

**DISCLOSURE DOCUMENT**  
**PORTFOLIO MANAGEMENT SERVICES**  
**OFFERED BY**  
**Almondz Financial Services Limited**

## DISCLOSURE DOCUMENT

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**DISCLOSURE DOCUMENT TO PMS CLIENTS**

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

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**I. Declaration:**

- a) The Disclosure Document (hereinafter referred as the “**Document**”) has been filed with the Securities and Exchange Board of India (“**SEBI**”) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 (“**Regulations**”).
- b) The purpose of this document is to provide essential information about the PMS services offered by Almondz Financial Services Limited, in a manner to assist and enable investors and/or their nominees in making informed decisions for engaging Solidarity Advisors Private Limited as a Portfolio Manager.
- c) The document provides the necessary information about Solidarity Advisors Private Limited required by an investor before investing and the investor may also be advised to retain the Document for future reference.
- d) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager is as follows:

<b>PRINCIPAL OFFICER</b>	<b>PORTFOLIO MANAGER</b>
<p><b>Name:</b> Mr. Mangesh Kulkarni</p> <p><b>Phone No:</b> + 91 11 43500700</p> <p><b>E-mail:</b> mangesh.kulkarni@almondz.com</p>	<p>Almondz Financial Services Limited</p> <p><b>Registered Address:</b> F-33/3, Okhla Industrial Area, Phase II, Okhla, New Delhi – 110020</p> <p><b>Correspondence Address:</b> F-33/3, Okhla Industrial Area, Phase II, Okhla, New Delhi – 110020</p>

**Disclosure Document**

As on April 25, 2024

ALMONDZ FINANCIAL SERVICES LIMITED

Portfolio Management Services  
SEBI Registration Number – INP000008589  
CIN: U74110DL2008PLC183702

## 1. Disclaimer

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

## 2. Definitions

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively.

- **“Act”** means the Securities and Exchange Board of India, Act 1992 (15 of 1992) and as amended from time to time.
- **“Advisory Services”** shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment / divestment of Securities.
- **“Agreement”** means the Portfolio Management Agreement between Portfolio Manager and its Client with schedules annexed thereto from time to time and shall include all modifications, alterations, amendments, additions and deletions thereto made in writing upon mutual consent of the parties to the agreement.
- **“Application”** means the application made by the Client to the Portfolio Manager, for investing the monies and/or Securities therein mentioned with the Portfolio Manager in the Products for rendering the Services. Upon execution of the Agreement by the Parties, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- **“Assets”** means funds and securities handed over by the Client to the Portfolio Manager from time to time for investing in securities and other assets and include cash deposited by the Client with the Portfolio Manager but yet to be invested. **“Bank Account”** means one or more bank accounts opened and/or operated and/ or maintained by the Portfolio Manager in the name of the Client on behalf of Client or a bank account in the name of the Portfolio Manager to keep the Funds of all clients as per the applicable laws, where the Fund of Client will be separately identified for the purpose of the Agreement.
- **“Board”** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act.  
(1) **“Chartered Accountant”** means a chartered accountant as defined in Clause (b) of Sub-section of Section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under Sub-section (1) of Section 6 of that Act.
- **“Client” / “Investor”** means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio/Funds or for receiving advisory services.
- **“Client Level”** shall mean the Product under which all the Assets of the Client shall be managed on an individual basis through a separate Bank Account and Depository Account which will be opened in the name of the Client and operated by the Portfolio Manager.
- **“Custodian”** means any person who carries on or proposes to carry on the business of providing custodial services and shall be registered with SEBI.
- **“Depository Account”** means one or more account, or accounts opened, maintained and operated by Portfolio Manager in the name of client or Product

- (as may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.
- **“Disclosure Document”** shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the PMS Regulations.
  - **“Discretionary Portfolio Management Services”** or **“Services”** shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in this Agreement.
  - **“Funds”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the Application, any further monies that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to the Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
  - **“Financial year”** means the year starting from April 1 and ending on 31st March of the following year.
  - **“Net Asset Value”** or **“NAV”** means the gross market value of the Securities as on the date of the realization of such market value subject to the cost of realizing such market value.
  - **“Parties”** means the Portfolio Manager and the Client; and **“Party”** shall be construed accordingly.
  - **“Person”** includes any individual, partners in partnership, central or state government, company, body corporate, co-operative society, corporation, trust, society, Hindu Undivided family or any other body of persons, whether incorporated or not.
  - **“Portfolio Manager”** means any person who pursuant to a contract or arrangement with a Client, advises or directs or undertakes on behalf of the Client the management or administration of Portfolio of Securities or the funds of the Client, as the case maybe. For the purposes of this Disclosure Document, the Portfolio Manager is Almondz Financial Services Limited.
    - **“Portfolio”** means investments made by the Portfolio Manager in Securities and Securities managed on behalf of the Client by the Portfolio Manager and such other forms of investments/ deployment of the funds entrusted by the Client for the purpose of management pursuant to the Agreement and includes any Securities mention in the Application, any further Securities that may be placed by the Client with the Portfolio Manager and all accretions of assets/benefits/entitlements acquired through investment of Funds, bonus and rights shares in respect of such securities forming part of the Portfolio, so long as they are managed by the Portfolio Manager.
  - **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for: -
    - (i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of securities or the funds of the client, as the case may be; and
    - (ii) all other operations of the Portfolio Manager.
  - **“Portfolio Management Fees/Advisory Fee”** shall have the meaning attributed thereto in Clause 11 of this Disclosure Document.
  - **“Product”** means any current investment Products or such Products under various schemes that may be introduced at any time in the future by the

Portfolio Manager and accepted the Client for the purpose of investment of his Assets pursuant to the Agreement.

- **“RBI”** mean Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time
- **“Regulations”** means the SEBI (Portfolio Manager) Regulations, 2020.
- **“SEBI”** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act 1992.
- **“Securities”** shall mean securities as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956, as may be amended from time to time. Provided that it shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the SEBI Regulations or other Applicable Law, for the time being in force.

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

### 3. Description

#### 3.1 History, Present Business and Background of the Portfolio Manager:

Almondz Financial Services Limited (“**Company**” or “**AFSL**”) is a company originally incorporated at on 25th September 2008, having registered office address at F-33/3, Okhla Industrial Area, Phase II, Okhla, New Delhi – 110020, under the Companies Act, 1956 under the name “ALMONDZ RETAIL EQUITY LIMITED” which was changed to “Almondz Retail Advisors Limited” effective from 23rd January 2014. The Company name was further changed to “Almondz Wealth Limited” effective from 8th June 2021 and then to “Almondz Financial Services Limited” effective from 4th May 2022. AFSL presently offers a range of financial products and services to a substantial and varied client base including corporate, institutional and retail clients. It offers products and services across multiple asset classes and client segments viz. mutual funds, equities, fixed income products, etc.

