



JANAK MERCHANT SECURITIES PRIVATE LIMITED

DISCLOSURE DOCUMENT

FOR

PORTFOLIO MANAGEMENT SERVICES



PORTFOLIO MANAGEMENT SERVICES

DISCLOSURE DOCUMENT

[As required under Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020]

- i. This Disclosure Document has been filed with the Securities and Exchange Board of India (SEBI) along with the Certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- ii. The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging Janak Merchant Securities Private Limited as a Portfolio Manager.
- iii. The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure Document. Investors should carefully read the entire Disclosure Document before deciding and should retain it for future reference.
- iv. All the intermediaries referred to in this Disclosure Document are registered with SEBI as on the date of the document.
- v. The details of the Principal Officer so designated by the Portfolio Manager are as under –

Portfolio Manager-

Name	Janak Merchant Securities Private Ltd.
SEBI Registration No.	INP000001215
Web site	www.janakmerchantsecurities.com
Address	108 Sahajanand Complex, 2416 East Street, Pune- 411001
Telephone No.	020 – 26336880/40069796

Principal Officer-

Name	Mr. Jaideep Merchant
Telephone	020 – 26336880/40069796
Email address	jaideep.merchant@janakmerchantsecurities.com
Address	108 Sahajanand Complex, 2416 East Street, Pune- 411001

- vi. The Disclosure Document is dated 7th May ,2025.



**PORTFOLIO MANAGEMENT SERVICES
DISCLOSURE DOCUMENT TABLE OF CONTENTS**

Item No.	Contents	Page No.
1.	Disclaimer	4
2.	Definitions	4-6
3.	Description	7-10
4.	Penalties, pending litigations or proceedings, findings of inspection or investigation for which action may have been taken or initiated by any regulatory authority	10
5.	Investment strategy, approach, objective philosophy & services	11-15
6.	Risk Factors	15-17
7.	Client Representation	18-20
8.	Financial Performance	20
9.	Performance of Portfolio Manager	21
10.	Audit Observations	22
11.	Nature of expenses	22-24
12.	Taxation	24-40
13.	Accounting and Valuation Policies	40-41
14.	Investor Services	41-42
15.	Miscellaneous	43
16.	Form C	44
17.	Chartered Accountants' Certificate	45



1. DISCLAIMER CLAUSE

The particulars disclosed in this Disclosure Document have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended till date and filed with SEBI.

This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of its contents. It is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

2. DEFINITIONS

In this Disclosure Document the following definitions have been used, unless the context requires otherwise.

- **Advisory Services:** means services where the portfolio manager offers only investment advice for a fee.
- **Agreement** or “Portfolio Management Services Agreement” or “PMS Agreement” means the agreement executed between the Portfolio Manager and its Clients in terms of Regulation 22 and Schedule IV of the Regulations.
- **APMI:** means Association of Portfolio Managers of India which is a Trade Body for Portfolio Managers registered with the Securities & Exchange Board of India (SEBI)
- **Benchmark:** means benchmark in relation to an investment approach and/or strategy means a benchmark provided in accordance with SEBI circular SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022 and guidance issued by APMI, in terms of the said circular and/or guidelines issued by the SEBI/APMI from time to time.
- **Body Corporate:** “Body Corporate” shall have the meaning assigned to it in or under clause (7) of section 2 of the Companies Act, 1956 (1 of 1956).
- **Business Day:** A Day other than (i) Saturday and Sunday, (ii) a day on which both the National Stock Exchange and banks in Mumbai are closed.
- **Client/Investor:** Any Person/Entity, which enters into an agreement with the Portfolio Manager for availing of Portfolio Management Services offered by the Portfolio Manager.



