

## Disclosure Document

**Aequitas Investment Consultancy Private Limited**  
**(CIN: U65923MH2012PTC228315)**  
**SEBI Reg No: INP000004417**  
**A-1003, The Capital Building, Behind ICICI Bank BKC,**  
**Bandra - East Mumbai – 400051**  
**Website: [www.aequitasindia.in](http://www.aequitasindia.in)**

### **Disclosure Document for Portfolio Management Services offered by Aequitas Investment Consultancy Private Limited**

- 1) This Document has been filed with the Securities & Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.
- 2) The purpose of the Document is to provide essential information about the Portfolio Management Services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- 3) The necessary information about the Portfolio Manager required by an investor before investing is provided in the Document and investors are also advised to retain the Document for future reference.
- 4) The name, phone number, e-mail address of the principal officer so designated by the portfolio manager is as under:

Name	Mr. Siddhartha Bhaiya
Phone number	+91 22 26592126
e-mail address	<a href="mailto:siddhartha.bhaiya@aequitasindia.in">siddhartha.bhaiya@aequitasindia.in</a>

Investors should carefully read the entire documents before making an investment decision and should retain the document for future reference.

Date:01 December, 2023



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## 1. Disclaimer Clause

This document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020. The document has neither been approved or disapproved by Securities and Exchange Board of India ("SEBI") nor has SEBI certified the accuracy or adequacy of the contents of this Document.

## 2. Definitions

AICPL	means Aequitas Investment Consultancy Private Limited
Client or Investor	means any person/entity who enters into the Client Agreement with the Portfolio Manager for availing the Portfolio Management Services.
Client Agreement	means the agreement executed between the Client and the Portfolio Manager for providing Portfolio Management Services to that Client and stating therein the terms and conditions on which the Portfolio Manager shall provide such Portfolio Management Services to that Client in terms with Regulation 22 and as per Schedule IV of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and any amendments from time to time.
Custodian	means the entity appointed as custodian by Portfolio Manager from time to time and on case to case basis to provide custodial services and to act as a custodian on the terms and conditions as are agreed between the Custodian and the Portfolio Manager.
Depository	means depository as defined in the Depositories Act, 1996
Depository Account	means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations in which the Securities comprising part of the Portfolio of the Client are kept by the Portfolio Manager
Disclosure Document	means this Disclosure Document dated 1st December 2023 for offering Portfolio Management Services.
Discretionary Portfolio Management Services	means Portfolio Management Services where the Portfolio Manager, under a contract relating to portfolio management, exercises or may exercise any degree of discretion as to the investment of funds or management of the portfolio of securities of the client, as the case may be
Financial year	means the year starting from 1 <sup>st</sup> April of a year and ending on 31 <sup>st</sup> March the following year.
Funds	means the money placed by the Client with the Portfolio Manager and any accretions thereto.
Funds managed	means the market value of the Portfolio of the Client as on any date.
Initial Corpus	means the value of the Funds and the market value of readily realizable Securities brought in by the Client at the time of commencing of his relationship as a Client with the Portfolio Manager and accepted by the Portfolio Manager. The Securities



	brought in by the Client in the form of securities shall be taken at the last available closing price on the day of transfer of Securities in the Depository Account.
Investment Advisory Services	means the services, where the Portfolio Manager advises Clients on investments in general or gives specific advice required by the Clients and as agreed upon in the Agreement
Portfolio	means the total holdings of securities and goods belonging to any person
Regulations	means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 including the Rules, Guidelines or Circulars issued in relation thereto from time to time
Offerings / Option / Product	means any of the current investment Offering/Option/ Product or such Offering/Option/ Product that may be introduced at any time in the future by the Portfolio Manager
SEBI	means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.

The terms that are used herein and not defined herein, except where the context otherwise so requires, shall have the same meanings as are assigned to them under the Regulations.

### 3. Descriptions

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

Aequitas Investment Consultancy Private Limited is a company registered under the Companies Act, 1956 on 16<sup>th</sup> March 2012, having its registered office at A-1003, The Capital Building, Behind ICICI Bank BKC, Bandra - East Mumbai - 400051. The Company is registered with the Securities and Exchange Board of India (SEBI) vide Registration No. INP000004417.

The company offers Portfolio management services to high-net-worth individuals (HNI's)/ corporate who are resident Indians and NRI/PIO's for investment into the listed equity market as per the rules and regulations laid down by SEBI and Reserve Bank of India ("RBI").

The company has experience of more than 10 years in the business of Portfolio Management services and the company has only one line of business and is not engaged in any other business.