#### Major events / milestones in the history of the Company

Year	Major Events
2008	Incorporation of the Company under the Companies Act, 1956 under the name “ALMONDZ RETAIL EQUITY LIMITED”
2014	Change of name to “Almondz Retail Advisors Limited”
2021	Change of name to “Almondz Wealth Limited”
2022	Change of name to “Almondz Financial Services Limited”

AFSL presently offers a range of financial products and services to a substantial and varied client base including corporate, institutional, and retail clients. It offers products and services across multiple asset classes and client segments viz. mutual funds, equities, fixed income products, etc. Also, AFSL has recently procured its Merchant Banking Registration which permits the Company to carry out merchant banking activities now. Please note that AFSL has also applied for Stockbroker, Depository Participant and Research Analyst registrations as well and, at present, awaiting approvals for the respective registrations from SEBI.

The Company has a demonstrated track record in asset management and investment advisory through its holding company and affiliates.

#### 3.2 Promoters of the Portfolio Manager and Directors:

##### Promoters:

##### Almondz Global Services Limited (AGSL):

AGSL was incorporated on June 28, 1994, under the Companies Act, 1956, having its registered office at F 33/3, Okhla Industrial Area, Phase II, Okhla, New Delhi - 110020. AGSL was registered with SEBI as a Merchant Banker, Stockbroker, Depository Participant and Research Analyst. It has cumulative experience of around 3 decades in securities market, money market, corporate finance advisory, mergers, acquisitions, strategic partnerships, divestitures, and restructurings across industries. AGSL, being the holding company of AFSL, is also the promoter of the Company.

**Board of Directors:**

**Mr. Manoj Kumar Arora**

Mr. Manoj Kumar Arora, MBA, has 29 years of experience in the securities market. He has been associated with Almondz Group for almost 29 years now. He joined Almondz Group in 1994, primarily managing the money market operations, wealth, broking, portfolio management and primary capital market.

Now, being the head of the Broking and Wealth Management Division, he along with his team manages the distribution of financial products. He has a good exposure of money market operations, primary capital market as well as in handling and managing the portfolio of clients. He also have over the years developed knowledge in the field of financial products like fixed income, securities and mutual funds.

**Mr. Anuj Kalia**

Mr. Anuj Kalia, MBA, has 32 years of experience in securities market. He has a rich exposure to equity broking and in handling money market operations. He has been engaged with Almondz Group since 2005. His core areas of work in Almondz include Capital Market Operations, Risk Management and Compliances. He is presently responsible for the complete Risk Management and compliance activities of the Equity Broking Division of the Company.

**Mr. Sanjay Dewan**

Mr. Sanjay Dewan is a professional Investment Banker by profession. He has over 37 years of experience in Capital Markets. He has been associated with Almondz (erstwhile Allianz) Group since 2003. He has served in various capacities of the Group.

He has a broad functional exposure in Deal Sourcing, Deal Evaluation, Due-Diligence, Compliances, execution of Capital Market assignments including IPOs, Public Issues, Right Issuances, Takeovers, Buy-backs, delisting, etc. and also provided one-stop-solutions to corporate clients for their fund raising/restructuring needs. He has a vast/varied experience in managing relationships with capital market intermediaries. He has led a team of 12 professionals based in Delhi & Mumbai for more than 18 years. His key responsibility area is execution of equity/debt assignments including business origination and lead generation targeting all India based Midcap & large corporate clients for Investment banking.

In addition to it, Mr. Sanjay Dewan has also worked with State Bank of Patiala, Bajaj Capital Ltd. as Associate Vice President in its Merchant Banking Division and was responsible for the following issue related activities, HB Portfolio Ltd. as Assistant Vice President and supervised Corporate Finance functions, RR Financial Consultants Ltd., a Category-I Merchant banker as Manager and rose to the position of Assistant Vice President in due course.

Mr. Dewan is the member of Indian Institute of Bankers having post graduate diploma in Financial Management and Master's degree in economics. He holds a B.Com. (Hons) in Accounting from Kirori Mal College of Delhi University.

**Mr. Uday Prabhakar Powale**

Mr. Uday has a deep understanding of the financial markets and stays abreast of the latest trends and developments in the industry. He has over 16 years of experience in stock broking, wealth management & NBFC business. Before this, he held many



senior leadership positions in several other financial institutions like SMC, Religare & Indiabulls.

**Key Managerial Person:**

**Mr. Mohd Shariq**

Mr. Mohd. Shariq, a Company Secretary, LL.B and Financial Modeling, has 7 years of experience in Corporate Laws, Statutory Compliances, Due Diligence, Listing Compliance & also manages the financials modeling and valuation advisory services. He has fair exposure to IPOs, rights issue and private placement and valuation assignments and in preparation of offer documents/ information memorandum. He is also actively engaged in valuation advisory services related to start-up, equity, ESOP, FEMA, Income Tax, swap ratio, mergers and acquisitions, debt, brand valuation and intellectual property valuations.

**Mr. Mangesh Kulkarni**

Mr. Mangesh Kulkarni, post graduate has 34 years of experience in the capital market. He has been associated with Almondz Group for almost 17 years now holding command on institutional researches, financial modeling, business development.

**Mr. Asit Kothi**

Mr. Kothi commerce graduate from Mumbai University, has 36 years of experience in financial services and 31 years of experience in capital market He has a rich exposure to equity, commodity, currency, operations, risk, compliance and distribution of 3<sup>rd</sup> party products. broking and in handling money market operations. He has been engaged with Almondz Group since 2006.

**3.3 Group company information (i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis):**

**Top 10 Group Companies on turnover basis is as follows. – (Based on latest provisional Financial Statements of March 31, 2023)**

S. No.	Name of the Group Companies
1.	Premier Alcobev Private Limited
2.	Anemone Holdings Private Limited
3.	Almondz Global Infra – Consultant Limited
4.	Avonmore Capital & Management Services Limited
5.	Almondz Global Services Limited
6.	Almondz Finanz Limited

**3.4 Details of services offered by the Portfolio Manager:**

**a) Discretionary Services:**

Under these services the Portfolio Manager shall have the sole and absolute discretion to invest the Client’s assets in any type of securities as per executed Agreement and make such changes in the investments and invest some or all of the Client’s funds in such manner and in such markets as it deems fit and would benefit the Client. The Securities invested/disinvested by the Portfolio Manager for Clients in the same Product may differ from Client to Client.

The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the

responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. and any other benefits that accrues to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

The Portfolio Managers' decision (taken in good faith) in deployment of the Clients' assets is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines and notifications in force from time to time.