- **Custodian:** means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
- **Depository:** Depository means a Body Corporate as defined in the Depositories Act, 1996 and includes National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)
- **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.
- **Discretionary Portfolio Manager:** means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercises any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client.
- **Disclosure Document or Document:** means this document prepared by Janak Merchant Securities Private Limited pursuant to Regulation 22 and in accordance with Schedule V of the Regulations.
- **Financial Year (FY):** means the 12 months commencing from the 1st of April and ending on the 31st March of the following year.
- **Foreign Portfolio Investor (FPI):** means person as defined under SEBI (Foreign Portfolio Investors) Regulations, 2019.
- **JMSPL:** means Janak Merchant Securities Private Limited a Company incorporated under the Companies Act 1956.
- **NRI:** means a Non-Resident Indian or Person of Indian origin defined under Foreign Exchange Management Act, 1999
- **Non-discretionary:** means a Portfolio Manager who does not exercise under a contract relating to portfolio management, any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client.
- **Portfolio:** means total holding of Securities, goods and/or funds managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Management Services Agreement and includes any Securities, goods and/or funds mentioned in the account opening form, any further Securities, goods and/or funds placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Management Services Agreement, Securities or other realization of the portfolio acquired by the Portfolio Manager through investment of funds and bonus, dividends or other receipts and rights in respect of Securities forming part of the portfolio, so long as the same is managed by the Portfolio Manager under the Portfolio Management Services Agreement.



- **Portfolio Manager:** means Janak Merchant Securities Private Limited, a Company incorporated under the Companies Act, 1956 and registered with the Securities and Exchange Board of India as a Portfolio Manager vide registration certificate no. **INP000001215** under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.
- **Principal Officer:** means an employee or director designated as Principal Officer 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 clients, as the case may be; and
 - (ii) all other operations of the Portfolio Manager.
- **RBI:** Reserve Bank of India established under the Reserve Bank of India Act, 1934.
- **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.
- **Services:** Services means Portfolio Management Services provided by the Portfolio Manager from time to time.
- **SEBI:** Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992.
- **Strategy:** In terms of SEBI circular SEBI/HO/IMD/IMD-PoD 2/P/CIR/2022/172 dated December 16, 2022, an investment approach is required to be tagged to a strategy from the list of strategies provided in the said circular. Accordingly, an investment approach will be tagged to a strategy in terms of provisions of the said circulars and guidelines issued by the SEBI/APMI from time to time
- **The Regulations or Regulations:** Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 for the time being in force as amended from time to time.

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



3. DESCRIPTION

3.1 History, Present Business and Background of the Portfolio Manager

Our founder, Mr. Janak Merchant, started the business in the 1970s with an objective to create an equity investment culture in the city of Pune. He was one of the founders of the Pune Stock Exchange in 1983. The business started as a traditional stock-broking firm and investment-banking business through the IPO frenzy that gripped India in the 1980s. The business survived, evolved, and prospered despite the challenges faced by the Indian economy and financial markets. We helped clients navigate through treacherous waters.

In 1999 the second generation – Mr. Jaideep Merchant – joined the business after completing his Chartered Accountancy. He is our Chief Investment Officer (CIO). The dotcom collapse added a global dimension to investing in Indian equity markets. Our CIO, in year 2006, became a charter-holder of the US-based CFA Institute.

The management decided the transaction-oriented and broking business was not the right way to grow clients' wealth. The inherent conflict-of-interest in generating revenue from transactions conflicted with the objective of long-term wealth generation – which involves being patient and doing fewer transactions.

In the year 2005, transition to an asset management business took place and JMSPL launched their Portfolio Management Service. JMSPL was granted registration by SEBI vide Registration Number **INP000001215** dated 01st June 2005, which is valid till suspended or cancelled by SEBI, to act as Portfolio Manager under SEBI (Portfolio Manager) Regulations, 1993 and as amended from time to time.

3.2 Promoters of the Portfolio Manager, Directors, and their background

a. Promoter, Director and Chief Investment Officer –Jaideep Merchant

Mr. Jaideep Merchant is the Chief Investment Officer and under Portfolio Management Services of JMSPL since 2005. He is a Chartered Accountant and a CFA and has more than 25 years of experience in the equity market in portfolio management, equity research, dealing and investment services.

b. Promoter and Director - Mrs. Saher Merchant

Mrs. Saher Merchant is a Chartered Accountant and has over 25 years of experience in the areas of finance, taxation, and Company Law. During 1999-2007, she worked with A.F. Ferguson & Co. and Deloitte Haskins & Sells. She is currently the Compliance Officer of the Portfolio Manager.



c. Promoter- Poonam Irani, CFP

Mrs. Poonam Irani holds a bachelor's degree in commerce and is a CFP and has 20 years of experience in broker back-office operations and life insurance products.

d. Promoter - Mrs. Vandana Merchant

Mrs. Vandana Merchant has more than two decades experience in the stock broking business. She acquired membership of the former Pune Stock Exchange in 1987.

