

DISCLOSURE DOCUMENT

PORTFOLIO MANAGEMENT SERVICES

HEDGE EQUITIES LTD

CIN – U65990MH2007PLC176866

SEBI Regn . No.- INP000003476

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PART-I-Static Section

1. Disclaimer Clause

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

The distribution of this Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about and to observe any such restrictions.

2. Definitions

In this Disclosure Document, unless the context otherwise requires, the following words and expressions shall have the meaning assigned to them:

1. **“Act”** means the Securities and Exchange Board of India Act, 1992.
2. **“Accreditation Agency”** means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by SEBI from time to time.
3. **“Accredited Investor”** means any person who is granted a certificate of accreditation by an accreditation agency who:
 - i) in case of an individual, HUF, family trust or sole proprietorship has:
 - a) annual income of at least two crore rupees; or
 - b) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or
 - c) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.
 - ii) in case of a body corporate, has net worth of at least fifty crore rupees;
 - iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;
 - iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall be deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

4. **“Advisory Services”** means advising on the portfolio approach, investment and divestment of individual Securities in the Client’s Portfolio, entirely at the Client’s risk, in terms of the Regulations and the Agreement.
5. **“Agreement”** or **“Portfolio Management Services Agreement”** or **“PMS Agreement”** means agreement executed between the Portfolio Manager and its Client for providing portfolio management services and shall include all schedules

and annexures attached thereto and any amendments made to this agreement by the parties in writing, in terms of Regulation 22 and Schedule IV of the Regulations.

6. **“Applicable Law/s”** means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.
7. **“Assets Under Management”** or **“AUM”** means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.
8. **“Associate”** means (i) a body corporate in which a director or partner of the Portfolio Manager holds either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.
9. **“Benchmark”** means an index selected by the Portfolio Manager in accordance with the Regulations, in respect of each Investment Approach to enable the Clients to evaluate the relative performance of the Portfolio Manager.
10. **“Board”** or **“SEBI”** means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
11. **“Business Day”** means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Portfolio Manager may specify from time to time.
12. **“Client(s)” / “Investor(s)”** means any person who enters into an Agreement with the Portfolio Manager for availing the services of portfolio management as provided by the Portfolio Manager.
13. **“Custodian(s)”** means an entity registered with the SEBI as a custodian under the Applicable Laws and appointed by the Portfolio Manager, from time to time, primarily for custody of Securities of the Client.

14. **“Depository”** means the depository as defined in the Depositories Act, 1996 (22 of 1996).
15. **“Depository Account”** means an account of the Client or for the Client with an entity registered as a depository participant under the SEBI (Depositories and Participants) Regulations, 1996.
16. **“Direct on-boarding”** means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.
17. **“Disclosure Document”** or **“Document”** means the disclosure document for offering portfolio management services prepared in accordance with the Regulations.
18. **“Distributor”** means a person/entity who may refer a Client to avail services of Portfolio Manager in lieu of commission/charges (whether known as channel partners, agents, referral interfaces or by any other name).
19. **“Eligible Investors”** means a Person who: (i) complies with the Applicable Laws, and (ii) is willing to execute necessary documentation as stipulated by the Portfolio Manager.
20. **“Fair Market Value”** means the price that the Security would ordinarily fetch on sale in the open market on the particular date.
21. **“Foreign Portfolio Investors”** or **“FPI”** means a person registered with SEBI as a foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.
22. **“Financial Year”** means the year starting from April 1 and ending on March 31 in the following year.
23. **“Funds”** or **“Capital Contribution”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of

sale or other realization of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the Portfolio Manager.

24. **“Group Company”** shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary.
25. **“HUF”** means the Hindu Undivided Family as defined in Section 2(31) of the IT Act.
26. **“Investment Approach”** is a broad outlay of the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and Securities and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.
27. **“IT Act”** means the Income Tax Act, 1961, as amended and restated from time to time along with the rules prescribed thereunder.
28. **“Large Value Accredited Investor”** means an Accredited Investor who has entered into an Agreement with the Portfolio Manager for a minimum investment amount of ten crore rupees.
29. **“Non-resident Investors”** or **“NRI(s)”** shall mean non-resident Indian as defined in Section 2 (30) of the IT Act.
30. **“NAV”** shall mean Net Asset Value, which is the price; that the investment would ordinarily fetch on sale in the open market on the relevant date, less any receivables and fees due.
31. **“NISM”** means the National Institute of Securities Markets, established by the Board.
32. **“Person”** includes an individual, a HUF, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
33. **“Portfolio”** means the total holdings of all investments, Securities and Funds belonging to the Client.

34. “Portfolio Manager” means Hedge Equities Ltd, a company incorporated under [the Companies Act, [2013/1956]], registered with SEBI as a portfolio manager bearing registration number INP000003476 and having its registered office at B 302 Trade Square, Mehra Compound, Near DSK Madhuban, Sakinaka Kurla Road Andheri East, Mumbai – 400 072, Maharashtra

35. “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

36. “Regulations” or “SEBI Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended/modified and reinstated from time to time and including the circulars/notifications issued pursuant thereto.

37. “Related Party” means –

- i) a director, partner or his relative;
- ii) a key managerial personnel or his relative;
- iii) a firm, in which a director, partner, manager or his relative is a partner;
- iv) a private company in which a director, partner or manager or his relative is a member or director;
- v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;
- vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii) any body corporate which is— (A) a holding, subsidiary or an associate company of the Portfolio Manager; or (B) a subsidiary of a holding company to which the Portfolio Manager is also a subsidiary; (C) an investing company or the venturer of the Portfolio Manager— The investing company or the venturer of the Portfolio Manager means a body corporate whose investment in the Portfolio Manager would result in the Portfolio Manager becoming an associate of the body corporate;

- ix) a related party as defined under the applicable accounting standards;
- x) such other person as may be specified by the Board: Provided that,
 - a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - b) any person or any entity, holding equity shares:
 - i) of twenty per cent or more; or
 - ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding Financial Year; shall be deemed to be a related party;

38. "Securities" means security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other law for the time being in force.