The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's assets and accretions thereto. Every product shall have separate term sheet and risk factors that would be read, understood, agreed and signed by the Client before investment.

**b) Advisory Services:**

The Portfolio Manager will provide Advisory Services which shall be in the nature of non-binding investment advice and may include the responsibility of inter alia advising for renewing and reshuffling the portfolio, buying and selling the securities. Additionally, the Portfolio Manager may advise on the safe custody of the securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

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

AFSL hereby confirms that during the financial year 2023-2024:

1. There were no cases of penalties imposed by SEBI or directions issued by SEBI under the Actor rules or regulations made thereunder.
2. No penalties/fines were imposed for any economic offence and/ or for violation of any securities laws.
3. No material litigation/legal proceedings were pending against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases.
4. No deficiency in the systems and operations of the portfolio manager was observed by SEBI or any regulatory agency.
5. No enquiry/ adjudication proceedings were initiated by SEBI against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder.

**5. Services offered-**

Investment Approaches are currently offered by the Portfolio Manager under

Discretionary Portfolio Management Services are listed below. Advisory Services are offered basis individual client's need within the parameters prescribed in 3.4 above.

The Portfolio Manager shall not accept from the client, funds or securities worth less than fifty lakh rupees. The minimum investment amount per client shall be applicable for new clients and fresh investments by existing clients. However, the said minimum investment amount shall not be applicable to Accredited Investors. Under Discretionary the Portfolio-Manager may invest in various portfolios with different terms and conditions from time to time.

#### **5.1.1 The Discretionary products include:**

IA name: Almondz AIM Multicap

Investment objectives is to construct a diversified and balanced portfolio, aiming to achieve maximum returns and capital appreciation for our investors in the long term.

Types of Securities - The portfolio manager shall allocate funds dynamically across Debt, Equity, International Equity, Commodities, and other asset classes through securities, including but not limited to all kinds of mutual funds, bonds, and/or debenture.

Basis for selection of securities - The Portfolio Manager uses quantitative and qualitative parameters to select the investment securities and assign weightage.

Benchmark Name: S&P BSE 500 TRI The S&P BSE 500 TRI has been selected as it is designed to be a broad representation of the Indian market. Consisting of the top 500 constituents in the S&P BSE All Cap, the index covers all major industries in the Indian economy

Investment Philosophy: The focus is on investing in companies exhibiting earnings growth, robust cash generation abilities, and trading at compelling valuations or discounts to their intrinsic worth.

Risks associated with investment approach - Please refer to Risk Factors for detailed risks associated with the investment approach.

#### **5.2 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 may utilize the services of the group companies and / or any other subsidiary or associate company of the sponsor, in case such a company is in a position to provide requisite services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid companies on commercial terms and on arm's length basis and at mutually agreed terms and conditions and to the extent permitted under all applicable laws after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

Investments, if any, in securities issued by associate / group companies would be within the overall framework of Regulations and in terms of Agreement executed with the Client. The Portfolio Manager does not currently envisage any investments in securities issued by associate / group companies.

#### **5.3 Details of Investments in the securities of related parties of the Portfolio Manager**

Investments in the securities of associates/related parties of Portfolio Manager:

Sr. No.	Investment Approach, if any	Name of the associate/ related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	percentage of total AUM as on last day of the previous calendar quarter
NIL					

#### 5.4 Details of Diversification policy

The Portfolio Manager invests the funds of the clients in accordance with the stated investment objectives of the respective strategy. Further, no investments are proposed to be made in securities issued by associate/related parties of the Portfolio Manager.

Portfolio diversification of a client is done by judiciously investing the corpus in an optimum number of securities – based on client’s risk profile – and deploying the funds across sectors and market cap. Our typical portfolios will have between 25 – 30 securities and will have representations of multiple sectors. Unless specifically instructed by clients we don’t anticipate having less than 15 stocks in the portfolio.

#### 5.5 Direct Onboarding

Investors have the option to avail the portfolio management services directly from the portfolio Manager. Details of our direct offering are available on our website. Clients can onboard with the Portfolio Manager directly by contacting on our investor desk mail.

#### 6. General Risk Factors

Any investments made in Securities are subject to market risk and there is no assurance or guarantee that the objective of the investments will be achieved. The value of or return on the investments made may appreciate, or it could depreciate to an unpredictable extent. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Client availing the Portfolio Manager’s Products.

The below risks factors are non-exhaustive and are intended to highlight certain risks associated with investing in Securities.

**Following are the risk factors as perceived by the management and as may be applicable depending on the Product for which Portfolio Manager’s services are utilised:**

- Investments in Securities are subject to market risks and there is no assurance or guarantee that the objectives of the Investment / Products/Services will be achieved.
- The Portfolio Manager does not have a previous track record of portfolio management. In any case, the past performance of the Portfolio Manager does not indicate its future performance. There is no assurance that past performances will be repeated. Investors are not being offered any guaranteed or indicative returns by the Portfolio Manager. Investment decisions or recommendations made by the Portfolio Manager may not always be profitable.
- 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 market.
- The performance of the Products/Services 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.
5. Investments in the Products/Services which the Clients have opted are subject to wide range of risks which inter alia also include but not limited to economic slowdown, volatility & illiquidity of the stocks, poor corporate performance, economic policies, changes of Government and its policies, acts of God, acts of war, civil disturbance, sovereign action and /or such other acts/ circumstance beyond the control of the Portfolio Manager.
  6. The names of the Products/Services do not in any manner indicate their prospects or returns. The performance may be adversely affected by the performance of individual companies, changes in the marketplace and industry specific and macro-economic factors.
  7. Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the portfolio may be subject to fluctuation.
  8. Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
  9. The Product/Services may invest/recommend in non-publicly offered debt securities and unlisted equities. This may expose Portfolio to liquidity risks.
  10. Engaging in securities lending is subject to risks related to fluctuations in collateral value / settlement/ liquidity/counter party.
  11. The Product/Services may use/recommend derivatives 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 risk inherent to such derivatives. As and when the Products trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand.
  12. The Product/Services may use/recommend derivatives 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. Derivative products are specialized instruments and require investment techniques and risk analyses different from those associated with stock and bonds. The use of derivatives requires a high degree of skill, diligence, and expertise. Thus, derivatives are highly leveraged instruments. A small price movement in the underlying security could have a large impact on their value. 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.
  13. The NAV may be affected by changes in settlement periods and transfer procedures.
  14. The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower or unrated securities offering higher yield. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
  15. The arrangement of managing of funds from various Clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.
  16. After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.
  17. Investments are subject to market risk arising out of non-diversification by the

Portfolio Manager, whilst managing the portfolio or making recommendations.

## 7. Client Representation

### a) Details of client's account activated as on March 31, 2024

Not Applicable, the Portfolio Manager has received the PMS license on February 12, 2024.