3.3 Details of more than 5% Shareholding of the Portfolio Manager as on 7th May, 2025-

Name of Shareholder	No. of shares held	% shareholding
Jaideep Merchant	5,51,300	81
Vandana Merchant	71,200	10
Saher Merchant	55,200	8

3.4 Top 10 Group Companies/firms of the Portfolio Manager on turnover basis

The portfolio manager has no other group companies or firms.

3.5 Details of the services being offered:

The Portfolio Manager provides discretionary, non-discretionary portfolio management services and advisory services to its prospective clients after ascertaining their investment needs and objectives, in terms of SEBI (Portfolio Managers) Regulations, 2020 and guidelines issued thereunder, Portfolio Management Agreement, Disclosure Document. The key features of all the said services are as follows:

Discretionary Services

Under Discretionary Services, the Portfolio Manager will exercise sole and absolute discretion as to investment and/ or management of the portfolio of securities or the funds of Clients' as he deems fit and in terms of the Investment Approach and PMS Agreement executed with each Client. The securities invested / disinvested by the Portfolio Manager for Client in the same Portfolio may differ from Client to Client. The decision of Portfolio Manager (taken in good faith) in deployment of the Clients' Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malefice, fraud, conflict of interest or gross negligence. The Portfolio Manager will provide discretionary portfolio management services which shall be in the nature of investment management and may include the responsibility of managing,



reviewing and reshuffling the portfolio, buying and selling thesecurities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights, etc. and any other benefits which accrue to the Client's portfolio for an agreed fee structure and for a period as described in the Agreement from time to time, entirely at the Client's risk. The rights of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines, and notifications in force from time to time.

Non-Discretionary Services

The Portfolio Manager manages the portfolio in accordance with the directions and permission of the Client. Portfolio Manager shall provide non-discretionary portfolio management and administrative services for the Funds/ Securities put in by the Client in accordance with the provisions of the Agreement and the terms and conditions mentioned. The Portfolio Manager shall be responsible for rendering such services in accordance with the Act, Rules, Regulations, Guidelines of SEBI, and other regulators as may be applicable from time to time. The investments will be with the Client's oral and/ or written consent and the Client will be wholly responsible for the decisions on the investments. The Portfolio Manager shall provide non-discretionary services, entirely at the Client's risk. The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, portfolio management services which shall be investment management, and may include the responsibility of managing, renewing, and reshuffling the portfolio, buying, and selling the securities with the Client's oral and/ or written consent, for an agreed fee structure and for a period as described in the Agreement from time to time. Account consisting of investments, accruals, and monetary and non-monetary corporate actions & benefits, if any.

Advisory Services

The Client is advised on the BUY/ SELL decisions within the overall risk profile without any back-office responsibility for trade execution, custody, accounting functions.

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.

Structured Offerings

The Portfolio Manager from time to time at its discretion might introduce various types of structured offerings as per the requirements of its clients. The funds would be invested and managed in accordance with the specifications provided by the Portfolio Manager to the Client.



The Portfolio Manager can construct portfolios with different names in the form of series under any of the above-mentioned offerings/ options from time to time. The terms of the tenure of the offerings/ options, subscription, and redemption, etc. will be as per the Client Agreement and other documents executed with the Client.

4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY

Sr. No.	Particulars	Remarks
i)	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made thereunder.	Nil
ii)	The nature of the penalty/direction.	Not Applicable
iii)	Penalties/fines imposed for any economic offence and/ or for violation of any securities laws.	Nil
iv)	Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	Nil
v)	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	Nil
vi)	Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.	Nil



5. INVESTMENT STRATEGY, APPROACH, OBJECTIVE, PHILOSOPHY & SERVICES

Investment Approach

Dynamic Investment Approach

Investment Objective

The primary investment objective of the portfolio is to seek capital appreciation from a portfolio that is substantially constituted of equity securities and equity related securities of companies.

Investment Strategy

The Investment Strategy tagged by the Portfolio Manager is EQUITY in accordance with tagging of the investment approaches to strategies as per SEBI circular no. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022 and as per the circulars issued by APML.

The Portfolio Manager may select a combination of specific pre-determined investment strategies for to maximize portfolio returns based on Portfolio Manager's market outlook and ensuing market conditions. Although the relative weighting of the chosen strategies may vary over time, each strategy plays a significant role in portfolio construction. Investments may be made based on the Portfolio Managers views on the market. The Portfolio Manager may also participate actively in the Derivative Segment.

Some of the sub-investment strategies that could be employed in combination by the Portfolio Manager are:

- a) **Value:** A strategy whereby the Portfolio Manager invests in companies priced below their intrinsic worth, based on past earnings trends.
- b) **Aggressive Growth:** A strategy whereby the Portfolio Manager invests in companies experiencing or expected to experience strong future earnings growth.
- c) **Special Situations:** The Portfolio Manager invests in securities that are expected to change in price over a short period of time due to trends in the market.

Securities considered for investment by the Portfolio Manager.

The Portfolio Manager would generally invest in equity securities and equity related securities. Equity related securities included but are limited to Exchange Traded Funds (ETFs), fully convertible debentures, partly convertible debentures, optionally convertible debentures, Convertible preference shares, Initial Public offerings, Private Placements, and warrants converting into equity securities.



The Portfolio Manager may also invest in debt, money market securities and mutual funds. The Portfolio Manager may also use various derivatives and hedging products. Derivative instruments may take the form of Index Futures, Index Options, and Options on individual equities/securities, Interest rate Swaps, Forward Rate agreements, exchange traded currency futures, exchange traded interest rate futures or such other derivatives as may be appropriate, from time to time.

Benchmark

The S&P BSE 500 TRI index has been tagged to Equity Strategy. It consists of the top 500 listed companies covering all major sectors in the Indian economy thus providing a broad representation of the listed companies. This Benchmark has been chosen as a Benchmark for the Dynamic Investment Approach as the composition of the aforesaid index is such that it is most suited for comparing performance of the investment approach. It is in accordance with tagging of the investment approaches to strategies as per SEBI circular no. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022 and as per the circulars issued by APMI.

Indicative Investment horizon

The portfolio is suitable for investors seeking long term wealth creation by investing in equities with an investment horizon of 5 years and above.

Minimum Investment Amount

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and /or funds of an amount prescribed by Portfolio Manager for a Portfolio, subject to minimum amount as specified under SEBI Regulations, as amended from time to time. Currently the minimum investment amount is Rs. 50 Lacs. The Client may on a continual basis, make further investment of Securities and / or funds under the service.

On-boarding of clients

The Portfolio Manager provides the facility to the Client for Direct on-boarding with us without any involvement of a broker/distributor/agent engaged in distribution services. The Client can sign up for our services by writing to us at mf@janakmerchantsecurities.com. Further, under this facility the Portfolio Manager may levy statutory charges to the client. However, the Portfolio Manager retains the right to pay referral/ distribution fees out of its pocket to service providers as per mutually agreed upon terms and for no incremental cost to clients.

Mode of operations

The Portfolio Manager shall keep the funds of the Client in a separate bank account segregated from the accounts of the Portfolio Manager. The Portfolio Manager may keep the funds of a client along with the



funds of other clients subject to the requirements laid down under Regulations and use the same for the purpose of the purchase and sale of Securities allowed in the agreement with Client(s) and for payment of allowable expenses/fees and for the purposes set out in the agreement with Client(s). The Portfolio Manager shall not use the funds of the Client for the benefit of any of its other clients. The Portfolio Manager shall (itself or through an entity appointed by it) ensure that the securities account of the Client is segregated from the accounts of all the other clients of the Portfolio Manager (in accordance with the Applicable Laws).

The Portfolio Manager shall be free to deploy idle cash balances of the Client, which may arise from time to time, in bank deposits, liquid or money market mutual fund schemes, bills, or short dated debt Securities. In no case shall the Portfolio Manager deploy the unutilized funds in unregulated financing mechanism such as Badla or discounting of bills of exchange or for the purpose of lending or placement with corporate or non-corporate bodies unless otherwise permitted by SEBI.