3. Description

i) HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER

Our Company was incorporated under the Companies Act,1956 as Hedge Equities Private Limited on 17th December 2007 with registered office at 1205, Dalamal Tower, Nariman Point, Mumbai - 400021, Maharashtra. Later the company is converted into public limited company on 17th February, 2009 and registered office is changed to B 302 Trade Square, Mehra Compound, Near DSK Madhuban, Sakinaka Kurla Road, Andheri East, Mumbai - 400 072 w.e.f. 01.12.2014. At present the company is engaged in the business of shares, securities and stock broking as an Authorised Person (AP) registration Nos. AP01044601119270 & AP0297135953 with Motilal Oswal Financial Services Limited and portfolio manager with SEBI Registration No. INP000003476 & also as a Research Analyst with registration No. INH000004398.

Hedge Equities Ltd (including its group companies) is a leading provider of financial services with an emphasis on customized solutions in the areas of financial advisory, capital markets, wealth management and alternative asset management to its clients that include corporates and high net worth families. Hedge leverages insights, relationships and a culture that emphasizes strong orientation to excellence, to offer services to its clients. The Group relies on its extensive experience, in-depth domain understanding and knowledge of the regulatory environment, to offer customized solutions that enable clients to meet their strategic aspirations.

ii) PROMOTERS AND DIRECTORS OF THE PORTFOLIO MANAGER AND THEIR BACKGROUND IN BRIEF

Sr.No.	Name of the director	Qualification	Designated director	Date of Birth
1	Alex Kalluvila Babu	B.Tech	Yes	09.11.1979
2	Nithya Alex	B.Tech	Yes	22.01.1981
3	Vinay Sasidharan	B.com	Yes	25.04.1981
4	Mr.John George	BTech	Yes	07.09.1970
5	Mr. Mohan Ganesh	MBA	Yes	02.06.1980

Sr.No.	Name of Promoter	Qualification	Date of Birth
1	Alex Kalluvila Babu	B.Tech	09.11.1979

Sri Alex K Babu, Director

Alex K Babu is the Founder, Chairman, and Managing Director of the Hedge Group of Companies comprised of Hedge Equities Ltd., Hedge Finance Ltd., Hedge Commodities Ltd Hedge School of Applied Economics and Hedge Café & Club Private Limited. Alex, B. Tech in Mechanical engineering in 2002 and started his entrepreneurial career joining his family business of seafood exports (Baby Marine Ventures) with a special focus on International Finance & Marketing. His keen business sense and a strong belief in India's long-term growth prospects led him to set up Hedge Equities in June 2008. Today, the Hedge Family has grown to be a Full-Service financial services provider with a satisfied clientele of over 50,000. Alex is a sought-after speaker at conferences and conventions and is also active in professional society activities. He is also an active member of the Young Presidents Organization (YPO), a worldwide organization with over 18,000 business leaders in more than 100 countries.

Smt Nithya Alex, Managing Director

Ms. Nithya Alex is wife of Mr. Alex K Babu, and she is a qualified Engineer. She has been involved with the Company right from the inception of the Company and she oversees the overall functioning of the Company, under the control of the Board.

Sri Vinay Sasidharan, Director

In his professional career, Vinay has built extensive experience working with wealthy families and institutions to develop and implement comprehensive investment strategies to meet investment goals. Highly motivated strategic thinker with a proven track record in process setting & enterprise operations, consistently delivering business results in diverse industries. An ingenious and original problem solver with an ability to see possibilities beyond what is already present and known and achieving a holistic understanding of the task at hand.

He is a graduate of Commerce from the Mahatma Gandhi University, joined Hedge Equities Wealth management in 2009. Implemented processes for annual and quarterly budgeting, financial projections, and internal / external business reporting focusing more on the 'why' than the 'what'. Identified and prioritized among key opportunities and high-impact projects to help improve the business performance. Building a high-performance organization / teams

by revamping HR structure and aligning decision making with strategic goals, resulting in happy, hardworking employees emotionally vested in success of the organization.

Sri Mohan Ganesh, Independent Director

Mr. Mohan Ganesh has acquired his MBA in Marketing and Systems from IIT, Madras after which he worked for 7 years with Cognizant as its Product Manager from where he moved to WalmartLabs, Sunnyvale, CA as Snr. Product Manager. He is the Co-founder of Pawtai, responsible for driving product development with engineering to develop iOS and Android applications. He is also a partner at MS Traders, Thiruvananthapuram, Kerala a distributor for multi brand distribution company, and responsible for expanding sales and fine-tuning operations.

Sri John George, Independent Director

Mr. John George is a qualified engineer with B. Tech in Mechanical engineering from Bharathiar University in 1992 and had completed PPGDM from FORE School of Management in the year 1994. He has started his career in Allen Bradley in 1994 and has moved to Baby Marine Group in 1996. He has worked as project in Charge, Manger and General manager in Baby Marine group for the last 24 years and now he working as General Manager in Baby Marine Eastern Exports.

iii) TOP 10 GROUP COMPANIES/FIRMS OF THE PORTFOLIO MANAGER ON TURNOVER BASIS

- (1) Hedge Finance Ltd
- (2) Hedge School of Applied Economics Ltd
- (4) Hedge Commodities Ltd
- (5) Hedge Café & Club Private Ltd

iv) SERVICES OFFERED

The Portfolio Manager provides Discretionary Portfolio Management Services to clients under the Portfolio Management Scheme, wherein the client's portfolio account is managed at the sole discretion of the Portfolio Manager with the objective of generating fair and reasonable returns.