Since we have received the SEBI registration for PMS on February 12, 2024, hence the figures for previous year are mentioned as NIL.

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary
Associates / Group Companies*	0	0	0
Others (Active)	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
Associates / Group Companies	0	0	0
Others (Active)	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
Associates / Group Companies*	0	0	0
Others (Active)	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Associates / Group Companies\*

Sr. No.	Client Name	AUM in Cr.
Not Applicable		

### a) Transactions with related parties are as under (not related to PMS business): (Amount in INR Lakhs)

Name of Related Party	Nature of transaction	2022-2023	2021-2022	2020-2021
Almondz Global Securities Limited (Holding Company)	Receipt of share capital	1200.00	-	-
	Receipt of short term loan	87.02	157.60	116.88
	Repayment of short term loan	108.54	180.45	113.32
	Interest Expense	3.24	9.35	4.69
	Reimbursement received	12.17	31.52	7.07
	Reimbursement repaid	12.09	32.83	10.94
Avonmore Capital Management & Services Limited (Ultimate Parent Company)	Receipt of short term loan	161.35	-	-
	Repayment of short term loan	143.85	-	-
	Interest Expense	1.00		

Mr. Sanjay Dewan (Director)	Managerial Remuneration	22.63	-	-
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AFSL shall use the broking services of AGSL registered with NSE under SEBI Registration No. INZ000213936 and BSE under SEBI Registration No. INZ000213936 or any other Stock Broker duly registered with SEBI. AFSL shall also use depository participant services of AGSL registered with CDSL under SEBI Registration No. IN-DP-284-2016 or any other Depository Participant duly registered with SEBI.

**8. The financial performance of Portfolio Manager. (Based on audited financial statements)**

Financial highlights of Almondz Financial Services Limited for the last 3 years are given as under:

Since we have received the SEBI registration for PMS on February 12, 2024, hence the figures for previous year are mentioned as NIL.

Particulars	(Rs. In Lakhs)		
	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022	Year ended 31 <sup>st</sup> March 2021 (Restated)
Total Income	449.44	303.29	259.42
Total Expenditure	408.47	303.38	261.18
Profit / (Loss) before depreciation & tax	49.6	3.91	3.10
Less: Depreciation	8.64	4.01	4.66
Provision for tax			
Add/(Less): Deferred Tax Asset and excess/ short provision for tax in respect of earlier years	-.05	-0.67	-0.61
Profit/(Loss) for the year after tax	29.47	-0.54	-0.88

**9. Portfolio Management performance of the Portfolio Manager for the last 3 years (calculation based on TWRR)**

**Not Applicable, the Portfolio Manager has received the PMS license on February 12, 2024**

**10. Audit Observations**

**Not Applicable, the Portfolio Manager has received the PMS license on February 12, 2024.**

**11. Nature of expenses / Range of fees**

**Portfolio Management /Investment Management and Advisory Fees**

It relates to the fees payable by the client for the Portfolio Management Services offered to the Clients by the Portfolio Manager. This fee may be a fixed charge or a percentage of quantum of funds managed or linked to portfolio on return achieved or a combination of any of these or Advisory Fee, as set out in the Portfolio Management Service Agreements / annexure / schedules attached thereto. The detailed fee schedule is

available as a part of the agreement and depends on the nature of product.

**Depository & Custodian charges**

These charges relate to opening and maintenance of Depository Accounts and/or custody fee and charges (wherever required) paid to the Custodians and/or Depository Participants, dematerialization of scrips, Securities lending & borrowing & their transfer charges in connection with the operation and management of the Client's Portfolio account.

**Registrar and transfer agent fee**

A fee payable to the Registrar and Transfer Agents for effecting transfers of Securities and includes stamp charges, notary charges, cost of affidavits, courier, post etc.

**Brokerage and transaction cost**

These costs relate to charges payable to the broker for account opening charges, execution of transactions on the stock exchange or otherwise on purchase & sale of shares, bonds, debentures, units, and other instruments and includes charges like service charges, stamp duty, service tax, turnover tax, transaction cost, security transaction tax, entry and/ or exit load on sale or purchase of mutual fund etc as applicable from time to time.

**Securities lending and borrowing charges**

Charges payable under execution of deal/trades under Securities lending and borrowings (SLB) means charges payable for lending of securities, cost of borrowing, transfer of securities in connection with same.

**Certification and professional charges**

Charges payable for outsourced professional services like custodian, broking (if) and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc. may be charged and recovered from the Client. Additional applicable taxes shall be charged on the amount of fees.

**Fees, entry/exit loads and charges in respect of investment in mutual funds:**

In case of investments in Mutual Funds, Mutual Fund shall be recovering expenses or management fees, entry/exit loads and other incidental expenses along with service tax, if any, on such recoveries and such fees, entry/exit loads and charges including services tax on such recoveries shall be paid to the Asset Management Company of these Mutual Funds on the Clients' account. Such fees and charges are in addition to the Portfolio Management fees described above.

**Incidental expenses**

Charges in connection with day to day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account or any other out of pocket expenses as may be incurred by the Portfolio Manager.

The Range of fees charged by the Portfolio Manager is given in the below table:

Transaction type	Range
<b>Client Onboarding Fee</b>	No fee



<b>Fixed Management Fee/ Performance fee</b>	<b>Nature of Fees</b>	<b>Fees %</b>
	Option A	Management Fees: 1.5% Performance Fees: 15% Hurdle Rate: 10%
	Option B	Management Fees: 2% Performance Fees: 0% Hurdle Rate: NA
	Option C	Management Fees: 0% Performance Fees: 15% Hurdle Rate: 0%
<b>Exit fees</b>	Exit Period 0 to 1 years – 3% Exit Period 1 to 2 years – 2% Exit Period 2 to 3 years – 1% More than 3 years – NIL	
<b>Transaction Charges</b>	At Actuals	
<b>Equity Brokerage</b>	Maximum 0.25%	
<b>Custody Charges</b>	Maximum 4bps	
<b>DP Charges</b>	At Actuals	
<b>Fund Accounting Charges</b>	Maximum 4bps	
<b>Demat Charges</b>	At actuals as mentioned in Demat account opening Form	
<b>Certification &amp; Professional Charges</b>	At Actuals	
<b>Incidental Expenses</b>	At actuals	

## 12. Taxation

The general information stated below is based on the general understanding of direct tax laws in force in India as on the date of the Disclosure Document and is provided only for general information to the Client only *vis-à-vis* the investments made through the Portfolio Management Services ('PMS') Almondz Financial Services Limited ("the Portfolio Manager" or "the Company"). This information gives the direct tax implications on the footing that the securities are/will be held for the purpose of investments. In case, the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment 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 client, prospective or existing, to invest in the portfolios of the Company. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Client is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Portfolio Manager.