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

Managing Director and CEO of the Company, Mr. Siddhartha Bhaiya has more than 10 years of Experience in AICPL and over 22 years of Experience in Equity research and Fund management. He was with Reliance Capital Asset Management for nearly six years which he joined in June 2006, he rose the Ranks from a Research Analyst and within one and a half years of joining was appointed as one of the portfolio managers for the PMS division



in 2007. At the time of resigning, he was handling a team of 4 analysts and was the sole fund manager responsible for the entire equity corpus of Reliance Portfolio Management services.

The other members of the board also have vast experience in management and have a combined experience of more than 88 years in senior positions across various industries and will be the guiding force for enabling AICPL to achieve its long-term objectives.

Name	Age, Qualification	Brief Experience
Mr. Siddhartha Bhaiya	47/ B. Com, Chartered Accountant	Mr. Siddhartha Bhaiya has more than ten years of Experience in AICPL and more than twenty-one years of Experience in Equity research and Fund management. Prior to Founding AICPL, he was with Reliance Capital Asset Management for nearly six years which he joined in June 2006, he rose up the Ranks from a Research Analyst and within one and a half years of joining was appointed as one of the portfolio manager for the PMS division 2007. At the time of resigning, he was handling a team of 4 analysts and was the sole fund manager responsible for the entire equity corpus of Reliance portfolio Management services.
Mr. Madhusudan Bhaiya	73/ BE (Elec)	Mr. Madhusudan Bhaiya is an electrical engineer and is currently managing partner in Shitij Engineering Services. He has more than 49 years of Industrial experience and in his previous stint he was the works manager with DMMC Ltd. where he was in-charge of two manufacturing plants. He has vast experience in Management and Administration and Human resources management.
Mr. Neerav Shah	42/ B. Com, Chartered Accountant	A Co-founder at Aequitas, since inception, he has played a significant role in building the fund as one of the best performing in the industry. With a passion for continuously improving himself in all aspects, Neerav likes taking on new challenges, that help expand his physical and intellectual prowess.



		Mr. Neerav Shah is a qualified Chartered Accountant having more than 19 years of experience in Capital Markets. He has handled operations, back office, fund accounting & dealing functions at various points in his stints at Reliance & Birla AMC
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**iii. Top 10 Group Companies/firms of Portfolio Manager on turnover basis. (latest audited financial statements may be used for this purpose)**

1. Riseequities Managers LLP
2. Aequitas India Fund OEIC Ltd
3. Aequitas Investments (DIFC) Limited
4. AICPL Consultants LLP
5. Aequitas India Foundation
6. Greenstack Computing Private Limited
7. Aequitas Investments (IFSC) Limited

**iv. Details of services being offered**

AICPL offers Discretionary and Advisory Portfolio Management Services to high net worth individuals (HNI's)/ corporate who are resident Indians and NRI/PIO's for investment into the listed equity markets in India. For more details refer section (5) – "Services offered".

Since, AICPL does not work with the distributors, the perspective client's on boarding will be on direct basis.

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

There are no penalties, pending litigation or proceedings, findings of inspection or investigations against AICPL or its directors, principal officer or employees by any regulatory authority.

**5. Services Offered**

**i. Present investment objectives and policies**

**a) Discretionary services**

**AICPL offers discretionary portfolio management services.**

Under these services, the choice as well as the timings of ability to make the investment decisions on an on-going basis rest solely with the Portfolio



Manager. The Portfolio Manager may at times and at its own discretion, adhere to the views of the Client pertaining to the investment / disinvestments decisions of the Client's Portfolio. The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of security as per the Client agreement and make such changes in the investments and invest some or all of the Client's account in such manner and in such markets as it deems fit. The Client may give informal guidance to customize the portfolio; however, the final decision rests with the Portfolio Manager. The securities invested/ disinvested by the Portfolio Manager for Clients in the same Offering/ Option may differ from one Client to another Client. The Portfolio Managers' decision taken in good faith towards deployment of the Clients' account is absolute and final and can not be called in question or be open to review at any time during the currency of the Client agreement or any time thereafter except on the ground of malafide, intent, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Regulations.

Under these services, the Clients authorizes the Portfolio Manager to invest their Funds in specific financial instruments or a mix of specific financial instruments or restrict the Portfolio Manager from investing in specific financial instruments or securities. Periodical statements in respect of Client's Portfolio shall be made available to the respective Clients. Investment objective may vary from client to client. Depending on the individual client requirements, the portfolio can also be tailor made based on the client specification.

AICPL has the following product:

### **Aequitas India Opportunities Product (Strategy – Equity)**

- The portfolio management product proposes to offer portfolio management services to high net-worth individuals (HNI's)/ corporate who are resident Indians and NRI/PIO's from investment into the listed equity market as per the rules and regulations laid down by SEBI and RBI.
- The primary investment objective of the proposed portfolio management product would be to generate capital appreciation over the medium term, long term by investing in equity/ equity related instruments of companies listed in the Indian equity market. This will ensure stability of the funds for investing into the markets and also give the portfolio manager the ability to stay invested over the medium to long term to ensure adequate generation of returns to investors.
- The Aequitas India opportunities portfolio will follow a bottom up approach for picking stocks and construct a portfolio representing the highest conviction ideas of the organization.
- The portfolio will essentially invest in high quality companies with good corporate governance track record.



- The endeavor of the portfolio manager will be to identify and pick stocks in companies which have return ratios higher the market and at valuations lower than market valuations.
- The portfolio manager will Invest in high quality small-cap, mid-cap and large-cap stocks and will consider all appropriate risks while constructing the portfolio.
- The portfolios are expected to be fairly concentrated with an average of 15-20 stocks which will provide adequate diversification and at the same time ensure meaningful holdings to maximize returns from individual holdings.

## **b) Advisory Services (Strategy – Equity)**

Under these services, the Portfolio Manager provides investment advice on a non-binding basis. The client may or may not adhere to the advice provided by the Portfolio manager and all other incidental activities pertaining to execution and settlement are solely the Client's responsibility.

### **INVESTMENT PATTERN**

- 0% to 100% will be invested in Equity Shares and participation in IPO's.
- Minimum number of stocks will be 10
- Maximum number of stocks will be 30
- No individual stock will be more than 15% of the portfolio at the time of investment
- No individual sector will comprise more than 30% of the overall portfolio the time of investment

## **ii. Investment Approaches of the Portfolio Manager**

The primary objective to generate capital appreciation over the medium to term long term by investing in equity/ equity related instruments (barring derivatives) of companies listed in the Indian equity market. This ensures stability of the funds for investing into the markets and also gives the ability to stay invested over the medium to long term (generally 3 to 5 years) to ensure adequate generation of returns to investors. We follow a bottom up approach for picking stocks and constructs a portfolio representing the highest conviction ideas. The investments will be in high quality companies with good corporate governance track record. The performance of the client will be benchmarked with the performance of NIFTY 50 as it is a diversified 50 stock index accounting for 13 sectors of the economy and being widely understood and followed.

Aequitas shall have the following approach to investing–

- (a) Research focused – A research driven organization where majority of the time and efforts will be invested in doing research on different companies in various sectors in India. The aim will be to understand the





stocks owned in the portfolio, and the underlying dynamics, as if we own and run those companies.

- (b) Bottom up investment - Will employ a rigorous approach to identify high quality stocks available at a discount to their intrinsic value, thereby offering a high margin of safety. Here the focus will largely be on the potential company's prospects by analyzing latter's valuation, strategy, financials, management quality, promoter holding, industry prospects, etc. and will take into consideration macro-economic trends while making the sectorial allocations in its portfolio.
- (c) Long term horizon – We believe in long-term approach to investing and accordingly shall design its portfolio that can deliver attractive returns over a medium to long-term. We will not focus on short-term market movement and will avoid hot and fad sectors while tracking the stocks on continuous basis.
- (d) Portfolio Diversification – We believe in maintaining optimum diversification in the portfolio. While excessive diversification will reduce the risk, it can impact returns too. At the same time excessive concentration of holdings can increase portfolio volatility. We intend to build a Portfolio taking into consideration the competing objective of risk and return.

**iii. The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/guidelines**

AICPL does not have any portion of its client's money invested in associates/group companies.

## **6. Benchmarking**

The Basis of choosing Nifty 50 TRI as a benchmark: Nifty 50 TRI index is designed to be a broad representation of the Indian market. Consisting of the top 50 companies listed at NSE covering all the major industries in the Indian economy.

## **7. Risk Factors**

- i. Investments in securities are subject to market risks and there is no assurance or guarantees that the objectives of any of the Offerings / Option will be achieved.
- ii. The past performance of the Portfolio Manager in any Offering / Option is not indicative of the future performance. There is no assurance that past performances indicated in earlier Offering / Option will be repeated.



- iii. Equity and Equity related instruments on account of its volatile nature are subject to price fluctuations on daily basis. The volatility in the value of the equity and equity related instruments is due to various micro and macro economic factors affecting the securities markets. This may have adverse impact on individual securities /sector and consequently on the portfolio value of investment Offering/Option. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the Investments. Portfolio's investment in stocks runs the risk of volatility, high valuation, obsolescence and low liquidity. Portfolio investments in stocks are subject to non-diversifiable risk arising due to war, natural calamities, policy changes of Local/International markets and other unforeseen circumstances.
- iv. Risk arising out of non-diversification: The investment objectives of one or more of the portfolio management Offerings / Options could result into concentration on a specific asset/ asset class/sector/ issuer etc., which could lead to non-diversified portfolio which tends to be more volatile than diversified portfolio.
- v. AICPL has a medium-term track record of investing in the equity markets and the current performance may not be indicative of performance over different cycles.
- vi. The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity markets.
- vii. All transactions of purchase and sale of securities by the portfolio manager and its employees who are directly involved in investment operations are being disclosed in case of any conflict of interest. AICPL has an Insider trading policy which is mandatorily complied by all the employees.
- viii. The portfolio manager does not make any investment in group companies. Further there is no conflict of interest related to services offered by the group companies of the portfolio manager.

## 8. Client Representation

- i) Details of the client's accounts activated:

Sr. No	Category of Clients	Total No. of Clients	Fund Managed (INR in Crores)	Type of Service
1.	Associates/group companies (Last 3 Years)	NIL	NIL	NA
2.	Others: (Last 3 Years)			



	2019-20	128	405.453	Discretionary
	2020-21	109	720.70	Discretionary
	2021-22	120	1,259.40	Discretionary
	2022-23	119	1,597.95	Discretionary
	2019-20	4	8.746	Advisory
	2020-21	4	39.60	Advisory
	2021-22	4	69.48	Advisory
	2022-23	4	52.46	Advisory

- ii) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India. (based on latest audited financial statements as on 31<sup>st</sup> March 2023)

S. No.	Name of Related Parties	Nature of Relationship	Amount of Transactions Involved (in ₹)	Nature of Transactions
1	Siddhartha Bhaiya	Managing Director	6,14,16,900 58,73,000	Remuneration Repayment of loan from Director
2	Neerav Shah	Director	1,90,92,000	Remuneration
3	Riseequities Managers LLP	Company is 95% partner in the LLP and Director Mr. Neerav Shah is also designated partner in the LLP	28,10,481 16,68,000	Share of profits of LLP Interest free advances given to LLP
4	AICPL Consultants LLP	Company is 99% partner in the LLP and Director Mr. Siddhartha Bhaiya is also designated partner in the LLP	4950	Share of profits of LLP



5	Madhusudan Bhaiya	Director	30,00,000	Repayment of loan from the Director
			8,00,000	Sitting Fees
6	Aequitas Investments (DIFC) Limited, Dubai UAE	100% owned Subsidiary company	166,19,503	Subscription of share capital paid to Subsidiary company outside India
			34,03,884	Interest free advances given to subsidiary

## 9. Financial Performance

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

**(Amount in INR)**

Particulars	Year ended 31 <sup>st</sup> March 2023 (Rs.)	Year ended 31 <sup>st</sup> March 2022 (Rs.)	Year ended 31 <sup>st</sup> March 2021 (INR)
Total Income	79,17,83,358	37,93,73,962	1,98,44,482
Total Expenditure	21,31,56,831	14,09,91,496	7,04,64,843
Profit / (Loss) before depreciation & Tax	57,86,26,527	23,83,82,466	(5,06,20,361)
Less: Depreciation	57,65,439	32,89,816	33,67,326
Provision for Tax	12,56,00,000	6,65,42,756	47,23,342
Add/(Less): Deferred Tax Asset	40,35,705	57,39,827	27,24,998
Profit/(Loss) for the year after tax	44,32,25,383	16,28,10,067	(6,14,38,027)

## 10. Net Worth

The Net-worth of the portfolio manager based on latest audited financial statements as on 31 March 2023 is as under:



<b>Particulars</b>	<b>Amt (INR in Cr.)</b>
Paid up Equity Capital	2.450
Add : Free reserves (Excluding reserves created out of revaluation)	148.595
Less : Accumulated Losses	0
Less : Deferred expenditure not written off (including miscellaneous expenses not written off)	0.0289
Less: Minimum Capital Adequacy / Networth requirement for any other activity under other SEBI regulations.	0
<b>Net worth as on 31.03.2023</b>	<b>151.016</b>

## 11. 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.

### Discretionary Services

<b>Particulars</b>	<b>Return from 01.04.22 to 31.03.23 (%)</b>	<b>Return from 01.04.21 to 31.03.22 (%)</b>	<b>Return from 01.04.20 to 31.03.21 (%)</b>
Portfolio Return	19.82	71.04	108.39
Nifty 50	-0.60	18.88	70.87

### Advisory Services

<b>Particulars</b>	<b>Return from 01.04.22 to 31.03.23 (%)</b>	<b>Return from 01.04.21 to 31.03.22 (%)</b>	<b>Return from 01.04.20 to 31.03.21 (%)</b>
Portfolio Return	s	91.78	132.99
Nifty 50	-0.60	18.88	70.87

Performance depicted above is based on all the clients portfolios as on such date, using time weighted average methodology. Past performance is no guarantee of future returns. The above portfolio performances are net of expenses. Please note that the actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client mandate, specific portfolio construction



characteristics or other structural parameters. These factors may have impact on client portfolio performance and hence may vary significantly from the performance data depicted above.

Neither the Portfolio Manager, nor its directors or employees shall in any way be liable for any variation noticed in the returns of individual client portfolios. The Portfolio Manager does not make any representation that any investor will or is likely to achieve profits or losses similar to those depicted in this document. Since inception date stated is considered to be the date on which the first client investment was made under the PMS.

## 12. Audit Observations

Audit observations of the preceding 3 years: NIL

## 13. Nature of expenses

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

### Specific expenses related to Equity Portfolios

#### a) Management Fees and Performance Fee

Management Fee and Performance Fee relate to the Portfolio Management Services offered to clients. These fees may be fixed charge or a percentage of the quantum of funds manages or linked to portfolio returns achieved or a combination of any of these, as agreed by the client in the Client Agreement. Profit /performance fee shall be computed on the basis of high water mark principle over the life of the investment, for charging of performance fee / profit sharing fee. **The Management Fee charged for the client will not be more than 2% of the Asset Under Management and the Performance fee/ profit sharing fee shall be not more than 10% of the profit over High Water Mark.**

#### b) Advisory Fees

Advisory fees is on a profit sharing basis and shall be not more than 20% of the profit over High Water Mark

**High Water Mark Principle:** High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.



## **c) Custodian and Fund Accounting fees**

We have outsourced Custodial services and Fund accounting services to IL&FS Securities Services Ltd and Axis Bank Limited. And charges for these services are as follows:

- i. Annual Custody Fees 0.0175% of daily average AUM (Asset Under Management) and charged on monthly basis
- ii. Annual Fund Accounting Fees 0.0175% of daily average AUM and charged on monthly basis,

## **d) Registrar and 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 on date of this document, we have not appointed any Registrar and transfer agent.

## **e) Brokerage and transaction costs**

The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments will be charged on actuals.

## **f) Custodian/Depository Fees**

The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts

## **g) Certification and Professional charges**

Certification and Professional Charges payable for out sourced professional services like accounting, taxation, legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities will be charged as actuals.

All fees and charges shall be levied on the actual amount of clients' assets under management. In case of interim contributions/ withdrawals by clients, performance fees may be charged after appropriately adjusting the high-water mark on proportionate basis. Further, all the above fees are pre-tax and appropriate taxes shall be levied on the same.

## **14. Taxation**

### **Taxation implications for the Clients**

It may be noted that the information given hereinafter is only for general information purposes and is based on the advice received by the Portfolio Manager regarding the law and practice currently in force in India and the



Investors should be aware that the relevant fiscal rules or their interpretation may change or it may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in the Offering / Option will be accepted by the tax authorities or will continue to be accepted by them indefinitely.

In view of the above, it is advised that the investors appropriately consult their investment / tax advisors in this regard.

**i. General**

In view of the individual nature of tax consequences, each Client is advised to consult his or her tax advisor with respect to the specific tax consequences to him/her of participation in any of the Offerings. The following provisions are as per the existing Income tax Act, 1961. The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligations.

**ii. Tax deduction at source**

If any tax is required to be withheld on account of any present or future legislation, the Portfolio Manager will be obliged to act in accordance with the regulatory requirements in this regard.

**iii. Advance tax installment obligations**

It will be the responsibility of the Client to meet the advance tax obligation installments payable on the due dates under the Income tax Act, 1961.

**iv. Interest on Securities**

Income by way of interest on securities is taxable at the slab rates applicable to the assessee under the head "Income from other sources" or "Business income" as applicable.

**v. Long-term Capital Gains**

Under the existing regime, long term capital gains arising from transfer of long-term capital assets, being equity shares of a company or a unit of equity-oriented fund or a unit of business trust, is exempt from income-tax under clause (38) of section 10 of the Act. However, transactions in such long-term capital assets are liable to securities transaction tax (STT). In order to minimise economic distortions and curb erosion of tax base, it is proposed to **withdraw** the exemption under clause (38) of section 10 and to introduce a new section 112A in the Income-tax Act, 1961 ('the Act') vide clause 31 of the Finance Act, 2018 so as to provide that long-term capital gains arising from transfer of such long-term capital asset **exceeding one lakh rupees** will be taxed at a concessional rate of **10 percent**.

Long term capital gains mean gains arising from the transfer of long-term capital asset. The Finance Act, 2018 provided for a new long-term capital gains tax regime for the following assets-





- a) Equity Shares in a company listed on a recognised stock exchange;
- b) Unit of an equity-oriented fund; and
- c) Unit of a business trust.

The proposed regime applies to the above assets, if-

- a) the assets are held for a minimum period of twelve months from the date of acquisition; and
- b) the Securities Transaction Tax (STT) is paid at the time of transfer. However, in the case of equity shares acquired after 1.10.2004, STT is required to be paid even at the time of acquisition (subject to notified exemptions).

The Central Government had exempted certain modes of acquisition of equity shares for the purposes of clause (38) of section 10 of the Act vide notification no. 43/2017 dated 5th of June, 2017. This notification is proposed to be reiterated for the purposes of clause 31 of the Finance Act, 2018 after its enactment.

The tax will be levied only upon transfer of the long-term capital asset on or after 1<sup>st</sup> April, 2018, as defined in clause (47) of section 2 of the Act. The long-term capital gains will be computed by deducting the cost of acquisition from the full value of consideration on transfer of the long-term capital asset. The cost of acquisition for the long-term capital asset acquired on or before 31<sup>st</sup> of January, 2018 will be the actual cost. However, if the actual cost is less than the fair market value of such asset as on 31<sup>st</sup> of January, 2018, the fair market value will be deemed to be the cost of acquisition. Further, if the full value of consideration on transfer is less than the fair market value, then such full value of consideration or the actual cost, whichever is higher, will be deemed to be the cost of acquisition. In case of a listed equity share or unit, the fair market value means the highest price of such share or unit quoted on a recognized stock exchange on 31<sup>st</sup> of January, 2018. However, if there is no trading on 31<sup>st</sup> January, 2018, the fair market value will be the highest price quoted on a date immediately preceding 31<sup>st</sup> of January, 2018, on which it has been traded. File No. 370149/20/2018-TPL Page 3 of 6 In the case of unlisted unit, the net asset value of such unit on 31<sup>st</sup> of January, 2018 will be the fair market value.

Sub-clause (5) of clause 31 of the Finance Act, 2018, inter alia, provides that the long-term capital gain will be computed without giving effect to the provisions of the second provisos of section 48. Accordingly, it is clarified that the benefit of inflation indexation of the cost of acquisition would not be available for computing long-term capital gains under the new tax regime. The proposed new tax regime will apply to transfer made on or after 1<sup>st</sup> April, 2018. The existing regime providing exemption under clause (38) of section 10 of the Act will continue to be available for transfer made on or before 31<sup>st</sup> March, 2018. As the fair market value on 31<sup>st</sup> January, 2018 will be taken as cost of acquisition (except in some typical situations explained in Ans 7.), the gains accrued upto 31<sup>st</sup> January, 2018 will continue to be exempt. The new tax regime will be applicable to transfer made on or after 1<sup>st</sup> April, 2018, the transfer made between 1<sup>st</sup> February, 2018 and 31<sup>st</sup>



March, 2018 will be eligible for exemption under clause (38) of section 10 of the Act. The holding period will be counted from the date of acquisition. There will be no deduction of tax at source from the payment of long-term capital gains to a resident tax payer.

Ordinarily, under section 195 of the Act, tax is required to be deducted on payments made to non-residents, at the rates prescribed in Part-II of the First Schedule to the Finance Act. The rate of deduction in the case of capital gains is also provided therein. In terms of the said provisions, tax at the rate of 10 per cent. will be deducted from payment of long-term capital gains to a non-resident tax payer (other than a Foreign Institutional Investor). The capital gains will be required to be computed in accordance with clause 31 of the Finance Act, 2018.

The cost of acquisition of **bonus shares** acquired before 31<sup>st</sup> January, 2018 will be determined as per sub-clause (6) of clause 31 of the Finance Act, 2018. Therefore, the fair market value of the bonus shares as on 31<sup>st</sup> January, 2018 will be taken as cost of acquisition (except in some typical situations explained in Ans 7), and hence, the gains accrued upto 31<sup>st</sup> January, 2018 will continue to be exempt. The cost of acquisition of **right share** acquired before 31<sup>st</sup> January, 2018 will be determined as per sub-clause (6) of clause 31 of the Finance Act, 2018. Therefore, the fair market value of right share as on 31<sup>st</sup> January, 2018 will be taken as cost of acquisition (except in some typical situations explained in Ans 7), and hence, the gains accrued upto 31<sup>st</sup> January, 2018 will continue to be exempt.

As the exemption from long-term capital gains under clause (38) of section 10 will be available for transfer made between 1<sup>st</sup> February, 2018 and 31<sup>st</sup> March, 2018, the long-term capital loss arising during this period will not be allowed to be setoff or carried forward. Long-term capital loss arising from transfer made on or after 1<sup>st</sup> April, 2018 will be allowed to be set-off and carried forward in accordance with existing provisions of the Act. Therefore, it can be set-off against any other long-term capital gains and unabsorbed loss can be carried forward to subsequent eight years for set-off against long-term capital gains.

## vi. **Short-term Capital Gains**

Under Sec. 111A, where the total income of an assessee includes any income chargeable under the head "Capital Gains", arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity-oriented fund and

- a) the transaction of sale of such unit is entered into on or after 1st October 2004, i.e. the date on which Chapter VII of the Finance (No. 2) Act, 2004 has come into force; and
- b) such transaction is chargeable to securities transaction tax under that Chapter, the tax payable by the assessee on such short-term capital gains is at the rate of 15%.



In case of resident individuals and HUFs, where the total income as reduced by the short- term capital gains, is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to the 15% tax rate.

The said tax rate would be increased by an applicable Surcharge, Education Cess and Secondary & Higher Education Cess. Where the total income of an assessee includes any short-term capital gains, the deduction under Chapter VI-A shall be allowed from the income tax on the total income as reduced by such short-term capital gains.

On short-term capital assets other than equity shares in a company or units of equity oriented funds: Such short-term capital gains will be added to the total income of the assessee and taxed at the applicable slab rates specified by the Act and would be increased by an applicable Surcharge, Education Cess and Secondary & Higher Education Cess.

## **vii. Tax on dividend**

Dividends declared prior to 31<sup>st</sup> March 2020, will be subject to DDT under the old regime, while those declared after April 1, 2020, will be under the new regime.

Under the old regime, dividends distributed by a domestic company weren't included in the total taxable income of an assessee. However, now under the new regime, dividends will form part of the taxable income of an assessee under the head "income from other sources". Dividend income will now be taxed only in the hands of investors as per the tax rate applicable to their income.

The Budget 2020 also imposes a TDS on dividend income distribution by companies or mutual funds. A TDS of 10% applies to the dividend income distribution per investor. However, no TDS is applicable if the dividend receipt from a company or mutual fund does not exceed Rs 5,000 annually. For the FY 2020-21, the rate of TDS stands reduced to 7.5% for dividends paid till 31 March 2021 as a Covid-19 relief measure.

## **15. Accounting policies**

- a) The company shall maintain a separate Portfolio record in the name of the client in its book for accounting the assets of the client and any receipt, income in connection therewith as provided under SEBI (Portfolio Managers Regulations 2020).



- b) For every Client Portfolio, the Company shall keep and maintain proper books of accounts, records and documents, for the Client, on mercantile system of accounting, so as to explain its transactions and to disclose at any point of time the financial position of the Client Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.
- c) Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts, records for the client.
- i. Investments are stated at cost or fair market value whichever is lower
  - ii. Dividend income earned by a Client shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on a stock exchange, dividend income shall be recognized on the date of receipt.
  - iii. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
  - iv. In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.
  - v. Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.
  - vi. Bonus shares to which the Client becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
  - vii. Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
  - viii. The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's bought note.
  - ix. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
  - x. Accounting of Portfolio Management fees payable by the client would be on basis of daily average assets under management. It shall be charged at the end of each month on the date informed by the Company.
  - xi. Performance fees shall be charged on completion of one year of the portfolio account or financial year end of portfolio manager whichever is earlier. However, if the client terminates the agreement during the year, the returns from the previous financial year till the date of termination will be calculated and performance fees will be levied accordingly at the time of termination. Performance fees shall be subject to high-watermarking



- xii. All other expenses payable by the client shall be accrued as and when Liability is incurred.

**16. Details of investments in the securities of related parties of the 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
<b>NIL</b>					

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

The Portfolio Manager follows a diversified approach for investing in its investment approach as mentioned in point 5 above. Further no investments are made into associate/related parties of the Portfolio Manager. Hence, the Portfolio Manager has not instituted Diversification policy for investments in securities of associate/related parties.

**18. Investor Services**

The Portfolio Manager will ensure prompt investor services. The investor queries and complaints can be addressed to the Principal Officer or the Compliance Officer:

**Principal Officer**

Mr. Siddhartha Bhaiya, MD & CEO  
Aequitas Investment Consultancy Pvt. Ltd.  
A-1003, The Capital Building, Behind ICICI Bank  
BKC, Bandra - East Mumbai - 400051  
M: +91 22 26592126  
E-mail: [siddhartha.bhaiya@aequitasindia.in](mailto:siddhartha.bhaiya@aequitasindia.in)

**Compliance Officer and investor relations officer**

Mr. Neerav Shah – Director (Operations & Compliance)  
Aequitas Investment Consultancy Pvt. Ltd.  
A-1003, The Capital Building, Behind ICICI Bank  
BKC, Bandra - East Mumbai - 400051.  
M: +91 22 26592126  
E-mail: [neerav.shah@aequitasindia.in](mailto:neerav.shah@aequitasindia.in)



The Portfolio Manager shall attend to and address any client's query or concern as soon as possible to mutual satisfaction and provide the necessary resolution in a reasonable manner and time. The portfolio manager shall take adequate steps for redressal of grievances of the investors within one month of the date of the receipt of the complaint and keep SEBI informed about the number, nature and other particulars of the complaints received.

The Client can also lodge a complaint directly through the Company's website <https://www.aequitasindia.in/> under the tab 'Investor Grievance Redressal'.

Clients may also register/lodge their grievances with Securities and Exchange Board of India (SEBI) on SCORES (SEBI Complaints Redressal System) Portal i.e. <http://scores.gov.in> by registration under "Investor Corner" or by writing to any of the offices of SEBI.

All disputes, differences, claims and questions whatsoever which shall arise either during the subsistence of the PMS Agreement or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising therefrom or the interpretation of any provision therein or related to those related to the Disclosure Document or all the other policies and procedures of the Portfolio Manager as may be amended from time to time shall be, in the first place settled by mutual discussions, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be conducted in English language.

For and on behalf of

**A E Q U I T A S INVESTMENT CONSULTANCY PRIVATE LIMITED**

  
**Managing Director**  
**Siddhartha Bhaiya**

  
**Director – Operations & Compliance**  
**Neerav Shah**



Place: Mumbai  
Date: 1<sup>st</sup> December 2023



## Form C

### Pursuant to Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

#### **Aequitas Investment Consultancy Private Limited**

A-1003, The Capital Building, Behind ICICI Bank

BKC, Bandra - East Mumbai - 400051

M: +91 22 26592126

E-mail: [siddhartha.bhaiya@aequitasindia.in](mailto:siddhartha.bhaiya@aequitasindia.in)

We confirm that,

- i. 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
- ii. the disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager
- iii. the Disclosure Document has been duly certified by an independent chartered accountant Brajesh Sarada, Proprietor of M/s. Brindesh Brajesh Sarada and Associates, Chartered Accountants, having membership no. 414985 and office at 4 Pillars Academy Building, Samta Colony Main Road, Near Bank of Baroda, Raipur – 492001 on 1st December 2023

for **Aequitas Investment Consultancy Pvt. Ltd.**

  
  
**Siddhartha Bhaiya**  
Principal Officer and Managing Director

Place: Mumbai

Date: 1<sup>st</sup> December 2023

#### **Address of the Principal Officer**

B-2201, Lodha Evoq,  
Lodha New Cuffe Parade,  
Near Wadala Truck Terminal,  
Mumbai - 400037



# BRINDESH BRAJESH SARDA & ASSOCIATES

C H A R T E R E D   A C C O U N T A N T S

## CERTIFICATE

We hereby certify that the disclosures made in the enclosed Disclosure Document dated 1<sup>st</sup> December, 2023, prepared and forwarded by Aequitas Investment Consultancy Private Limited in terms of Schedule V of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time, are true, fair and adequate to enable the investors to make a well-informed decision.

This certificate is issued on the basis of the information given and documents produced before us and on the basis of representations made by the directors of Aequitas Investment Consultancy Private Limited.

For Brindesh Brajesh Sarma & Associates  
Chartered Accountants

**Brindesh  
Sarda**

Digitally signed by  
Brindesh Sarda  
Date: 2023-12-01  
10:50+05:30



CA Brindesh R. Sarma  
Partner  
M. No. 414986  
UDIN: 23414986BGYQZ6471

Place: Raipur  
Date: 01-12-2023