For Discretionary Portfolio Management services, portfolio manager is not permitted to invest in unlisted securities in terms of regulation 24 of SEBI (PMS) Regulations, 2022. In addition, investments for discretionary portfolio management services are also subject to prudential limits prescribed by the SEBI vide circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022.

The Portfolio Manager shall not invest the clients' funds in the portfolio managed or administered by another portfolio manager or based on the advice of any other entity.

The Portfolio Manager shall invest predominantly in the securities specified in the Investment Approach. However, the Client's funds may be invested in any of the Equity and equity related instruments, debt and money market instruments and other securities allowed under the Regulations, from time to time.

The Diversification Policy of the Portfolio Manager will invest across sectors and companies. Based on the conclusions drawn from equity research, prevailing market conditions, size of portfolio and investors risk profile stocks will be selected. The Portfolio Manager may allocate a significant part of the portfolio to only a few sectors. A portion of the portfolio may be kept in cash or liquid money market instruments to take benefit of investment opportunities from time to time. The Portfolio Manager may also invest across the market capitalization of companies based on the valuations.



At present the Portfolio Manager is offering an investment strategy to their client that is described below-

Investment Approach	Dynamic Investment Approach Majority investments: Investments in equity and equity related instruments across market capitalization.
Strategy	Equity.
Investment Objective	To seek capital appreciation from a portfolio that is substantially constituted of equity securities and equity related securities of companies or debt/money market instruments.
Basis of selection of such types of securities as part of the investment approach	A combination of specific pre-determined investment strategies for e.g., Value, Aggressive Growth, Special Situations etc. to maximize portfolio returns based on Portfolio Manager's market outlook and ensuing market conditions.
Type of Securities	<p>The Portfolio Manager would generally invest in equity securities and equity related securities. Equity related securities include, but are limited to Exchange Traded Funds (ETFs), fully convertible debentures, partly convertible debentures, optionally convertible debentures, Convertible preference shares, Initial Public offerings, Private Placements, and warrants converting into equity securities.</p> <p>The Portfolio Manager may also invest in debt and money market securities including mutual funds. The Portfolio Manager may also use various derivatives and hedging products. Derivative instruments may take the form of Index Futures, Index Options, and Options on individual equities/securities, Interest rate Swaps, Forward Rate agreements, exchange traded currency futures, exchange traded interest rate futures or such other derivatives as may be appropriate, from time to time.</p>
Allocation of portfolio across types of securities	The strategy/investment approach seeks to invest majority in Equity and Equity-related instruments of listed companies across market capitalization 0%-100%
Benchmark & Basis of Benchmark Section	<p>S&P BSE 500 TRI</p> <p>This Benchmark has been chosen as a Benchmark for the investment approach as the composition of the aforesaid index is such that it is most suited for comparing performance of the investment approach.</p>



Indicative tenure or investment horizon	Suitable for investors seeking long term wealth creation by investing in equities with an investment horizon of 5 years and above.
Minimum Investment Amount	Rs.50 lakhs
Risks associated with the investment approach	The portfolio manager may invest in relatively smaller companies commonly referred to as small cap stocks. These companies may lack operational strength, which may make them vulnerable during weaker economic cycles. Stocks of these companies usually have lower trading volumes, which may result into higher impact costs and longer execution time compared to large cap stocks. These companies tend to be less researched compared to large cap stocks and this may result into longer waiting period for the stock to reach their potential intrinsic value.
Other salient features, if any.	Not Applicable.

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

The Portfolio Manager has no associate/group Companies.

6. RISK FACTORS

The investment made in the securities is subject to market risks and there is no assurance or guarantee that the value of or return on the investments made will appreciate and it could even depreciate. Following are the risk factors as perceived by the Portfolio Manager:

- Investments in Equities, Mutual Funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of the investment will be achieved.
- As with any investments in securities, value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.



- The performance of the portfolio may be affected by changes in Government policies, general levels of inflation and interest rates, risks associated with trading volumes, liquidity and settlement system in the equity, derivatives, and debt markets.
- The past performance of the Portfolio Manager should not be taken as an indicator of the future performance. Investors are not being offered guaranteed returns any no assurance of any level of returns through these Services.
- The Portfolio does not in any manner indicate its prospects or returns. The performance of the portfolio may be adversely affected by the performance of the individual companies, changes in the marketplace and industry specific and macro-economic factors. Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macro-economic factors and creates price changes in the value of debt instruments. Consequently, value of the portfolio may be subject to fluctuations.
- Investments in debt instruments are subject to reinvestment risks, as interest rates prevailing on maturity might differ from earlier coupon rate, resulting in the proceeds being reinvested at a lower coupon rate.
- The Portfolio is subject to risks arising out of non-diversified investments, though every effort will be made to have a diversified portfolio.
- Subject to necessary approvals that may be required and within the investment objectives of the Portfolio, the Portfolio Manager may invest in the overseas markets, which may carry a risk on account of fluctuations in foreign exchange rates, nature of securities market of the country concerned with repatriation of capital due to exchange controls or political circumstances.
- Operational Risk -We outsource some of our operations to the most reliable and reputable third-party service providers. Orbis Financial Corporation Ltd., 4A Ocus Technopolis, Golf Club Road, Sector 54 Gurgaon, Haryana- 122002 are our Custodians, and they are responsible for trade settlement and fund accounting. Clients are independently reported of their valuation of portfolios and have access to their books of accounts daily on the portal of the Custodian.
- In order to reduce trade execution risk, the trades are executed with third party brokers.
- Trades executed are accounted for and the information is uploaded in the clients' accounts at the earliest by the custodian.



- If the portfolio manager has no previous experience/ track record a disclosure to that effect shall be made.
- 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.
- Prospective clients should review / study the Disclosure Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of Portfolio and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their portfolio, acquisition, holding, capitalization, disposal (sale, transfer or conversion into money) of portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding portfolio of securities before making an investment.



7. CLIENT REPRESENTATION

- i) Janak Merchant Securities Private Limited has managed investments as a Portfolio Manager, details for the various categories of clients are below-

(Rs. In Crs.)

Category of clients	No. of clients	Funds managed	No. of clients	Funds managed	No. of clients	Funds managed
OTHERS						
PMS						
Discretionary Services	31st March, 2025		31st March, 2024		31st March, 2023	
Individual Resident	239	510	190	393	158	247
Individual non-resident	38	148	33	107	23	35
Corporate Resident	3	36	2	26	2	12
FPI	4	31	3	18	4	11
TOTAL	284	725	228	543	187	305
ASSOCIATES /GROUP COMPANIES -PMS Discretionary Services	Nil	Nil	Nil	Nil	Nil	Nil

- ii) Complete disclosure in respect of transactions with related parties of Janak Merchant Securities Private Limited as per "Accounting Standard 18 -Related Party Disclosures" specified by the Institute of Chartered Accountants of India for the Financial Year ended 31st March, 2024 are as under-



A. List of parties

i. Key Management Personnel:

Mr. Janak Merchant-Director

Mr. Jaideep Merchant-Director

ii. Relative Key Management Personnel:

Mrs. Saher Merchant

Mrs. Poonam Irani

Mr. Sarosh Irani

Mrs. Naim Farooqui

B. Transactions with Related parties-

Details of Transactions	Relationship	Year ended 31 st March, 2024 (Rs)
Finance (Equity Contribution)) Shareholding as on the Balance Date	Key Management Personnel	68,14,000
Sale of Services	Key Management Personnel	98,477
Sale of Services	Relative Key Management Personnel	10,44,056
Managerial Remuneration	Key Management Personnel	40,20,000
Salary	Relative of Key Management Personnel	17,50,000
PMS Fee Receivable	Key Management Personnel	8,062
PMS Fee Receivable	Relative of Key Management Personnel	90,785



C. Investments in the securities of associates/related parties of Portfolio Manager as on 31st March 2024:

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
1.	NA	NA	Nil	NA	NA

8. FINANCIAL PERFORMANCE

Based on the Audited Financial Statements for the given years, the financial performance of the Portfolio Manager is as follows:

Amount in Rupees Lakhs

Particulars	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)	As at March 31, 2022 (Audited)
Total Revenue	1331	643	584
Profit Before Tax	1146	480	466
Profit After Tax	893	378	366
Free Reserves	2724	1831	1453
Net Worth	2792	1899	1521
Paid Equity up Capital	68	68	68



9. PERFORMANCE OF PORTFOLIO MANAGER

Portfolio Management performance of the Portfolio Manager for Dynamic Investment Approach against the respective benchmark for the last three years are tabled below:

Discretionary Portfolio Management Services

	FY 2024-2025	FY 2023-2024	FY 2022-2023
Portfolio Performance (%)	15.16	51.21	21.26
Benchmark Performance (%)	5.96	40.16	(2.27)

Notes:

- The performance is calculated using Time Weighted Rate of Return (TWRR) Method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 and has not been verified by SEBI.
- Returns are absolute returns for the specified period.
- Past performance is not an indication or promise of future performance and may or may not sustain in future
- The performance is post Management Fees, GST and other charges levied by the Portfolio Manager.
- The return of the portfolios which have not completed for one year are shown as absolute return since inception.
- Please note that 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 an 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 the individual client portfolio.



10. AUDIT OBSERVATIONS

Audit Observations for FY 2024-2025

There were no adverse audit observations.

Audit Observations for FY 2023-2024

There were no adverse audit observations.

Audit Observations for FY 2022-2023

1. Client Quarterly Reports are not made available on the website of the Portfolio Manager with restricted access to each client.

Management Comment:

The Client Quarterly Reports as required by SEBI have been regularly sent to the clients every quarter. The said reports are now made available in the Individual Client log in.

2. Referral Fees paid to the distributor need to be communicated to clients.

Management Comment:

The referral fees to be earned by the distributor are communicated verbally when the distributor introduces the prospective client. The referral fees paid also form a part of the quarterly report sent to clients. The Client Account Opening form now contains information regarding the fees to be paid to distributor.

11. NATURE OF EXPENSES

i. Investment management and performance fees

- 1) Management Fees charged may be Fixed Fee or Performance Fee or a combination of both which may be charged periodically and/or at the end of a specified tenure as per the Agreement between the Portfolio Manager and the Client up-to a maximum of 2.5% per annum of portfolio value. Performance Linked Management Fee will be charged as a percentage of appreciation in the portfolio value beyond a threshold appreciation (hurdle rate) or difference between the appreciation in the portfolio versus the appreciation in the benchmark.



However, in case of additional investments and / or partial withdrawals during the financial year, the fees shall be calculated on pro rata basis considering the number of days for which such investments are managed. The Portfolio Manager shall raise an invoice periodically for Fixed Fees and Performance Linked Management Fees. Early withdrawals from the Portfolio will not attract an early termination fee or Exit Load. For the purpose of calculation of performance fee a high water principle will be used.

ii. Custodian and Fund Management Fee

The terms of appointment and quantum and manner of payment of fees charged by the custodian is as per the agreement between the Portfolio Manager and the Client and shall not exceed 0.50% per annum of portfolio value.

iii. Brokerage and transaction cost

The investments under the Portfolio Management Services would be done through registered members of stock exchange who charge brokerage up to a maximum of 2.5% of contract value. In addition to the brokerage, transaction costs like network charges, turnover tax/charges, stamp duty, transaction charges, service tax, securities transaction tax (STT), or any other tax levied by statutory authorities, foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt instruments, deposits, other financial instruments would also be levied by the broker. Any entry or exit load or any minimum brokerage/charge (if any) on units of Mutual Funds will also be charged to clients.

iv. Certification and Professional Charges-

Charges payable for out sourced professional services, if any, like custodian charges, fund accounting fees, auditing, taxation, etc. and legal services for documentation, notarizations, certifications, attestations, etc. by brokers, bankers, depository participants and/or regulatory authorities, including their legal fees, charges, out of pocket expenses, etc. shall be charged to clients.

v. Incidental Expenses-

Charges in connection with day-to-day operations for opening and operation of bank and/or Demat account(s), expenditure incurred on postage, courier, stamp duty, notarizations or any other out of pocket expenses as may be incurred by the Portfolio Manager.

vi. Goods and Service Tax (GST)

As per the rates applicable from time to time.



vii. Upward Limit on charges as per Regulations

All operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM). All the expenses charged to the client shall at all the time be in terms and within the limits as prescribed in SEBI (PMS) Regulations, 2020 and SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020.

Note- At the time of direct on-boarding of clients, no charges except statutory charges shall be levied.

viii. Mode and frequency of payment of the above charges

Above fees/charges will be charged at the rates agreed with the investor and will be payable as per the terms agreed with the investor. The portfolio manager is authorized to recover the amount from the investor's bank account at the end of each month/agreed period. For the purpose of recovering the fees, the Portfolio Manager will have discretion to sell securities held in the portfolio, if there is insufficient balance in the bank account.

12. TAXATION

THE PORTFOLIO MANAGER IS NOT AN EXPERT ON TAXATION LAWS.

It may be noted that the information given hereinafter is only for general information purposes and is based on the Portfolio Manager's understanding regarding the Tax laws 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 will be accepted by the tax authorities or will continue to be accepted by them indefinitely.

Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Portfolio Manager to induce any investor to invest whether directly from the Portfolio Manager or indirectly from any other persons by the secondary market operations. In view of the above, and since the individual nature of tax consequences may differ in each case on its merits and facts, each Investor is advised to consult his / her or its own professional tax advisor with respect to the specific tax implications arising out of its participation in the Portfolio Management Services, as an investor. In view of the above, it is advised that the Investors appropriately consult their



investment / tax advisors in this regard.

The tax implications given hereunder are broad level implications as amended by the Finance Act (No. 2) 2024 enacted on August 16, 2024. Such implications may differ taking into account the specific facts of each individual case. Further, the tax rates and provisions are as applicable as on the date of issue of this document and would need to be considered as on the date of the taxable event.

The Clients are accordingly advised to avail the services of a professional consultant in determining their exact tax implications. The Portfolio Manager shall not be responsible for assisting in or completing the client's tax obligation.

A. Treatment of Dividend from Companies and Mutual Funds:

a). Dividends declared, distributed or paid up to March 31, 2020:

Any dividend income from a domestic company, which is subject to dividend distribution tax (DDT) under section 115-O of the Income-tax Act, 1961 ('Act') is exempt from tax under section 10(34) of the Act. However, as per the proviso to section 10(34) of the Act, nothing contained under section 10(34) shall apply to any income by way of dividend chargeable to tax in accordance with the provisions of section 115BBDA of the Act. As per section 115BBDA of the Act, any income earned by a specified assessee who is resident in India, by way of dividend declared, distributed or paid by a domestic company in excess of INR 10,00,000, the same shall be chargeable to tax at 10% (excluding surcharge and health and education cess) on a gross basis. Accordingly, the said tax shall be over and above the DDT paid by the domestic company distributing the dividend.

'Specified assessee' means a person other than (i) domestic company; or (ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution as referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act; or (iii) a trust or institution registered under section 12A or section 12AA or section 12AB of the Act.

Income (other than on transfer of units) from units of a Mutual Fund, registered with the Securities and Exchange Board of India (SEBI), is exempt from tax under section 10(35) of the Act.



b) Dividends declared, distributed or paid from April 01, 2020:

With effect from April 01, 2020, Finance Act 2020 has abolished the DDT charged under section 115-O and section 115R of the Act on the dividends paid by the domestic company and Mutual Fund, respectively, thereby transferring the tax burden completely in the hands of the shareholders/unitholders. Resultantly, section 10(34) and section 10(35) of the Act has also been deleted. Currently, the dividend is taxable in the hands of the unitholders/shareholders and also, subject to withholding of taxes at source by the Mutual Fund/Company, at applicable rates.

B. Proceeds on buy-back of shares by company:

As per Section 10(34A) of the Act, gains arising on buy-back of shares (not being shares listed on a recognised stock exchange) are exempt in the hands of investors. However, as per section 115QA of the Act, a distribution tax at the rate of 20% (plus applicable surcharge and health and education cess) is payable by an Indian company on distribution of income by way of buy-back of its shares if the buy-back is in accordance with the provisions of the Companies Act. Such distribution tax is payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian company at the time of issue of such shares, determined in the manner prescribed. In this regard, