible avoidance arrangement". Further, the GAAR provisions, if invoked, could override the treaty provisions. The provisions of GAAR would be applicable to any transaction undertaken on or after April 1, 2017. There is a risk that the Indian tax authorities could challenge any arrangement under the GAAR provisions and the rules thereunder, which could result in additional tax liabilities to the investors.
- Multilateral Convention to implement DTAA related measures to prevent Base Erosion and Profit Shifting ('MLI') and its impact on the investors and risks associated with it - Prospective investors should be aware that on 7 June 2017, several countries signed a multilateral convention implementing tax treaty related measures arising from the OECD's "Action Plan on Base Erosion and Profit Shifting" or "BEPS" initiative. The effect of the multilateral convention will be to amend the terms of existing bilateral tax treaties between the signatory states (once ratified domestically by the relevant states) to introduce either a "principal purpose" or "limitation on benefits" restriction (or, in some cases, both) into the existing tax treaties in force between the signatory states. This could result in additional reporting and disclosure obligations for the investors and/or additional tax being suffered by the investors, which may adversely affect the returns for investors. 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 tax treaty is dependent on ratification as well as positions adopted by both countries signing a DTAA
- Risks associated with changes in tax laws, including renegotiation of tax treaties, are relevant to the Investors. Investors are subject to a number of risks related to tax matters. In particular, the tax laws and their interpretation are subject to change, and tax liabilities could be incurred by investors as a result of such changes. The tax consequences of an investment are complex, and the full tax impact of an investment will depend on the circumstances particular to each investor and the additional peculiarities associated with respect to activities of each portfolio entity. Further, the information relating to Indian taxation legislation contained in this memorandum is based on Indian domestic taxation law along with the rules and regulations made thereunder and the judicial and administrative

interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of the information stated herein. Accordingly, prospective investors are strongly urged to consult their tax advisors with specific reference to their own situations.

- Income Computation and Disclosure Standards ('ICDS') - Taxability of the income for all taxpayers, following mercantile system of accounting and offering its income to tax under the head 'Profits and gains from business and profession' and 'Income from other sources', needs to be analysed under the ICDS framework.

**(x) Management & Operational Risk:**

- The Portfolio Manager is a newly set-up entity and has no previous experience/track record in the field of portfolio management services in IFSC. There can be no assurance that the Portfolio Manager will achieve its investment objectives.
- 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 review the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Companies 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 a material adverse effect on the returns of the Client.
- The investment decisions made by the Portfolio Manager may not always be profitable.
- Any act, omission or commission of the Portfolio Manager undertaken in good faith 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 as proven before the highest court of competent jurisdiction
- The Portfolio Manager will be selecting suitable portfolio investments. A material adverse effect on the returns of the investment may be created by the loss of one or more key managerial personnel of the Portfolio Manager who are responsible for managing portfolios. In case of loss of one or more key managerial personnel of the Portfolio Manager, the Portfolio Manager would endeavour to introduce a competent person
- Payment of fees & expenses regardless of profits - Portfolio will incur obligations to pay management, operating, legal, accounting, auditing, custodial, and other related fees and expenses. In addition, a Portfolio will incur obligations to pay brokerage commissions and other transaction costs to securities brokers and dealers. The foregoing fees and expenses are payable regardless of whether a Portfolio realizes any profits from its investment operations. In accordance with the operating agreement of a Portfolio, amounts owing to a Portfolio's creditors will be paid before amounts payable to shareholders. It is possible that a Portfolio will not realize any profits in excess of such amounts. Distributions in respect of Clients are not guaranteed, and Clients shall not have recourse to any assets or property of the Portfolio Manager, any of its affiliates, or any of the Portfolio's other service providers in connection therewith.

## 7) CONFLICT OF INTEREST

The Portfolio Manager will be subject to certain conflicts of interest that may arise in relation to the various activities carried out by Portfolio Manager, key personnel of the Portfolio Manager, affiliate/group entities and their respective directors/ partners, officers, employees, agents, associates/affiliates/group companies and their respective directors/officers/employees/agents. Investments managed or advised now and in the future by the respective parties (collectively, the "**Interested Parties**" or "**PPFAS Affiliates**", as the context may require and/or as the case may be.

Portfolio Manager has adopted certain policies and procedures intended to protect the interests of the Clients against any adverse consequences arising from potential conflicts of interest. The protection of the Clients' interests shall be the Portfolio Manager's priority.

Some of the potential conflicts-of-interest situations and the policies of the Portfolio Manager for managing conflicts of interest are provided below. It is not intended to provide a comprehensive list of conflicts of interest or account of the processes and procedures which the Portfolio Manager adopts in connection with the management of conflicts of interest, but is instead intended to be a statement of principles with which the Portfolio Manager seeks to manage foreseeable conflicts of interest. The Portfolio Manager may identify additional conflicts of interest situations from time to time, which will be managed/mitigated with the help of the principles identified herein and by also taking into account further processes which the Portfolio Manager may develop over a period of time.

Except as otherwise expressly indicated, nothing contained herein will restrict the activities and operations of PPFAS Affiliates. From time to time, the PPFAS Affiliates may have multiple advisory, transactional, functional, and other interests in, and transactions with, the Client's Portfolio and its Portfolio investments, and therefore may be subject to various conflicts of interest in their relationships with the Portfolio Manager.

PPFAS may have direct and indirect interests in the fixed income, currency, commodity, equity, and other markets in which Clients invest. As a result, PPFAS and its partners, managers, members, officers, and employees (collectively, the "**PPFAS Group**"), including those involved in the management, sales, investment activities, business operations, of PPFAS's services and products, are engaged in businesses and have interests other than that of managing the assets of PPFAS Clients. These activities and interests include potential multiple advisory, transactional, financial, and other interests in securities, instruments, and companies that are directly or indirectly purchased or sold by or on behalf of Clients by PPFAS and other persons. As a result of the various activities and interests of the PPFAS Group, Clients could have multiple business relationships with the members of the PPFAS Group. Although the relationships and activities of the PPFAS Group tend to offer attractive opportunities and services to PPFAS Clients, such relationships and activities may, under certain circumstances, give potential conflicts of interest between or among the PPFAS Group and PPFAS Clients or have other potentially negative effects on the Clients.

The Portfolio Manager manages the assets of the Clients in accordance with the mandate selected by each Client and applicable law. However, from time-to-time, investment allocation decisions are made which adversely affect the size or price of the assets purchased or sold for a PPFAS Client and the results achieved by the Portfolio Manager and the results of the investment activities of a Client may differ significantly from the results achieved by the Portfolio Manager for other Clients. Thus, the management of numerous accounts for PPFAS Clients by the Portfolio Manager creates a number of potential conflicts of interest. Given the interrelationships among the PPFAS Group and the changing nature of the business, affiliations, and opportunities, as well as legislative and regulatory developments, there may be other or different potential conflicts that arise in the future that are not covered in this document. As a fiduciary to PPFAS Clients, however, the Portfolio Manager is committed to putting the interest of the Clients ahead of its own interest.

All potential sources of conflicts of interest that the Portfolio Manager envisages during the offering of its Portfolio Management Services, which include conflicts arising at the following levels, are entailed below:

**I. At the level of Client**

**a) Engagement with Portfolio Manager and its group companies**

PPFAS has and continues to seek to develop financial and advisory relationships with numerous Clients located in various jurisdictions, including India and other jurisdictions. PPFAS Affiliates also act as investment managers, investment advisors, Portfolio Managers for the clients/funds, and/or in another capacity on behalf of or for third parties that invest or may invest for their account and may engage in, advise, or possess an interest in other business ventures with Persons.

Certain clients of PPFAS may invest in entities in which PPFAS holds an interest, including, without limitation, the Client, and in providing services to its clients, any member of PPFAS may recommend activities that would compete with or otherwise adversely affect the Client. It should be recognized that such relationships may directly or indirectly preclude the Client from engaging in certain transactions and may constrain the Client's investment flexibility.

Such relationships could influence PPFAS to take actions, or forbear from taking actions, which an independent Portfolio Manager might not take or forbear from taking. PPFAS may give advice and act, with respect to any of its clients/PPFAS, that may differ from the advice given or may involve a different timing or nature from the action taken by the Portfolio Manager on behalf of the Client.

**b) Investment advisory clients**

PPFAS or Interested Parties or the key personnel of the Portfolio Manager may act as advisors to clients, separate or managed accounts, including other investment Clients, in asset management for funds, portfolio management, and other capacities with respect to investments in securities of a company in which the Client may have an investment. PPFAS or Interested Parties or the key investment team of the Portfolio Manager may give advice, and take action, with respect to any of their clients that may differ from the advice given or may involve a different timing or nature of action taken than with respect to the Client. Because of different objectives or other factors, a particular investment may be sold by the Client

or PPFAS, or Interested Parties, including the key investment team of the Portfolio Manager or their clients or other investment Clients, at the same time when one of such persons is purchasing such investment.

The Portfolio Entities may also engage the Interested Parties for the provision of services, and this may result in conflicts of interest in relation to the investments of the Client. However, appropriate conflict mitigation measures, including ‘Chinese Walls’ in decision making, are expected to mitigate such risks.

## **II. At the level of an employee of Portfolio Manager**

### **a) Management resources**

The employees of the Portfolio Manager will only devote so much of their time to the Portfolio Management Services as is, in their judgment, reasonably required. The employees who provide services to the Client under portfolio management services will have, in addition to their responsibilities for the portfolio management services, responsibilities for other companies, projects, and clients. Accordingly, they may have conflicts of interest in allocating management time and their resources amongst the Client and such other companies, projects, and clients. The employees may provide services to other entities/clients in the financial services space and will not work exclusively for the time (reasonably required in their best judgement) towards their obligations in respect of Portfolio Management service, Clients managed by the Portfolio Manager, and their responsibilities towards other companies, projects, and clients.

### **b) Personal Trading**

The partners, officers, and employees of the Portfolio Manager and the PPFAS Group may buy, sell, and hold for their own and their family members securities and other investments in which such personnel have a pecuniary interest. As a result of differing trading and investment strategies or constraints, positions taken by PPFAS’s partners, directors, officers, and employees can be the same as or different from or made contemporaneously or at different times than positions taken for PPFAS Clients. As these situations involve potential conflicts of interest, PPFAS has adopted policies and procedures relating to personal securities transactions, insider trading, and other ethical considerations. These policies and procedures are intended to identify and prevent actual conflicts of interest with clients and to resolve such conflicts appropriately if they do occur.

## **III. At the level of service providers of the Portfolio Manager**

The attorneys, accountants, professionals, and other service providers who perform services for the Portfolio Manager may, and in some cases do, also perform services for the Interested Parties and their affiliates.

#### **IV. At the level of the Portfolio Manager**

##### **a) Allocation of Investments:**

The Portfolio Manager and other Interested Parties may be subject to conflicts of interest in allocating investment opportunities among the clients. Investment opportunities identified by the Investment Manager may be suitable for a Client/investment strategy, one or more clients advised or managed by the Interested Parties, or for direct investment by themselves. The Portfolio Manager will endeavor to resolve any such conflicts in a reasonable manner, taking into account, amongst other things, the investment objectives and policies of each Investment approach/clients, the remaining uninvested capital of the clients, and the level of diversification of each Client. However, there can be no assurance that a Client will be allocated any particular investment opportunities that are identified by the Portfolio Manager. Furthermore, the Portfolio Manager shall have the right, in its discretion, to allocate any investment opportunities to the other clients or to their own portfolios.

##### **b) Inconsistent investment positions and timing of competing transactions**

From time to time, PPFAS takes an investment position or action for one or more accounts that is different or inconsistent with an action or position taken for one or more other accounts having similar or differing investment objectives, resulting in potential adverse impact, or in some instances benefit, to one or more affected accounts.

Similarly, transactions in investments by one or more PPFAS Clients and members of the PPFAS Group may have the effect of diluting or otherwise disadvantaging the values, prices, or investment strategies of another PPFAS Client, particularly but not limited to, in small capitalization, emerging market, or less liquid strategies. This may occur when portfolio decisions regarding a Client are based on research or other information that is also used to support portfolio decisions for other client accounts. When the Portfolio Manager implements a portfolio decision or strategy ahead of, or contemporaneously with, similar portfolio decisions or strategies of another member of the PPFAS Group (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints, or other factors could result in one or more PPFAS Clients receiving less favourable trading results or such PPFAS Client could be otherwise disadvantaged.

##### **c) Other funds and portfolio management activities undertaken by the Portfolio Manager**

The Portfolio Manager and its affiliates, employees, and associates currently and in the future may manage other portfolios, funds, and separately-managed accounts other than the assets of a Portfolio (“Other Accounts”) that invest in assets eligible for purchase by a Portfolio. The investment policies, fee arrangements, and other circumstances of a Portfolio may vary from those of Other Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities in a manner consistent with its policies and procedures.

##### **d) Transactions with associate and group companies of the Portfolio Manager:**

The Portfolio Manager may avail services of its holding company/ associates/group companies, including but not limited to research, distribution, back-office support, sales support, transaction execution, etc. The Investment Manager will conduct its business with such associates/group/holding companies (including

their employees or relatives) on commercial terms and on an arm's-length basis and at mutually agreed terms and conditions. Such services shall be availed only to the extent permitted under Applicable Laws after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

**V. At the level of the Holding Company / Group entities, in relation to various services and product offerings**

**a) Inter-se different activities:**

PPFAS or PPFAS Affiliates or the key investment team of the Portfolio Manager may act as advisor to clients, separate or managed accounts, including other investment funds, in asset management, portfolio management, and other capacities with respect to investments in securities of a company in which the Clients may have an investment. PPFAS or PPFAS Affiliates or Interested Parties or the key investment team of the Investment Manager including the key investment team of the Portfolio Manager may give advice, and take action, with respect to any of their clients or proprietary accounts that may differ from the advice given or may involve a different timing or nature of action taken, than with respect to the Clients. Because of different objectives or other factors, a particular investment may be sold by one set of Client or PPFAS or PPFAS Affiliates or the key investment team of the Portfolio Manager or their clients or other investment funds, at the same time when one of such Persons is purchasing such investment.

The Portfolio Entities may also engage the Interested Parties for the provision of services and this may result in conflicts of interest in relation to the investments of the Fund. However, appropriate conflict mitigation measures including “Chinese Walls” in decision making are expected to mitigate such risks.

**b) Utilization of services within PPFAS group**

To the extent permitted by Applicable Law, the Portfolio Manager may avail services of its broking arm, associate and group companies including but not limited to distribution, back office support, sales support, transaction execution etc.

The Portfolio Manager will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms length basis and at mutually agreed terms and conditions. Such services shall be availed only to the extent permitted under Applicable Laws after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

**c) Market transactions involving PPFAS**

Trading or portfolio of strategies of PPFAS or the Interested Parties or other customer accounts, could conflict with the transactions and strategies employed in managing the Client and affect the prices and availability of the securities, currencies and instruments in which PPFAS or a PPFAS/ PPFAS Affiliate - sponsored/managed fund/ Client/ client separate managed account is a shareholder.

**d) Investments in portfolio entities in which interested parties have interests**

The Client may participate in Portfolio Entities in which Interested Parties have an existing investment or other interests, which may be on the same terms as the Client's investment or on different terms. In such cases, there could be a potential conflict between interests of the Client and those of the Interested Parties. The timing/ pricing/ buy-sell decision under the dealing by such Interested Parties can be different from that of the Client.

**e) Purchase from and sale of investments to interested parties**

The Portfolio Manager may in the Portfolio advise, purchase investments from, or sell investments to, the Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. The Interested Parties may come into possession of material non-public information and the possession of such information may limit the ability of the Client to buy or sell a security or otherwise to participate in a potential portfolio investment.

To mitigate this risk, the Portfolio Manager shall endeavour to conduct such transaction or arrangements with Interested Parties on arm's length terms.

**Policy Statements on Conflicts and Corporate Governance**

PPFAS follows certain policies and procedures intended to protect the Client against adverse consequences arising from potential conflicts of interest.

The Portfolio Manager and its directors, officers and agents shall at times be obligated to exercise a standard of good faith in its dealings with the Client, other activities undertaken by the Portfolio Manager and any Portfolio Entity.

The Portfolio Manager will be transparent with respect to conflicts of interest that the Portfolio Manager determines may have arisen in any transaction (or prospective transaction) between the Portfolio Manager, other activities undertaken by the Portfolio Manager and the Client.

The Portfolio Manager will make efforts to see that any transaction involving a potential conflict of interest will be effected on terms that are not less favourable to the Clients than if the potential conflict had not existed. The Portfolio Manager will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.

The Portfolio Manager will ensure that the interest of all the Client is paramount and all personal interests, relationships, or arrangements of the Portfolio Manager and those of Interested Parties do not work against Client's interest.

*By Client agreeing to avail Portfolio Management Services and advisory services, prospective Client are deemed to have acknowledged the existence of the potential and/or actual conflicts of interest set forth above, and to have waived, to the greatest extent permissible under any Applicable Law, any claim with respect to, or arising from, the existence of any such conflicts.*

## **8) CLIENT REPRESENTATION**

The Portfolio Manager is a newly incorporated company, incorporated on November 18, 2024. The entity does not have previous experience/track record in the field of portfolio management services and has obtained a certificate of registration to function as a portfolio manager through a Registered Fund Management Entity (Retail) license from IFSCA only on April 28, 2025 and therefore has no record of representing any persons/entities in the capacity of a portfolio manager.

**9) FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER (BASED ON THE AUDITED FINANCIAL STATEMENTS)**

Since the Portfolio Manager is a newly incorporated company, there is no record of financial performance. Accordingly, the same is not applicable.

## **10) PERFORMANCE OF THE PORTFOLIO MANAGER**

Since the Portfolio Manager is a newly incorporated company, the Portfolio Manager entity has no previous experience/track record in the field of portfolio management services. Accordingly, the same is not applicable.

## **11) AUDIT OBSERVATIONS FOR THE PRECEDING THREE YEARS**

Since the Portfolio Manager is a newly incorporated company, there are no audit observations for the preceding three years.

## 12) 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. Management fee: The management fee relates to the Portfolio Management Services offered to the Clients. The fee may be a fixed charge or a percentage of the quantum of the funds being managed, as agreed in the Agreement. Per annum would be based on 365 days in a normal year and 366 days in the case of a leap year.
- ii. Advisory fees: The advisory fees relate to the advisory services offered by the Portfolio Manager to the client. The fee may be a fixed charge or a percentage of the quantum of the funds being advised, as agreed in the Agreement.
- iii. Other fees and expenses: The Portfolio Manager may incur the following expenses, which shall be charged/reimbursed by the Client:
  - (a) Transaction expenses including, but not limited to, statutory fees, documentation charges, statutory levies, stamp duty, registration charges, commissions, charges for transactions in Securities, custodial fees, fees for fund accounting, valuation charges, audit and verification fees, depository charges, and other similar or associated fees, charges and levies, legal fees, incidental expenses etc.;
  - (b) Brokerage shall be charged at actuals;
  - (c) Legal and statutory expenses, including litigation expenses, if any, in relation to the Portfolio and/or in relation to the portfolio management services and advisory services being provided under the license;
  - (d) Statutory taxes and levies, if any, payable in connection with the Portfolio;
  - (e) Valuation expenses, valuer fees, audit fees, levies, and charges;
  - (f) Charges levied by broker-dealers, global custodians, and global dealers;
  - (g) All other costs, expenses, charges, levies, duties, stamp duty or other cost if any on the agreement and power of attorney, administrative, statutory, revenue levies and other incidental costs, fees, stamp duty on the agreements and documents, expenses not specifically covered above, whether agreed upon in the Agreement or not, arising out of or in the course of setting-up of the portfolio strategy, managing or operating the Portfolio.
- iv. Fees, exit load & other charges in respect of investment in mutual fund / other investment schemes.

## 13) 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 investor vis-à-vis the investments made through the portfolio management services of the Portfolio Manager. This information gives the direct tax implications on the understanding that the securities are/will be held for the purpose of investments as a capital asset. In case the securities are held as stock-in-trade, the tax treatment will substantially vary, and the issue of whether the investments are held as capital assets or stock-in-trade needs to be examined on a case-by-case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making the investment shall endure indefinitely.

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

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

Tax rates provided herein are based on the assumption that investment shall be made in securities listed on stock exchange outside India.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "IT Act"), the Income-tax Rules, 1962 (the "IT Rules") and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year and this summary reflects the amendments as per the Finance Bill, 2025 for financial year ('FY') 2025-26 (assessment year 2026-27) and are inclusive of surcharge and education cess as applicable, unless specified otherwise.

### **Taxation in hands of investors:**

#### **A. Characterization of income**

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

Regarding characterization of income from transactions in listed shares and securities, the Central Board of Direct Taxes ("CBDT") had issued a clarificatory Circular No. 6 of 2016 dated February 29, 2016, wherein with a view to reduce litigation and maintain consistency in approach in assessments, it has

instructed that income arising from transfer of listed shares and securities, which are held for more than twelve months would be taxed under the head 'Capital Gains' unless the tax-payer itself treats these as its stock-in-trade and transfer thereof as its business income.

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

- The genuineness of transactions in unlisted shares itself is questionable; or
- The transfer of unlisted shares is related to an issue pertaining to the lifting of the corporate veil; or
- The transfer of unlisted shares is made along with the control and management of the underlying business.

The below tax rates have been provided on the assumption that the investments are held by the investors as capital assets

### **Taxation of Resident Investors**

The tax implications in the hands of resident investors on different income streams are discussed below:

**i. Dividend income** - Under the IT Act, Dividend income will be taxable in the hands of the resident investors as under:

<b>Dividend income received by</b>	<b>Basic Tax Rate</b>	<b>Effective Tax Rate*</b>
Resident companies	30%/ 25%/22%/15%	25.17% (assumed 115BAA)
Firms / LLPs	30%	34.94%
Individuals & Others	Applicable slab rates	35.88%

\* Basic Tax Rate + applicable Surcharge + 4% Health and Education Cess

\* We have assumed the highest applicable surcharge in the above table. The effective tax rate will be different for investors with different levels of income. Investors may refer surcharge table given below for their reference.

No deduction shall be allowed from dividend income other than interest expense to the extent of 20% of the dividend income.

If the said dividend is taxed in the source country, subject to the conditions specified in the tax treaty entered into between India and source country and provisions pertaining to foreign tax credit (explained below) under the IT Act and IT Rules, the assessee may be able to claim a credit of taxes paid in the source country, while making payment of taxes in India.

**ii. Interest income** - Under the IT Act, interest income will be taxable in the hands of the resident investors as under:

Interest income received by	Basic Tax Rate	Effective Tax Rate*
Resident companies	30%/ 25%/22%/15%	25.17% (assumed 115BAA)
Firms / LLPs	30%	34.94%
Individuals & Others	Applicable slab rates	39% (New Tax Regime)

\* Basic Tax Rate + applicable Surcharge + 4% Health and Education Cess

\* We have assumed the highest applicable surcharge in the above table. The effective tax rate will be different for investors with different levels of income. Investors may refer surcharge table given below for their reference.

If the said interest is taxed in the source country, subject to the conditions specified in the tax treaty entered into between India and source country and provisions pertaining to foreign tax credit (explained below) under the IT Act and IT Rules, the assessee may be able to claim a credit of taxes paid in the source country, while making payment of taxes in India.

**iii. Capital gains** - Investors shall be liable to pay taxes on capital gains income as under:

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

Nature of Investment	STCA	LTCA
Securities Outside India	<24 months	=>24 months

### **Taxation of capital gains**

Depending on the classification of capital gains, the resident investors will be chargeable to tax as per the IT Act as under:

A) Unlisted Shares/ Foreign Mutual Funds, Foreign ETFs, Others:

Capital Gains received by	Basic Tax Rate		Effective Tax Rate*	
	STCG	LTCG	STCG	LTCG
Resident companies	30%/ 25%/22%/15%	12.50%	25.17% (assumed 115BAA)	14.30%
Firms / LLPs	30%	12.50%	34.94%	14.56%
Individuals & Others	Applicable slab rates	12.50%	39% (New Tax Regime)	14.95%

\* Basic Tax Rate + applicable Surcharge + 4% Health and Education Cess

\* We have assumed the highest applicable surcharge in the above table. The effective tax rate will be different for investors with different levels of income. Investors may refer surcharge table given below for their reference.

## B) Unlisted Bonds/Debentures

Capital Gains received by	Basic Tax Rate		Effective Tax Rate*	
	STCG	LTCG	STCG	LTCG
Resident companies	30%/ 25%/22%/15%		25.17% (assumed 115BAA)	
Firms / LLPs	30%		34.94%	
Individuals & Others	Applicable slab rates		39% (New Tax Regime)	

\* Basic Tax Rate + applicable Surcharge + 4% Health and Education Cess

\* We have assumed the highest applicable surcharge in the above table. The effective tax rate will be different for investors with different levels of income. Investors may refer surcharge table given below for their reference.

**iv. Foreign Tax Credit** - India has entered into double taxation avoidance agreements with many countries. The treaties allocate the taxing rights between the source country and the resident country. Many tax treaties contain provisions that the capital gains arising from the alienation of shares of a company shall be taxable in the source country. Thus, the capital gains arising to a person resident of India from the transfer of foreign shares shall be taxable both in the foreign country (on the basis of the source rule) and in India (on the basis of the residence rule). However, the foreign tax credit can be claimed in the country of residence for the taxes paid in the source state based on the foreign tax credit provisions under the IT Act and IT Rules.

As per Section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement (“Tax Treaty”) between India and the country of source. However, no assurance can be provided that the Tax Treaty benefits would be available to the resident investor or that the terms of the Tax Treaty would not be subject to amendment or reinterpretation in the future. Where the income from foreign shares is taxable in both the countries (resident country and the source country) and the assessee has paid tax in the source country, he shall be allowed a credit for the same in the country of residence, by way of deduction or otherwise. The credit shall be allowed in the year in which the assessee offered such income to tax or assessed to tax in India. A resident taxpayer shall be required to furnish a statement of income offered to tax and the foreign tax that has been deducted or paid on such income to claim the credit. Such statement shall be furnished in Form No. 67 electronically on or before the due date for furnishing the return of Income.

## Other Aspects

### A. MAT/AMT

#### **i. Minimum Alternate Tax**

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. Corporate assessee operating in the International Financial Services Centre (‘IFSC’) shall be charged MAT at the concessional rate of 9%. For domestic companies exercising the option to pay tax at the rate of 22% (plus applicable surcharge and cess), MAT provisions do not apply. The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee

does not have a permanent establishment in India; or (b) the assessee 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.

#### **ii. Alternate Minimum Tax**

AMT at the rate of 18.5% (plus applicable surcharge and cess) is applicable to persons, other than companies except in cases where option referred to in section 115BAC or section 115BAD of the Act are exercised, subject to certain exceptions, on the adjusted total income if the tax amount so calculated under AMT is higher than the tax amount calculated under the normal provisions of the IT Act. Further, a non-corporate assessee operating in the International Financial Services Centre ('IFSC') and which derives its income solely in convertible foreign exchange shall be charged AMT at the concessional rate of 9%.

Assessees opting for the tax regime under section 115BAC or section 115BAD will not be required to pay AMT.

#### **B. TCS on remittance made via liberalised remittance scheme ('LRS') route**

Under clause (a) of section 206C(1G) of the IT Act, an authorised dealer who receives an amount for remittance out of India from a buyer, being a person remitting such amount out of India under LRS, shall at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer (by any mode) whichever is earlier, collect from the buyer TCS @ 20%. The TCS to be collected by an authorised dealer from the buyer shall be equal to 20% of the amount or aggregate of the amounts in excess of INR 10 lakh remitted by the buyer in a financial year, where the amount being remitted is for the purpose of investment.

For the purposes of the above provisions, authorised dealer means a person authorised by the Reserve Bank of India under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 (42 of 1999) to deal in foreign exchange or foreign security.

#### **C. Carry-forward of losses and other provisions:**

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

#### **D. General Anti-Avoidance Rule ("GAAR")**

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

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

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

- a. Disregarding or combining or re-characterizing any step of the arrangement or party to the arrangement;
- b. Ignoring the arrangement for the purpose of taxation law;
- c. Relocating the place of residence of a party, or the location of a transaction, or the situs of an asset, to a place other than provided in the arrangement;
- d. Looking through the arrangement by disregarding any corporate structure; or
- e. Reallocating and re-characterizing equity into debt, capital into revenue, etc.
- f. Disregarding or treating any accommodating party and the other party as one and the same person;
- g. Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The above terms should be read in the context of the definitions provided under the IT Act. The GAAR provisions shall be applied in accordance with such guidelines and subject to such conditions and manner as may be prescribed.

The provisions of GAAR are applicable with effect from the financial year 2017-18 and onwards.

#### **E. Multilateral Instrument ('MLI')**

The Organisation for Economic Co-operation and Development (OECD) released the Multilateral Convention to implement tax treaty-related measures to prevent Base Erosion and Profit Shifting. The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purposes of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include an agent (excluding an independent agent) playing a principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises.

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 MLI.

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 tax treaty is dependent on ratification as well as positions adopted by both countries signing a tax treaty. On 9 August 2019, India had notified the provisions of the Multilateral Convention under section 90(1) of the IT Act and has specified the date of entry into force as 1 October 2019.

In order to prevent the granting of tax treaty benefits in inappropriate circumstances and to align it with the Multilateral Convention to implement Treaty related measures to prevent Base Erosion and Profit Shifting, the Finance Act, 2020 has amended Section 90(1) to provide that the Central Government shall enter into agreement(s) for the avoidance of double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

Once MLI evolves in the future, one would need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries.

## F. Goods and Services Tax ('GST')

GST will be applicable on services provided by the Company to the investors. Accordingly, GST at the rate of 18% would be levied on fees, if any, payable towards the portfolio management fee to the Company. However, in respect of IFSC, there is a relaxation in respect of the levy of GST on services provided to offshore investors and entities set up in IFSC. Services provided to resident investors from IFSC are subject to GST at the rate of 18%.

## G. Tax Rates

The tax rates applicable to different categories of assesses are as follows:

Resident Individuals	Applicable Slab Rates <sup>^</sup>
Partnership Firms & Indian Companies (other than specified companies below)	30% + surcharge &cess
Indian Companies having a turnover less than INR 400 crore during the financial year 2023-24	25% + surcharge &cess
The company is opting for section 115BAA	22% + surcharge & cess
The company is opting for section 115BAB	15% + surcharge & ces

<sup>^</sup>For ease of reference, the tax slab rates (under the old regime) for individuals are provided below:

The new tax slabs under the new regime that are applicable from 1st April 2025 are as follows.

### Surcharge Rates:

Surcharge Rates for various entities	Rate
<b>Domestic Companies</b>	
Companies opting for 115BAA or 115BAB will have a flat surcharge	10%
<u>Companies not opting for 115BAA or 115BAB</u>	
If Net Taxable Income > Rs.1 crore and <=Rs.10 crores	7%
If Net Taxable Income > Rs. 10 crores	12%
<b>Firm/LLP</b>	
If Net Taxable Income > Rs.1 crore	12%
<b>Individual/HUF/Private Trust</b>	
If Net Taxable Income < Rs.50 lakhs	0%
If Net Taxable Income > Rs.50 lakhs and <= Rs.1 crore	10%
If Net Taxable Income > Rs.1 crore and <= Rs.2 crores	15%*
If Net Taxable Income > Rs.2 crores and <=Rs.5 crores	25%
If Net Taxable Income > Rs.5 crores ( NA if opted for the new tax regime )	37%

\*Surcharge rate for dividend Income and long-term capital gains income is capped at 15%

Further, Health and Education Cess at the rate of 4% shall be leviable on the aggregate of tax and surcharge.

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

Under the PMS, the onus of income tax payable on capital gains, dividends, interest, or any other taxable income is on the Investor at applicable rates as mentioned above. The Portfolio Manager will provide adequate statements on a periodical basis, prior to the due dates of income tax payments, to enable the investor to meet their tax obligations under the Income Tax Act, 1961.

In the event of there being any withholding tax or tax deductible at source relating to any income received by PPFAS IFSC on behalf of the Client on the investments, the credit in respect thereof shall be passed onto the Investor if legally permissible and practicable to do so.

## 14) ACCOUNTING POLICIES

The following accounting policy will be applied to the investments of Clients:

(i) **Recognition:** The Portfolio Manager shall follow accrual-based accounting policies in conformity with generally accepted accounting principles for fund management in India.

(ii) **Client Accounts:** The investments under the Portfolio Strategies are made on behalf of and in the respective names of the Clients. Hence, to the extent possible, separate custody accounts may be opened in the name of the Clients, which are operated by the Portfolio Manager, duly authorized for this purpose by a Power of Attorney, or such accounts may be managed by the Custodian appointed by the Portfolio Manager. As the amount received under PMS and the corresponding investments are made on behalf of the Clients, they are not reflected in the balance sheet of the Portfolio Manager. All Clients' accounts shall be accounted towards each Client and segregated by the Portfolio Manager at all times.

(iii) **Income Accrual:** Dividends on shares and units in mutual funds shall be accounted on the ex-dividend date, interest, stock lending fees earned, etc., shall be accounted on a receipt basis. The interest on debt instruments shall be accounted for on a receipt basis.

The funds received from the Clients, investments, or disinvestments, all the credits to the account of the Client's interest, dividend, bonus, or any other beneficial interest received on the investment and debit for expenses, if any, shall be properly reflected in the Client's accounts.

(iv) **Cost of Investments:** Purchase/Sale consideration will be calculated by applying the "weighted average cost" method. The cost of investments acquired or purchased shall include brokerage, stamp charges, and any charge customarily included in the broker's contract note. In respect of privately placed debt instruments, any front-end discount offered shall be reduced from the cost of the investment.

(v) **Portfolio Management Fees:** Portfolio management fees could include a fixed management fee. The amount of fixed and variable fees will be as agreed with the client and defined in the Agreement. Issues related to the frequency at which fees are charged and how they are calculated will also be defined in the Agreement with each individual client. Any costs and expenses of trading or otherwise shall be as detailed in the Agreement.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by the Portfolio Manager. However, such changes would be in conformity with the Regulations.

## 15) INVESTORS SERVICES

### (i) Name, address, and telephone number of the investor relations officer

Mr. Purvesh Pandit, Compliance Officer  
**PPFAS Alternate Asset Managers IFSC Private Limited**  
412, Pragya II, Block 15C1, Road 11,  
Gift City, Gandhinagar, Gujarat, India, 382 355  
Ph: +91 – 80971 87215  
Email ID: purvesh\_p@ppfas.com | ifscfme@ppfas.com

### (ii) Grievances redressal and dispute settlement mechanism

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. On receipt of a complaint from the Client, the Investment Relations Officer shall assess the complaint/grievance on merits and in case of acceptance, the Portfolio Manager shall acknowledge acceptance of the complaints/grievance in writing within 3 working days of receipt and in case of non-acceptance, the concerned Client shall be duly intimated within 5 working days along with reasons for non-acceptance. In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may appeal the same with the Complaint Redressal Appellate Officer of the Portfolio Manager within 21 days from the receipt of the decision of the Investments Relation Officer. Where the Client is not satisfied with the resolution offered by the Complaint Redressal Appellate Officer, he/she may file a complaint before the IFSCA, preferably 21 days from the receipt of the decision of the Portfolio Manager by email to [grievanceredressal@ifsc.gov.in](mailto:grievanceredressal@ifsc.gov.in).

Grievances, if any, that may arise pursuant to the Agreement entered into shall, as far as possible, be redressed through the administrative mechanism by the Portfolio Manager and are subject to the Regulations. However, all legal actions and proceedings are subject to the jurisdiction of the court as mentioned in such Agreement and are to be governed by Indian laws.

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

All disputes, differences, claims, and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996, or any amendment thereof. Such arbitration proceedings shall be held at such location, and the process as described in the Agreement or any Supplemental Agreement thereto shall be followed.

### iii) Affiliation with other intermediaries

Not Applicable

### iv) Litigation History of Portfolio Manager, its Principal Officer, Directors, and Key Personnel

Not Applicable

## 16) GENERAL

### Prevention of Money Laundering

The Prevention of Money Laundering Act, 2002 (“**PMLA Act**”) came into force with effect from July 1, 2005, forming the core of the legal framework to combat money laundering. The International Financial Services Centres Authority issued guidelines on Anti Money Laundering, Counter-Terrorist Financing, and Know Your Customer in November 2022 (“**IFSCA AML Guidelines**”). As per the provisions of the IFSCA AML Guidelines, Regulated Entities have certain obligations regarding the verification of the identity of their clients, maintaining records, and furnishing information to the Financial Intelligence Unit–India (FIU-IND). IFSCA, vide its various circulars issued, has directed all Regulated Entities to formulate and implement policies and procedures for dealing with money laundering and adoption of ‘Know Your Customer’ (KYC) Policy. The Client should ensure that the amount invested in the Portfolio Management Service is through legitimate sources only and does not involve and is not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of the PMLA Act, the Prevention of Money Laundering Rules, 2005, Income Tax Act, 1961, IFSCA AML Guidelines, Prevention of Corruption Act or any other applicable laws enacted by the Government of India from time to time.

The Portfolio Manager reserves the right to take all steps and actions, including recording Clients telephonic calls and/or obtaining and retaining all documentation for establishing the identity of the Client, proof of residence, source of funds etc. in accordance applicable law from the client and/or the custodian as may be required to ensure appropriate identification/verification and re-verification of the Client, the source of fund etc. under its KYC policy as may be amended and updated from time to time. If at any time the Portfolio Manager believes that the transaction is suspicious in nature in accordance with applicable law, the Portfolio Manager shall have the absolute discretion to report the transaction to FIU-IND and/or any other statutory body that the Portfolio Manager is bound to report to from time to time as may be required under Applicable Law. The Portfolio Manager can also reject any application, freeze the account, compulsorily close the Client account, and pay out the proceeds to the Client, at its option. The Portfolio Manager shall have no obligation to inform the Client or its agent/power of attorney holder in the event of such reporting.

The Portfolio Manager and its directors, employers, officers, agents and persons acting on its behalf shall not be responsible/liable for any loss suffered by the Client in any manner whatsoever due to any reporting to the FIU-IND by the Portfolio Manager, the rejection of any application or freezing or compulsory closure of any Client account or termination of the Agreement due to any non-compliance by the Client with the provisions of any applicable law, rule, regulation, KYC policy and/or where the Portfolio Manager has reported a suspicious transaction to FIU-IND.

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

## **Account Statement**

A statement of the Client Portfolio will be sent by email to each Client on a periodical basis or at the requested frequency of the Client in line with the Regulations and other guidelines issued by IFSCA with respect to reporting. The Portfolio Manager may send Account Statements comprising of portfolio held and transactions undertaken by the Client and any other correspondence using email as the mode for communications provided by the Client under the Agreement. Such a report shall also be made available online through restricted access limited to the Client.

This Document is purely for the purposes of providing information, and every effort has been made to truly represent the facts and circumstances herein.

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