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

All cases of penalties imposed by the Board or the directions issued by the Board under the Act or rules or regulations made thereunder against the Portfolio Manager.	NIL
The nature of the penalty/direction against the Portfolio Manager	NIL
SEBI or any other regulatory authority has not observed major deficiency in the systems and operations of the Portfolio Manager Penalties imposed for any economic offence and/ or for violation of any securities laws against the Portfolio Manager.	NIL
Any pending material litigation/legal proceedings against the portfolio manager /key personnel with separate disclosure regarding pending criminal cases, if any.	NIL
Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	NIL
Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, indirectly connected with the portfolio manager or its directors, principal officer or employee or any person directly or employee, under the Act or Rules or Regulations made there under.	NIL

5. Services Offered

The Portfolio Manager offers Discretionary Portfolio services to the client, the trades are decided and executed by Portfolio manager at its discretion on behalf of the client to generate fair and reasonable return to the client.

The Portfolio Manager shall not invest any of the Client's funds/assets in bill discounting or for the purpose of lending or placement with corporate or non-corporate bodies. The Portfolio Manager, while dealing with the Client's funds shall not indulge in speculative transactions, that is, it shall not enter into any transaction for the purchase or sale of any security in which transaction is periodically or ultimately settled otherwise than by actual delivery or transfer of the Security. Provided however that, the Portfolio Manager may enter into future contracts, options on securities, options on indices and other similar types of investment instruments which would be deemed to constitute part of the normal course of investing of Assets of the Account and the Portfolio Manager may also enter into transactions which will have the possibility of creating a hedge against the existing structure of the portfolio and such hedge transactions could include derivative products as may be permissible under law from time to time.

It is further clarified that the Investment Guidelines shall not be deemed to have been breached or violated as a result of changes in the price or value of the Assets in the Account brought about solely through movements in the stock market or any other factors including change in registration which are beyond the control of the Portfolio Manager.

Investment Restrictions

1. The Portfolio Manager shall not invest the Clients funds in the unlisted securities of the group companies/associates unless specified by the client in writing.
2. The Portfolio Manager shall not invest in any security issued by way of Private Placement by a group company / associate.
3. The Investment of Client's Funds in group companies/associates of the Portfolio Manager shall in addition be governed by such laws and rules and regulations as are applicable from time to time to the Portfolio Manager.

Other Features

Minimum investment amount in all schemes are Rs. 50 Lakhs. The Client may withdraw whole or part of the funds/securities by keeping a minimum investment amount of Rs. 50 lakhs from the Portfolio Account by giving advance notice and the Portfolio Manager will Endeavour to liquidate the securities and return the funds held by the Portfolio to the Client within

reasonable time. In case the Portfolio Manager is not able to sell the securities, the Portfolio Manager has the discretion to return the securities to the Client.

The Portfolio Manager will provide periodical reports as required under the Regulations.

The Portfolio Account will be audited by the Independent Chartered Accountant every year and copy of the Audit Report issued by the Independent Auditor will be given to the Client.

The Portfolio Manager intends to manage the Assets of the Client using the following Investment Approaches:

1. FINANCIAL FREEDOM

Investment Objective:

The strategy aims to benefit from the long-term compounding of investments in good businesses run by great management, aligned with the prevailing macroeconomic scenario and/or a bottom-up approach, and strategic asset allocation to drive superior wealth creation with the ultimate goal of achieving financial freedom.

Investment Strategy:

The macro and micro analysis narrows down to buyable securities based on the investment objectives and risk parameters.

The portfolio will strategically allocate investments across equity, equity mutual funds, debt instruments, debt mutual funds, money market instruments, ETFs, and commodity-related investments like gold, gold ETFs, gold mutual funds, gold bonds, etc. in proportions determined by the manager from time to time.

Types of securities in which investment is made:

Equity and Equity related securities, Convertible Stock and Preference Shares of Indian Companies.

Mutual Fund Units and/or other financial instruments.

The Portfolio Manager may use derivative instruments like Stock Index Futures, Futures on Individual Stocks, Options on Stock Indices and Options on individual stocks, Interest rate swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time, as permitted by SEBI.

The portfolio would comprise primarily of equities and other securities/debt instruments, derivatives in line with the profile of the client. Wherever appropriate, the Portfolio Manager may invest those Assets in cash/liquid/money market funds or fixed income securities of short/medium duration, derivatives for any interim period that the Portfolio Manager may decide in its sole, entire and absolute discretion, till the Portfolio Manager locates appropriate opportunities in the market, in line with the Client risk profile.

Basis of selection of securities:

The selection of securities is driven by a combination of top-down macroeconomic analysis and a bottom-up approach to identify good businesses with strong fundamentals, competent management, and sustainable growth potential. The strategy ensures alignment with the prevailing macroeconomic scenario while focusing on long-term value creation and financial freedom.

Allocation across selection of securities:

The strategy seeks to primarily invest in Equity and Equity-related instruments of large Cap companies. However, the strategy has the flexibility to invest in companies across the entire market capitalization spectrum as decided by the fund manager from time to time.

Benchmark:

The current benchmark is S&P BSE 500 TRI

Indication of tenure of investment horizon:

Ideal investment horizon is at least 3 to 5 years.

2. FINANCIAL FREEDOM-HYBRID

Investment Objective:

The strategy focus on a hybrid allocation strategy, combining equity, fixed-income instruments, and gold and to benefit from a balanced portfolio.

Investment Strategy:

PMS will adopt a hybrid allocation strategy, combining equity, fixed-income instruments, and gold. Our investment philosophy will continue to leverage a bottom-up approach in stock selection and a top-down approach in asset allocation.

Types of securities in which investment is made:

((a) Equity and Equity related securities, Convertible Stock and Preference Shares of Indian Companies;

(b) Debentures (Convertible and Non-convertible), Bonds and Secured Premium Notes, Swaps, Options Futures, Securitized Debt, Pass Through Certificates and instruments which are quasi-debt instruments, Tax-exempt Bonds of Indian Companies and Corporations.

(c) Government and Trustee Securities;

(d) Units and other instruments of Mutual Funds.

(e) Bank Deposit

(f) Treasury Bills

(g) Commercial Papers, Certificates of Deposit and other similar Money Market instruments; and Derivatives.

Basis of selection of securities:

The portfolio will have asset allocation between equity and debt instruments. Equity portion will be a diversified portfolio. Debt portion will be invested in debt securities, money market instruments, debt oriented mutual funds and gold related instruments.

Allocation across selection of securities:

The strategy seeks to invest in Equity and Equity related instruments across market capitalization (including equity derivatives) as well as debt (government securities including gold bonds, corporate debt and money market instruments or any debt/liquid oriented mutual fund)

Benchmark:

The benchmark for the strategy is Nifty 50 Hybrid Composite Debt 50:50 Index

Indication of tenure of investment horizon;

Ideal investment horizon is medium to Long term

3. FINANCIAL FREEDOM-DEBT

Investment Objective:

To predominantly make investments in the debt market and generate better returns with a well-diversified and managed portfolio aims to provide high-net-worth individuals with the opportunity to invest in the debt market, focusing on returns through a strategically diversified and expertly managed debt portfolio. By investing in a range of fixed-income instruments such as bonds, debentures, commercial papers, and preferred capital, the service seeks to optimize returns while aligning with the investor's unique financial objectives, risk profile, and investment expectations.

Investment Strategy:

The strategy aims to achieve financial freedom by focusing on steady income generation and capital preservation through investments in debt instruments, such as bonds, debentures, commercial papers and preferred capital, aligning with risk tolerance, and investment expectations.

Types of securities in which investment is made:

(b) Debentures (Convertible and Non-convertible), Bonds and Secured Premium Notes, Swaps, Options Futures, Securitized Debt, Pass Through Certificates and instruments which are quasi-debt instruments, Tax-exempt Bonds of Indian Companies and Corporations.

(c) Government and Trustee Securities;

(d) Liquid Mutual Funds, short-term debt funds, money market mutual funds, and other debt funds

(e) Bank Deposit

(f) Treasury Bills

(g) Commercial Papers, Certificates of Deposit and other similar Money Market instruments;

Basis of selection of securities:

To generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities.

Allocation across selection of securities:

The scheme seeks to invest in Debt Instruments including Government Securities, Corporate Debt, Other debt instruments, Term Deposits and Money Market Instruments.

Benchmark:

The benchmark for the strategy is Nifty Medium to Long Duration Debt Index

Indication of tenure of investment horizon:

Ideal investment horizon is medium to Long term

4. FINANCIAL FREEDOM-TACTICAL

Investment Objective:

The strategy aims to actively participate in high-conviction tactical opportunities across market cycles, while maintaining the portfolio anchored in fundamentally strong businesses.

The objective is to combine momentum-driven opportunities with fundamental discipline, enabling the portfolio to benefit from short- to medium-term market opportunities, sectoral rotations, and cyclical trends, without compromising on portfolio quality.

Investment Strategy:

- The strategy follows a two-layered investment approach:

Layer 1: Creation and continuous maintenance of a universe of fundamentally strong businesses based on balance sheet strength, management quality, competitive positioning, and earnings visibility.

Layer 2: Identification of tactical opportunities within this universe based on momentum signals, cyclical positioning, macroeconomic developments, policy changes, and event-driven triggers.

- The portfolio tries to actively capture opportunities arising from:

- i) Momentum (price and volume)
- ii) Sectoral and cyclical tailwinds
- iii) Macro and policy-driven opportunities
- iv) Earnings upgrades and re-rating triggers
- v) Event-driven catalysts

- The strategy involves active entry and exit decisions, with positions being taken when the tactical thesis emerges and exited once the opportunity plays out, without necessarily waiting for full fundamental value realization.
- The portfolio maintains a fundamental safety net, ensuring that investments are restricted to businesses meeting minimum quality thresholds, thereby avoiding low-quality exposure even in a high-churn environment.
- The Portfolio Manager may, at their discretion, temporarily allocate funds to cash, liquid instruments, money market instruments, or short-duration debt instruments, during periods where suitable tactical opportunities are not available.

Types of securities in which investment is made:

- (a) Equity and Equity related securities, Convertible Stock and Preference Shares of Indian Companies.
- (b) Units of Mutual Funds, ETFs, and other permissible financial instruments.

The portfolio would comprise primarily of equity and equity-related instruments, with tactical use and limited allocation to debt/money market instruments based on market conditions and opportunity availability.

Basis of selection of securities:

The selection of securities is driven by a combination of:

- i) Fundamental analysis, to identify a robust universe of quality businesses with strong balance sheets, competitive advantages, and earnings visibility
- ii) Technical and momentum analysis, to identify actionable entry and exit points
- iii) Macro, sectoral, and policy analysis, to capture emerging opportunities
- iv) The strategy ensures that all investments originate from a fundamentally sound universe, while execution is driven by tactical signals and market dynamics.

Allocation across selection of securities:

The strategy primarily invests in equity and equity-related instruments across market capitalizations, with flexibility to allocate across large-cap, mid-cap, and small-cap stocks depending on the availability of tactical opportunities.

The allocation is dynamic and opportunity-driven, with no fixed sectoral or market-cap bias, and is determined by the Portfolio Manager based on prevailing market conditions and tactical triggers.

Benchmark:

The current benchmark is S&P BSE 500 TRI

Indication of tenure of investment horizon:

The strategy is suited for investors with a medium-term investment horizon, typically 2 to 3 years, and who are comfortable with higher portfolio activity and short-term volatility arising from tactical positioning

6. Risk factors

A. *General Risks Factors*

1. Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.
2. The Portfolio Manager does not assure that the objectives of any of the Investment Approach will be achieved and investors are not being offered any guaranteed returns. The investments may not be suitable to all the investors.
3. [Past performance of the Portfolio Manager does not indicate the future performance of the same or any other Investment Approach in future or any other future Investment Approach of the Portfolio Manager. [OR] The Portfolio Manager has no previous experience/track record in the field of portfolio management services. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich individual experience.]
4. The names of the Investment Approach do not in any manner indicate their prospects or returns.
5. Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.
6. When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.
7. Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.
8. The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
9. The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.

B. *Risk associated with equity and equity related instruments*

10. Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value

of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws, political, economic or other developments, which may have an adverse impact on individual Securities, a specific sector or all sectors. Consequently, the value of the Client's Portfolio may be adversely affected.

11. Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.
12. Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.

C. Risk associated with debt and money market securities

13. Interest Rate Risk

Fixed income and money market Securities run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income Securities fall and when interest rate falls, the prices increase. In case of floating rate Securities, an additional risk could arise because of the changes in the spreads of floating rate Securities. With the increase in the spread of floating rate Securities, the price can fall and with decrease in spread of floating rate Securities, the prices can rise.

14. Liquidity or Marketability Risk

The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The Securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these Securities is limited by the overall trading volumes. Further, different segments of

Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.

15. Credit Risk

Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

16. Reinvestment Risk

This refers to the interest rate risk at which the intermediate cash flows received from the Securities in the Portfolio including maturity proceeds are reinvested. Investments in fixed income Securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

D. Risk associated with derivatives instruments

17. The use of derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.

18. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include settlement risk, risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio

Manager may not be able to sell or purchase derivative quickly enough at a fair price.

E. Risk associated with investments in mutual fund schemes

19. Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.
20. As with any securities investment, the NAV of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.
21. Past performance of the sponsors, asset management company (AMC)/fund does not indicate the future performance of the schemes of the fund.
22. The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the schemes.
23. The Portfolio Manager shall not responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/scheme information document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.
24. The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC/the fund.

25. While it would be the endeavor of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.
26. The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.

F. Risk arising out of Non-diversification

27. The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry. Similarly, the portfolios with investment objective to have larger exposure to certain market capitalization buckets, would be exposed to risk associated with underperformance of those relevant market capitalization buckets. Moreover, from the style orientation perspective, concentrated exposure to value or growth stocks based on the requirement of the mandate/strategy may also result in risk associated with this factor.

G. Risk arising out of investment in Associate and Related Party transactions

28. All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio.
29. The Portfolio Manager may utilize the services of its group companies or associates for managing the portfolios of the client. In such scenarios, the Portfolio Manager shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates by ensuring that such dealings are at arm's length basis.
30. The Portfolios may invest in its Associates/ Related Parties relating to portfolio management services and thus conflict of interest may arise while investing in securities of the Associates/Related Parties of the Portfolio Manager. Portfolio

Manager shall ensure that such transactions shall be purely on arms' length basis and to the extent and limits permitted under the Regulations. Accordingly, all market risk and investment risk as applicable to securities may also be applicable while investing in securities of the Associates/Related Parties of the Portfolio Manager.

7. Nature of expenses

FEES AND EXPENSES

The following are the details of the fees and expenses applicable to the client while availing PMS services:

Particulars	All Schemes	Frequency of charging the fee
Brokerage and transaction cost	The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 2.5% of contract value. In addition to the brokerage, transaction cost like network charges, turnover charges, stamp duty, transaction costs, turnover tax, Securities transaction tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker .Entry or exit loads (if any) on units of Mutual Funds will also be charged from Clients	As & When incurred
Investment management and	Investment Management and Advisory fees charged may be a	As & When incurred

advisory fees/Portfolio Management Fees	fixed fee or a return based fee or a combination of both as detailed in the Schedule to the Portfolio Management Services agreement. The Fees may be charged as agreed between the Client and the Portfolio Manager.	
Registrar & Transfer Agent Fee	Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.	As & When incurred
Custodian & DP related service charge	The charges relating to opening and operation of dematerialized stock accounts, custody and transfer charges for shares, bonds, and units, dematerialization, rematerialization and other charges in connection with the operation and management of clients' depository accounts.	As & When incurred
Audit Fees, Certification and professional charges	Charges payable for outsourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc	As & When incurred
Any other miscellaneous	Charges in connection with day-to-day operations like courier	As & When incurred

expenses including all applicable taxes and duties	expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account, distribution charges or any other out of pocket expenses as may be incurred by the Portfolio Manager.	
Exit Load	1% if the portfolio is withdrawn within one year from the date of corpus infusion	As & When incurred

All the operational expenses excluding brokerage and related transaction costs, over and above the fees charged for PMS shall not exceed 0.5% per annum of the clients' average daily Assets under Management. All or some of the operational expenses mentioned above excluding brokerage and related transaction costs, may be clubbed under a single expense head. Apart from operating expenses as mentioned above, the following will also be charged at actuals to Clients:

8. Taxation

A. General

The following information is based on the tax laws in force in India as of the date of this Disclosure Document and reflects the Portfolio Manager's understanding of applicable provisions. The tax implications for each Client may vary significantly based on residential status and individual circumstances. As the information provided is generic in nature, Clients are advised to seek guidance from their own tax advisors or consultants regarding the tax treatment of their income, losses, and expenses related to investments in the portfolio management services. The Client is responsible for meeting advance tax obligations as per applicable laws.

B. Tax deducted at source

In the case of resident clients, the income arising by way of dividend, interest on securities, income from units of mutual fund, etc. from investments made in India are subject to the provisions of tax deduction at source (TDS). Residents without Permanent Account Number (PAN) are subjected to a higher rate of TDS.

In the case of non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the IT Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard. Non-residents without PAN or tax residency certificate (TRC) of the country of his residence are currently subjected to a higher rate of TDS.

The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

C. Long term capital gains

Where investment under portfolio management services is treated as investment, the gain or loss from transfer of Securities shall be taxed as capital gains under section 45 of the IT Act.

Period of Holding

The details of period of holding for different capital assets for the purpose of determining long term or short term capital gains are explained hereunder:

Securities	Position upto 22 July 2024 Period of Holding	Position on or after 23 July 2024 Period of Holding	Characterization
Listed Securities (other than unit) and unit of equity oriented mutual funds, unit of UTI, zero coupon bonds	More than twelve (12) months	More than twelve (12) months	Long-term capital asset
	Twelve (12) months or less	Twelve (12) months or less	Short-term capital asset
Unlisted shares of a company	More than twenty-four (24) months	More than twenty-four (24) months	Long-term capital asset
	Twenty-four (24) or less	Twenty-four (24) or less	Short-term capital asset
Other Securities (other than Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023; or unlisted bond or unlisted debenture)	More than Thirty-six (36) months	More than twenty-four (24) months	Long-term capital asset
	Thirty-six (36) months or less	Twenty-four (24) or less	Short-term capital asset
Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023	Any period	Any period	Short-term capital asset
Unlisted bond or unlisted debenture	More than 36 months		Long-term capital asset
	36 months or less	Any period	Short-term capital asset

- **Definition of Specified Mutual Fund:**

Before 1st April 2025:

“Specified Mutual Fund” means a Mutual Fund by whatever name called, where not more than thirty-five per cent of its total proceeds is invested in the equity shares of domestic companies.

On and after 1st April 2025:

“Specified Mutual Fund” means, --

- a) a mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments; or
- b) a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (a).

- **Definition of debt and money market instruments:**

“debt and money market instruments” shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

- **Definition of Market Linked Debenture:**

“Market Linked Debenture” means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by SEBI.

For listed equity shares in a domestic company or units of equity oriented fund or business trust

The Finance Act 2018 changed the method of taxation of long-term capital gains from transfer of listed equity shares and units of equity oriented fund or business trust.

As per section 112A of the IT Act, long term capital gains exceeding INR 1 lakh arising on transfer of listed equity shares in a company or units of equity oriented fund or units of a business trust is taxable at 10% , provided such transfer is chargeable to STT. This exemption limit has been increased from INR 1 lakh to INR 1.25 lakh and tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition of listed equity shares, unless the listed equity shares have been acquired through any of the notified modes not requiring to fulfil the pre-condition of chargeability to STT.

Long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or payable in foreign currency, where STT is not chargeable, is also taxed at a rate of 10%. This benefit is available to all assesseees. This tax rate is increased from 10% to 12.5%.

The long term capital gains arising from the transfer of such Securities shall be calculated without indexation. In computing long term capital gains, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued upto 31 January 2018, a mechanism has been provided to “step up” the COA of Securities. Under this mechanism, COA is substituted with FMV, where sale consideration is

higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA.

Specifically in case of long term capital gains arising on sale of shares or units acquired originally as unlisted shares/units upto 31 January 2018, COA is substituted with the "indexed COA" (instead of FMV) where sale consideration is higher than the indexed COA. Where sale value is higher than the COA but not higher than the indexed COA, the sale value is deemed as the COA. This benefit is available only in the case where the shares or units, not listed on a recognised stock exchange as on the 31 January 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31 January 2018 by way of transaction not regarded as transfer under section 47 (e.g. amalgamation, demerger), but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer.

The CBDT has clarified that 10% withholding tax will be applicable only on dividend income distributed by mutual funds and not on gain arising out of redemption of units.

No deduction under Chapter VI-A or rebated under Section 87A will be allowed from the above long term capital gains.

For other capital assets (securities and units) in the hands of resident of India

Long-term capital gains in respect of capital asset (all securities and units other than listed shares and units of equity oriented mutual funds and business trust) is chargeable to tax at the rate of 20% plus applicable surcharge and education cess, as applicable. The capital gains are computed after taking into account cost of acquisition as adjusted by cost inflation index notified by the Central Government and expenditure incurred wholly and exclusively in connection with such transfer. This tax rate is reduced from 20% to 12.5%; but no indexation benefit will be available with effect from 23 July 2024.

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

For capital assets in the hands of Foreign Portfolio Investors (FPIs)

Long term capital gains, arising on sale of debt Securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by offshore funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the IT Act. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Such gains would be calculated without considering benefit of (i) indexation for the

COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

Long term capital gains, arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 10% as mentioned in para 12.10.2 above. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

For other capital asset in the hands of non-resident Indians

Under section 115E of the IT Act, any income from investment or income from long-term capital gains of an asset other than specified asset as defined in Section 115C (specified assets include shares of Indian company, debentures and deposits in an Indian company which is not a private company and Securities issued by Central Government or such other Securities as notified by Central Government) is chargeable at the rate of 20%. Income by way long-term capital gains of the specified asset is, however, chargeable at the rate of 10% plus applicable surcharge and cess (without benefit of indexation and foreign currency fluctuation). This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

D. Short term capital gains

Section 111A of the IT Act provides that short-term capital gains arising on sale of listed equity shares of a company or units of equity oriented fund or units of a business trust are chargeable to income tax at a concessional rate of 15% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to Securities Transaction Tax (STT). This tax rate has been increased from 15% to 20% with effect from 23 July 2024. However, the above shall not be applicable to transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

Short term capital gains in respect of other capital assets (other than listed equity shares of a company or units of equity oriented fund or units of a business trust) are chargeable to tax as per the relevant slab rates or fixed rate, as the case may be.

The Specified Mutual Funds or Market Linked Debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the IT Act. The unlisted bonds and unlisted debentures have been brought within the ambit of Section 50AA of the IT Act with effect from 23 July 2024.

E. Profits and gains of business or profession

If the Securities under the portfolio management services are regarded as business/trading asset, then any gain/loss arising from sale of such Securities would be taxed under the head “Profits and Gains of Business or Profession” under section 28 of the IT Act. The gain/ loss is to be computed under the head “Profits and Gains of Business or Profession” after allowing normal business expenses (inclusive of the expenses incurred on transfer) according to the provisions of the IT Act.

Interest income arising on Securities could be characterized as ‘Income from other sources’ or ‘business income’ depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

F. Losses under the head capital gains/business income

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.

Business loss is allowed to be carried forward for 8 assessment years and the same can be set off against any business income.

G. General Anti Avoidance Rules (GAAR)

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

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- It results in directly / indirectly misuse or abuse of the IT Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

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

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Recharacterising equity into debt, capital into revenue, etc.

The GAAR provisions would override the provisions of a 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 Income-tax Rules, 1962. The Income- tax Rules, 1962 provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

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 3 crores cannot be read in respect of a single taxpayer only.

H. 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 and date and place of birth;
- 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, date of birth, place of birth 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; and
- e) the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

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

I. Goods and Services Tax on services provided by the portfolio manager

Goods and Services Tax (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 portfolio management fee.

9. Accounting policies

Following accounting policies are followed for the portfolio investments of the Client:

A. Client Accounting

1. The Portfolio Manager shall maintain a separate Portfolio record in the name of the Client in its book for accounting the assets of the Client and any receipt, income in connection therewith as provided under Regulations. Proper books of accounts, records, and documents shall be maintained to explain transactions and disclose the financial position of the Client's Portfolio at any time.
2. The books of account of the Client shall be maintained on an historical cost basis.
3. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a Financial Year are recorded and reflected in the financial statements for that year.
4. All expenses will be accounted on due or payment basis, whichever is earlier.
5. The cost of investments acquired or purchased shall include brokerage, stamp charges and any charges customarily included in the broker's contract note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment. 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.
6. Tax deducted at source (TDS) shall be considered as withdrawal of portfolio and debited accordingly.

B. Recognition of portfolio investments and accrual of income

7. In determining the holding cost of investments and the gains or loss on sale of investments, the "first in first out" (FIFO) method will be followed.
8. Unrealized gains/losses are the differences, between the current market value/NAV and the historical cost of the Securities. For derivatives and futures

and options, unrealized gains and losses will be calculated by marking to market the open positions.

9. Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further, mutual fund dividend shall be accounted on receipt basis.
10. Bonus shares/units to which the security/scrip in the portfolio becomes entitled will be recognized only when the original share/scrip on which bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
11. Similarly, right entitlements will be recognized only when the original shares/security on which the right entitlement accrues is traded on the stock exchange on the ex-right basis.
12. In respect of all interest-bearing Securities, income shall be accrued on a day-to-day basis as it is earned.
13. Where investment transactions take place outside the stock exchange, for example, acquisitions through private placement or purchases or sales through private treaty, the transactions shall be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

C. Valuation of portfolio investments

14. Investments in listed equity shall be valued at the last quoted closing price on the stock exchange. When the Securities are traded on more than one recognised stock exchange, the Securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. It would be left to the portfolio manager to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should, however, be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded. When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange may be used. When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to the valuation date.
15. Investments in units of a mutual fund are valued at NAV of the relevant scheme. Provided investments in mutual funds shall be through direct plans only.

16. Debt Securities and money market Securities shall be valued as per the prices given by third party valuation agencies or in accordance with guidelines prescribed by Association of Portfolio Managers in India (APMI) from time to time.
17. Unlisted equities are valued at prices provided by independent valuer appointed by the Portfolio Manager basis the International Private Equity and Venture Capital Valuation (IPEV) Guidelines on a semi-annual basis.
18. In case of any other Securities, the same are valued as per the standard valuation norms applicable to the mutual funds.

The Investor may contact the customer services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or change in the market practice followed for valuation of similar Securities. However, such changes would be in conformity with the Regulations.

10. Investors services

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI'S web based complaints redress system (SCORES) or Online Dispute Resolution Portal Indian Securities Market.

(a) Contact information

Name :-Divine K T

Address :Hedge house, Palarivattom,Mamangalam,Kochi-682025.

Telephone : 0484-6130436

E-mail : ops@hedgegroup.in

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is invested with the necessary authority, independence and the wherewithal to handle investor complaints.

Grievance Redressal and dispute settlement mechanism

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the client is not satisfied with the response provided through the above channel the client can escalate the issue to the compliance officer or the director operations of Hedge Equities Ltd at the below mentioned address:

Compliance Officer

Hedge Equities Ltd, Hedge House

Mamangalam, Kochi – 682025, Ph: 0484-6130434

compliance@hedgegroup.in

Vinay Sasidharan

Director, Hedge Equities Ltd, Hedge House

Mamangalam, Kochi – 682025 ,Ph: 0484-6130405

vinay.s@hedgegroup.in

The investor can also lodge their complaints through SCORES portal using the URL <http://scores.gov.in>

If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms.

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or reenactment thereof. Such Arbitration proceedings shall be held at Kochi or such other place as the Portfolio Manager thinks fit. The Arbitration proceedings shall be conducted in English.

11. Details of the diversification policy of the portfolio manager

The Portfolio Manager follows a fundamentals-oriented investment strategy, wherein portfolios are constructed based on a selected list of companies having fundamentally strong businesses, assessed on parameters such as balance sheet strength, management quality, competitive positioning, and earnings visibility.

The Portfolio Manager has adopted a diversification policy aimed at managing clients' funds prudently and mitigating risks that may arise from excessive concentration or inadequate diversification.

Issuer-Level Diversification

The Portfolio Manager shall endeavor to avoid excessive concentration in a single security.

Exposure to individual securities shall be monitored on an ongoing basis, and any exposure exceeding internal thresholds shall be reviewed periodically. Appropriate measures may be undertaken in accordance with internal governance and risk management procedures.

Temporary deviations arising due to market movements, corporate actions, liquidity considerations, or other exceptional circumstances may be permitted, subject to periodic review and monitoring.

Sectoral Diversification

The Portfolio Manager may diversify investments across various sectors and industries with the objective of mitigating sector-specific risks.

Sector allocations shall be determined based on factors including:

- macroeconomic outlook;
- business cycle considerations;
- valuation opportunities;
- sector liquidity; and
- overall risk-return assessment.

The Portfolio Manager may maintain higher exposure to specific sectors where:

- the investment strategy is sectoral or thematic in nature; or
- market opportunities justify an overweight allocation.

Market Capitalization Diversification

Portfolios may invest across:

- large-cap securities;
- mid-cap securities; and
- small-cap securities,

depending upon the investment strategy, prevailing market conditions, liquidity considerations, and available investment opportunities.

Asset Class Diversification

Subject to applicable regulations and the agreed investment approach, portfolios may invest in:

- listed equities;
- debt securities;
- money market instruments;
- units of mutual funds;
- REITs and InvITs;
- cash and cash equivalents; and
- other permissible securities/instruments.

Allocation among various asset classes may vary depending upon:

- market conditions;
- defensive positioning requirements;
- liquidity considerations; and
- investment opportunities.

Liquidity Management

The Portfolio Manager shall endeavor to maintain appropriate liquidity within portfolios, taking into consideration:

- macroeconomic and microeconomic environment;
- prevailing market conditions;
- liquidity requirements;
- investment opportunities; and
- overall risk assessment.

The Portfolio Manager may maintain cash or cash equivalent positions as considered appropriate in the interest of prudent portfolio management.

Part-II-Dynamic Section

12. Client Representation

(i)

Category of clients	No. of clients	Funds managed (Rs. Cr.)	Discretionary / Non Discretionary (if available)
2025-26	58	31.55	Discretionary
2024-25	2	1.60	Discretionary
2023-24	2	1.36	Discretionary

(ii) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.(as on 31-03-2025)

PARTICULARS	KMP	RALATIVE OF KMP	ENTERPRISES OWNED OR SIGNIFICANTLY INFLUENCED BY KMP
RENT RECEIVED			
From Hedge Finance Ltd			2.64
From Hedge School of Applied economics			1.31
TRAVELLING EXPENSES PAID			
ALEX K BABU			
PROFESSIONAL FEE			
VINAY SASIDHARAN	31.51		
NITHYA ALEX	20.63		
INVESTMENTS			

SUNSET LANDS LLP			24
HEDGE CAFÉ & CLUB PVT LTD			0.70

REMUNERATION TO KMP			
GEORGE JOHN T J	7.88		
PAVITHRA	7.42		
ADVANCES			
Hedge School of Applied Economics Limited			103.92
Hedge Properties Private Limited			4.48
Hedge Info Systems Private Limited			2.92
HEDGE CAFÉ & CLUB PVT LTD			70
SUNSET LANDS LLP			566.98
COMMISSION RECEIVED			
Century Max John Mary Productions LLP			165

13. Financial Performance

The Financial Performance of the portfolio manager based on audited financial statements and in terms of procedure specified by the Board for assessing the performance.

Particulars	In Rs (Lakhs)		
	2024-2025	2023-2024	2022-2023
Paid-up Capital	1500.00	1500.00	1500.00
Reserves	984.57	583.82	394.17
Total Revenue	1532.30	1161.96	1227.09
Profit (loss) before Depreciation & Taxation	590.98	264.48	275.98
Less: Depreciation	09	43.37	38.37
Taxation	147.13	31.47	10.08
Net Profit (loss)	400.76	189.65	227.53

14. Performance of Portfolio Manager

Portfolio Management performance of the portfolio manager for the last three years, and in case of discretionary portfolio manager disclosure of performance indicators calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020. (as on 31-03-2026)

Name of Investment Plan	1Year	2Year	3Year
FINANCIAL FREEDOM - Portfolio	2.84	7.51	14.52
Benchmark --S&P BSE 500 TRI	-3.12	1.32	12.89
Financial Freedom - Debt* (6 Months Return)	*3.51	-	-
Benchmark: Nifty Medium to Long Duration Debt Index	-0.47	-	-
Financial Freedom - Hybrid* (6 Months Return)	*-4.54	-	-
Benchmark: NIFTY 50 Hybrid Composite Debt 50:50 Index	-4.5	-	-

15. Audit Observations

There are no Audit Observations concerning the compliance with PMS regulations and guidelines issued there under for last three years

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

The details of investment of client's funds by the portfolio manager in the securities of its related parties or associates.-NIL

Date: 15/05/2026



Nithya Alex
Managing Director



Vinay Sasidharan
Director

Place: Cochin