It is the responsibility of all prospective clients 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 units.

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 enacted in the Finance Act, 2023. The tax rates mentioned below relate to Financial Year 2023-24 (Assessment Year 2024-25).

The applicable rate of surcharge in case of foreign companies is 2% where the income exceeds INR 10 m but is less than or equal to INR 100 m and is 5% where the income exceeds INR 100m.

In case of resident companies (other than companies covered under section 115BAA and 115BAB of the IT Act) having total income exceeding INR 10 m but not exceeding INR 100 m, surcharge of 7% on income tax is applicable. In case of resident companies having total income exceeding INR 100 m, surcharge of 12% is applicable. In the case of resident companies having income chargeable under Section 115BAA and 115BAB of the IT Act, surcharge of 10% is applicable irrespective of taxable income.

In case of firms having total income exceeding INR 10 m, surcharge of 12% is applicable.

In case of individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person, except an association of persons consisting of only companies as its members, i) having total income exceeding INR 5 m but not exceeding INR 10 m, surcharge of 10% on income tax is applicable ii) having total income exceeding INR 10 m but not exceeding INR 20 m, surcharge of 15% on income tax is applicable iii) having total income exceeding INR 20 m but not exceeding INR 50 m, surcharge of 25% on income tax is applicable and iv) having total income exceeding INR 50 m, surcharge of 37% on income tax is applicable. However, in the case where the total income includes any income referred to in Section 111A or Section 112A of the IT Act, or income by way of dividends, surcharge on such income shall not exceed 15%.

In addition to the above, Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge.

## **I. Taxation in hands of Clients**

### **A. Resident taxation**

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

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

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

Every other person is said to be resident in India during the year under consideration except where the control and management of affairs is situated wholly outside India.

## **B. Non-resident taxation**

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

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

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

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

### o *Tax Treaty Benefits*

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 residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors (subject to GAAR provisions discussed below and to the extent of availability of Treaty benefits to the non-resident investors). However, no assurance can be provided that the Tax Treaty benefits will be available to the offshore investor or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future.

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

Further, 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).

### o *Tax Residency Certificate*

Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain Tax Residency Certificate ('**TRC**') as issued by the

foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT *vide* its notification dated 1 August 2013, amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.

The details required to be furnished are as follows:

- Status (individual, company, firm, etc.) of the assessee;
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
- Period for which the residential status, as mentioned in the TRC, is applicable; and
- Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The additional information prescribed above may not be required to be provided if it already forms apart of the TRC.

### C. **Characterisation of income**

Traditionally, the issue of characterisation 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.

Also, the Central Board of Direct Taxes ('CBDT') has provided guidance (*vide* its Instruction no. 1827 dated 31 August 1989 and Circular No. 4 of 2007, dated 15 June 2007) in respect of characterisation of gains as either capital gains or business income. Following are the key illustrative factors indicative of capital gains characterisation (not business income):

- (a) Intention at the time of acquisition - capital appreciation
- (b) Low transaction frequency
- (c) Long period of holding
- (d) Shown as investments in books of accounts (not stock in trade)
- (e) Use of owned funds (as opposed to loan) for acquisition
- (f) Main object in constitution document is to make investments
- (g) Higher level of control over the investee company

Regarding characterisation of income from transactions in listed shares and securities, the CBDT had also 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 transfer of unlisted shares, the CBDT has issued a clarification *vide* Instruction No. F.No. 225/12/2016/ITA.II dated May 2, 2016 stating that income arising from transfer of unlisted shares would be considered under the head 'Capital Gains'

irrespective of the period of holding with a view to avoid dispute /litigation and to maintain uniform approach (with tax treatment on transfer of listed shares). However, the above shall not apply in the following cases:

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

#### **D. Different streams of income and its tax implications**

The tax implications in the hands of resident as well as non-resident investors on different income streams pertaining to investment in securities are discussed below:

##### **i. Dividend income**

###### **Resident Investors**

Prior to the amendments by the Finance Act, 2020, dividends declared by Indian companies were exempt from tax in the hands of the investors under section 10(34) of the Act. The Indian Company would be liable to pay dividend distribution tax at the effective rate 20.56% for F.Y, 2019-20 of the dividends at the time of distributing to the investors..

As per the amendments made by the Finance Act, 2020, the Indian Company declaring dividend on or after 1 April 2020, would not be required to pay any distribution tax on dividend distributed/ paid/ declared to investors. The dividend income shall now be taxable in the hands of the investors under section 56 of the IT Act under the head ‘Income from Other Sources’ at the applicable rates. Further, the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act against such dividend income up to 20% of the dividend income.

The dividend declared by all mutual funds are also taxable in the hands of investors in the same manner.

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

###### Resident unit holders

<b>Dividend income earned by</b>	<b>Tax rate for domestic investors</b>
Resident companies (Note 1 and 2)	30%
Firms / LLPs	30%
Others (Note 3)	As per applicable slab rates, maximum being 30%

The above-mentioned tax rates are exclusive of surcharge and health and education cess.

Note 1: The Finance Act, 2022, has reduced tax rate to 25% (plus applicable surcharge and health and education cess) in case of domestic companies having total turnover or gross receipts not exceeding INR 4,000 m in the Financial Year 2020-21 (Assessment Year 2021-22).

Note 2: Further, as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the IT Act shall be 22% and 15% respectively (for both sections - plus surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections.

Note 3: The Finance Act, 2020, has inserted a new section 115BAC in the IT Act. As per the said section, Individual and HUF will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions.

Non-resident Investors

Dividend income (net of deductions, if any) shall be taxable in the hands of the non-resident unitholders at the rate of 20% under the IT Act.

However, this rate shall be subject to the tax rate specified in the Tax Treaties of the respective jurisdictions of the unitholders and subject to applicable conditions.

**ii. If gains are categorized as capital gains**

If the gains arising from sale of capital assets being securities (including units, etc.) are characterised as capital gains, the tax rate depends on the period of holding of the securities. The tax rates for securities (including mutual funds) are discussed below.

**i. Period of holding**

Capital assets are classified as long-term assets ('LTCA') or short-term assets ('STCA'), based on the period of holding of these assets. The period of holding of the asset is computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the 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 asset	STCA	LTCA
Listed securities (other than a Unit) / Unit of equity oriented fund	Held for not more than 12 months	Held for more than 12 months
Unlisted and listed units (other than units in an equity oriented fund)	Held for not more than 36 months	Held for more than 36 months
Unlisted shares	Held for not more than 24 months	Held for more than 24 months

**ii. Taxation of capital gains**

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

Nature of Income	Tax rate for resident investors (Note 1)	Tax rate for non-residents (Note 1 and 2)	Tax rate for Foreign Portfolio Investors (Note 1)
STCG on transfer of unit of an equity oriented fund on which Securities Transaction Tax (“STT”) has been paid	15%	15%	15%
STCG on transfer of unlisted units and listed units (other than the above)	30% (Note 3)	40%/ 30% (Note 4)	30% (Note 5)
LTCCG on transfer of unit of an equity oriented fund provided STT paid on transfer of units of an equity oriented fund exceeding INR 1 lakh	10% (Note 6)	10% (Note 6)	10% (Note 6)
LTCCG on transfer of unlisted units	20% (wit hindexation)	10% (Note 6,)	10% (Note 6)
LTCCG on transfer of units of listed mutual fund (other than equity oriented fund)	20% (wit hindexation)	20% (wit hindexation)	10% (Note 6)
STCG on transfer of Listed equity shares on a recognized stock exchange on which STT has been paid	15%	15%	15%
LTCCG on transfer of listed equity shares on recognized stock exchange on which STT has been paid (exceeding 1 Lakh) and bLTCCG on long term gains on transfer of listed bonds or listed debentures (note 7)	10%	10%	10%
Other short term capital gains	30%	40%/30% (note 4)	30%
LTCCG on transfer of unlisted securities (including bond and debentures)	20%	10%	10%

The above rates would be subject to availability of Tax Treaty benefits in the case of non-residents, if any.

**Note 1 - Plus applicable surcharge and cess**

**Note 2 - In case the investments are made by Non Resident Indian (‘NRI’) - Such clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, any long- term capital gains should be taxable at the rate of 10% (plus applicable rate of surcharge and cess) without considering the indexation benefit.**

**Note 3 - The Finance Act, 2022, has reduced the tax rate to 25% (plus applicable surcharge and health and education cess) in case of domestic companies having total turnover or gross receipts not exceeding INR 4,000 m in**

*the Financial Year 2020-21 (Assessment Year 2021-22). Further, as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under Section 115BAA and Section 115BAB of the IT Act shall be 22% and 15% respectively (for both sections - it may be possible to consider the surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections. Furthermore, the Finance Act, 2020, has inserted a new section 115BAC in the IT Act. As per the said section, the Individual and HUF will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions. At present, we have considered the highest slab rate of 30% (plus applicable surcharge and health and education cess) in the case of unitholders other than company, firm and limited liability partnership.*

**Note 4** - 30% in the case of non-resident investors other than foreign company. 40% in case of foreign company.

**Note 5** - No foreign exchange benefit

**Note 6** - Without considering indexation and foreign exchange fluctuation benefit

**Note 7** – for listed bonds and debentures, the Revenue Authority may seek to apply a higher rate of 20% considering the judicial precedent.

### iii. If gains are categorized as business income

If the gains are categorised as business income, it shall be taxable at the rate of 30% (plus applicable surcharge and cess) in case of resident investors and also for non-residents other than a foreign company (assuming the highest slab rate for individual).

In case of domestic companies, the Finance Act, 2022, has reduced the tax rate to 25% (plus applicable surcharge and health and education cess) in case the total turnover or gross receipts not exceeding INR 4,000 m in the Financial Year 2020-21 (Assessment Year 2021-22). Further, *as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under Section 115BAA of the IT Act shall be 22% (with surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections.*

It shall be taxable at the rate of 40% (plus applicable surcharge and cess) in case of a foreign company. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

### iv. Interest income

Income in the nature of interest income would be subject to tax at 30% (plus applicable surcharge and cess) in case of resident investors and also for non-resident investors other than foreign company (assuming the highest slab rate for individual).

In case of domestic companies, the Finance Act, 2022, has reduced the tax rate to 25% (plus applicable surcharge and health and education cess) in case the total turnover or gross receipts not exceeding INR 4,000 m in the Financial Year 2020-21 (Assessment Year 2021-22). Further, *as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under Section 115BAA of the IT Act shall be 22% (with surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections.*



It shall be taxable at the rate of 40% (plus applicable surcharge and cess) in case of a foreign company. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

**v. Deemed income on investment in securities**

Section 56(2)(x) of the IT Act, provides that if any assessee receives any property (including securities) from any person without consideration or for inadequate consideration in excess of INR 0.05 m as compared to the fair market value, fair market value in excess of such consideration shall be taxable in the hands of the recipient as Income from Other Sources. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.

Accordingly, such other income would be chargeable to tax (i) at the rate of 30% (plus applicable rates of surcharge and cess) in case of resident investors (assuming highest slab rate for resident individual) and also for non-resident investors other than foreign company (ii) at the rate of 40% (plus applicable rates of surcharge and cess) in case of foreign companies.

The Finance (No. 2) Act, 2019 has proposed that the above provision shall not apply to any sum of money or any property received by such class of persons and subject to fulfilment of conditions as may be prescribed.

**vi. Gain arising on buyback of shares by company**

As per 10(34A) of the IT Act, gains arising on buyback of shares (including shares listed on recognized stock exchange) are exempt in the hands of investors. However, as per section 115QA of the IT Act, a distribution tax at the rate of 20% is payable by an Indian company on distribution of income by way of buy-back of its shares if the buy back is in accordance with the provisions of the Companies Act, 2013. Such distribution tax should be payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed.

**vii. Tax on transfer of Virtual Digital Assets (VDA):**

The Union Budget, 2022 has introduced taxation on Virtual Digital Assets (VDA). VDA shall include crypto-assets, NFTs and other digital assets [excludes currencies as per Foreign Exchange Management Act, 1999]. Income from transfer of virtual digital assets shall be taxable at the rate of 30% plus applicable surcharge and cess. Further, no deduction of any expenses or set off of losses shall be allowed against such income, except cost of acquisition. The losses arising from transfer of VDA shall also not be carried forward to succeeding years. Further, transfer of VDA are also subjected to withholding taxes. The transferee would be required to withhold taxes u/s 194S of the IT Act at the rate of 1% on transfer of VDA to a resident.

**viii. Expenditure incurred in relation to income not includible in the total income**

As per the provisions of section 14A read with rule 8D of the IT Rules, if any income of the investors does not form part of the total income or is exempt under the provisions

of the IT Act then any expenditure incurred by the Investor, directly or indirectly, in relation to such income will not be allowed as deduction for the purpose of calculating the total taxable income of the Investor.

#### **ix. Bonus stripping**

Where any person buys or acquires any units of a mutual fund or the UTIMF within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional units without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units. Further, w.e.f 1<sup>st</sup> April 2023, the above provisions shall also apply to purchase of securities, units of business trust and beneficial interest of an investor in an AIF.

#### **x. Minimum Alternate Tax**

The Taxation Laws (Amendment) Act, 2019 has reduced the base rate of MAT from 18.5% to 15% (plus applicable surcharge and cess), which shall be applicable w.e.f. 1 April 2020 i.e. financial year 2019-2020.

As per the IT Act, if the income-tax payable on total income by any company is less than 15% (excluding applicable surcharge and health and education cess) of its book profits, the company will be required to pay MAT which will be deemed to be 15% of such book profits (excluding applicable surcharge and health and education cess).

Further, MAT provisions shall not be applicable to a foreign company if such company is a resident of a country or a specified territory with which India has a Tax Treaty and the company does not have a permanent establishment in India. Also, MAT provisions are not applicable if the foreign company is a resident of a country or a specified territory with which India does not have a Tax Treaty, and the company is not required to seek registration under any law in relation to companies.

In case where the domestic company opts to be taxed as per the rates and manner prescribed under Section 115BAA and 115BAB of the IT Act, then MAT provisions shall not be applicable to such domestic companies. Also, MAT credit (if any) shall not be allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above.

#### **xi. Alternate Minimum Tax**

The IT Act provides for levy of Alternate Minimum Tax ('AMT') on non-corporate tax payers if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and health and education cess) of the adjusted total income, as the case may be, is higher than the regular income-tax payable under the normal provisions of the IT Act. As per Finance Act 2022, the AMT rates applicable to co-operative societies are reduced from 18.5 to 15%. Such provisions are not applicable if the adjusted total income does not exceed INR 2 m.

Further, as per Finance Act 2020, the above provisions are not applicable in case of a

person who exercises the option referred to in section 115BAC or section 115BAD of the IT Act.

## II. Withholding at a higher rate

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number, then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services, dividend and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents. As per Rule 37BC of the ITR, the following details and documents are prescribed:

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

As per Rule 37BC of the IT Rules, the provision of section 206AA of the IT Act shall not apply in respect of payments made to a person being a non-resident if the provision of section 139A of the IT Act do not apply to such person on account of rule 114AAB of the IT Rules.

## III. Carry-forward of losses and other provisions (applicable irrespective of the residential status)

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

## IV. General Anti Avoidance Rule

General Anti Avoidance Rule ('GAAR') provisions have been introduced in Chapter X-A of the IT Act (effective from Financial Year beginning on 1 April 2017), which provides that an arrangement whose main purpose is to obtain tax benefit and which also satisfies at least one of the four specified test as mentioned below, can be declared as an 'impermissible avoidance arrangement'.

- Arrangement creates rights or obligations, which are not ordinarily created between persons dealing at arm's length price;
- Arrangement directly or indirectly results in the misuse or abuse of the provisions of the IT Act;
- Arrangement lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- Arrangement is entered into, or carried out, by means, or in a manner, which are not

ordinarily employed by bonafide purposes.

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

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

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ('LOB') in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 30 m cannot be read in respect of a single taxpayer only.

#### V. **FATCA Guidelines**

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

- a. the name, address, taxpayer identification number ['**TIN**' (assigned in the country of residence)] and date and place of birth ['**DOB**' and '**POB**' (in the case of an individual)];
- b. where an entity has one or more controlling persons that are reportable persons:
  - i. the name and address of the entity, TIN assigned to the entity by the country of its residence; and
  - ii. the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- c. account number (or functional equivalent in the absence of an account number);
- d. account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;
- e. the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year; and
- f. in case of any account held by a non-participating financial institution ('**NPFI**'), for the calendar years 2015 and 2016, the name of NPFI and aggregate amount of such payments.

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

## VI. **Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting**

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose 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 agent (excluding an independent agent) playing 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 MLIs.

The Union Cabinet of India issued a press release dated 12 June 2019 approving the ratification of the MLI to implement tax treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty.

On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The effect of such ratification by India can be known only after MLI positions of respective Tax Treaty partners are known.

## VII. **Securities transaction tax**

STT is applicable on various transactions executed on stock exchanges as follows:

- (a) 0.001% on the sale of units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of units
- (b) 0.025% on the sale of equity shares in a company or units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;
- (c) 0.1% on the purchase / sale of equity shares;

## VIII. **Tax Risks**

The investors are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the investors are subject to change, accordingly, the tax liabilities that could be incurred by the investors as a result of such changes should also change. Further, any alternative tax positions adopted by the income tax authorities could give rise to incremental tax liabilities in addition to the tax amounts already discharged by the investors. Some of the tax risks that may be faced by the investors are highlighted below:

### a. **Characterisation of income**

As per the existing income-tax law, the income arising on transfer of listed securities held for more than 12 months immediately preceding the date of transfer could be characterised as capital gains if such assets are held as capital assets and this should not be subject to litigation by the income-tax authorities. Further, any

other gains arising from the transfer of securities held by the investors may be treated either as “capital gains” or as “business income” for tax purposes, depending upon whether such securities were held as a capital asset or trading asset (i.e. stock-in-trade) and other criteria for characterising such income.

**b. Denial of tax treaty benefit to non-resident investors**

In case, the tax treaty benefits are denied to a particular non-resident investor, the particular investor shall have to pay higher taxes as per the IT Act.

**c. GAAR**

The 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 pertaining to GAAR have been effective from financial year beginning on 1 April 2017 i.e. from Financial Year 2017-18 onwards.

There is no precedence on how GAAR will be implemented by Indian tax authorities.

**d. Disallowance under Section 14A of the Act**

The provisions of section 14A of the Act, aims to disallow any expenditure which are incurred for earning exempt income. The tax authorities may in this regard, disallow a particular expense in fully or partially claiming that the same is incurred for the purpose of earning exempt income. There are a plethora of decisions on the applicability of Section 14A of the IT Act, in a particular situation.

**IX. Goods and Services Tax**

From 1 July 2017 onwards, GST will be applicable on services provided by the Portfolio Manager to its Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee to the Company.

THERE CAN BE NO GUARANTEE THAT THE ABOVE POSITION REGARDING TAXATION WOULD BE NECESSARILY ACCEPTED BY THE INDIAN TAX AUTHORITIES UNDER THE IT 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 IT ACT. INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS IN THIS REGARD.

**13. Accounting Policies**

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

**1. Accounting of investments:**

- (i) The Books of Account of the Client is maintained on an historical cost basis.
- (ii) Realised gains/losses will be calculated by applying the first in/first out method.
- (iii) For derivatives/futures and options, unrealised gains and losses will be calculated by marking all the open positions to market.
- (iv) Unrealised gains/losses are the differences between the current market values /

NAV's and the historical cost of the securities/price at which securities are valued on the date of admitting as a Corpus.

- (v) All income will be accounted on accrual or receipt basis, whichever is earlier.
- (vi) All expenses will be accounted on due or payment basis, whichever is earlier.
- (vii) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investment or for accounting the same, as may be mutually agreed between them on a case-by-case basis.
- (viii) Purchase and Sale transactions are accounted for on contract date basis.
- (ix) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.
- (x) Securities Transaction Tax paid on purchase/sale of securities including derivatives, during the Financial Year is recognized as an expense in the books of accounts.
- (xi) Bonus shares are recorded on the ex-benefit date (ex-date).
- (xii) Dividend income is recorded on the ex-dividend date (ex-date).
- (xiii) Interest on Debt instruments/ Fixed Deposit with banks is accounted on accrual basis.
- (xiv) Tax deducted at source (TDS) on interest on Fixed Deposits is considered as withdrawal of Portfolio and debited accordingly.
- (xv) For derivatives including futures and options, unrealized gains and losses will be calculated by marking to market the open positions.

## 2. Valuation of Investments:

Investments in Equities, Mutual Funds and Debt Instruments will be valued at the closing price of the NSE (Primary)/BSE (If NSE prices are not available or if the security is not listed on NSE), as the case may be or the Repurchase Net Realised Value declared for the relevant Product on the date of the report or any cut-off date or the market value of the debt instrument at the cut-off date. Alternatively, the last available prices on the exchange or the most recent Net Realised Value will be reckoned.

Realized gains/losses will be calculated by applying the first in/first out and/or weighted average principle. The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis. For derivatives including futures and options, unrealized gains and losses will be calculated by marking to market the open positions. Unrealized gains/losses are the differences in between the current market values/ Net Realised Value and the historical cost of the securities. Dividends on shares and units in mutual funds, interest etc, shall be accounted on receipt basis. The interest on debt instruments shall be accounted on accrual basis.

## 3. Valuation of Unlisted Shares, Valuation of Suspended/Non traded Share/debt:

Valuation of Unlisted Shares, Valuation of Suspended/Non traded Share/debt shall be done by the fund Manager on a case to case basis.

## 14. Investors Services and Compliance Officer

The details of investor relations officer who shall attend to investor queries to receive and the Compliance Officer who shall attend/resolve the investor

grievances and complaints are mentioned below:

**Compliance Officer**

Name of the person : Mr. Mohd Shariq  
Designation : Compliance Officer  
Address : F-33/3 Okhla Phase II, New Delhi-110020  
Phone : 011 43500700  
Email : mohd.shariq@almondz.com

**Investor Relation Officer**

Name of the person : Mr. Manoj Kumar Arora  
Designation : Principal Officer  
Address : F-33/3 Okhla Phase II, New Delhi-110020  
Phone : 011 43500700  
Email : manoj.arora@almondz.com

Grievance, 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 the same shall be subject to SEBI (Portfolio Managers) Regulations, 2020, issued by SEBI and as amended thereto from time to time.

The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or causes of grievance, for whatever reason, in a reasonable manner and time (i.e. within 21 days of receipt of complaint). If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the below mechanisms:

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

<http://scores.gov.in/> by clicking on “complaint registration”

The Client also has the option to raise an arbitration request using the online dispute resolution mechanism notified by SEBI and amendments issued thereon from time to time. The number of arbitrators to be appointed, the seat of arbitration and the language to be used for arbitration and the costs and expenses of arbitration would be as prescribed under the notifications and circulars issued in this regard from time to time.

<http://smartodr.in/> by clicking on “complaint registration”

*In case of any grievances the investors may email to*  
[pms.grievances@almondz.com](mailto:pms.grievances@almondz.com).

15. **General**

**Prevention of Money Laundering**

Prevention of Money Laundering Act, 2002 (**‘PML Act’**) came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated



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

The Client(s) should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

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

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

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

procured by the Portfolio Manager and uploaded.

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

### **Client Information**

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said Funds. The Portfolio Manager may stop all the trading activities for such Client/s and take such actions as may be required under the Regulations and the Agreement, including closure of account.

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

Not Applicable as the Portfolio Manager has not made any investment in any security issued by group / associate companies

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

The Portfolio Manager will diversify investments among asset classes, providing a balance with the goal of enhancing the total return of the portfolio while attempting to avoid undue risk concentration. The investment portfolio will be diversified across asset classes and managers including but not limited to domestic equity, international equity, fixed income, REITs, InvITs, Commodities, Privet Equity, Private Debt & Cash Equivalents. The Investment Committee will set the long-term asset allocation targets and ranges for different strategies and approaches offered by the PMS manager. Decisions regarding the allocation targets or the inclusion of new asset classes will be made when such action is expected to increase the expected return and/or reduce the risk of the portfolio or when deemed appropriate by the internal Investment Committee of the PMS provider. Expected return, risk, and correlation, and these characteristics' overall impact on the portfolio, will be analysed before such asset class can be included.



**Pawan Shubham & Co.**  
CHARTERED ACCOUNTANTS

601, ROOTS TOWER  
7, District Center  
Laxmi Nagar, Delhi-110092  
Pawan@pawanshubham.com  
Tel 011-45108755

To  
**Almondz Financial Services Limited**  
F-33/3, Okhla Industrial Area, Phase-II,  
New Delhi-110020

We have been requested by Almondz Financial Services Limited ('the Portfolio Manager') (Reg. No. INP000008589) having office at F-33/3, Okhla Industrial Area, Phase-II, New Delhi-110020, to certify the contents and information provided in the Disclosure Document as per Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ('the Regulations') to enable the investors to make a well informed decision.

Based on our examination of the books of accounts, records and documents maintained and produced to us and on the basis of information and explanations given to us, we certify that the particulars stated in the disclosure document are true and fair.

**For Pawan Shubham & Co.**  
**Chartered Accountants**  
**FRN: 011573C**

**Shubham** Digitally signed by  
Shubham Agarwal  
**Agarwal** Date: 2024.04.25  
16:20:30 +05'30'

**CA Shubham Agarwal**  
**(Partner)**  
**Membership No.: 544869**  
UDIN: 24544869BKATMG7216

Date: April 25, 2024  
Place: Delhi

FORM C

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

(Regulation 22)

**Almondz Financial Services Limited**

Regd. Office: F-33/3, Industrial Area, Okhla Phase-II,  
New Delhi-110020

Phone: +91- 9867433152

Email Id: [mangesh.kulkarni@almondz.com](mailto:mangesh.kulkarni@almondz.com)

We confirm that:

1. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
2. The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Scheme;
3. The Disclosure Document has been duly certified by an Independent Chartered Accountant, Mr. Shubham Agarwal of M/s. Pawan Shubham & Co. bearing Membership Number 544869.

For ~~Almondz Financial Services Limited~~ Portfolio Managers

Date: April 25, 2024

Place: New Delhi



  
Mangesh Kulkarni  
Portfolio Manager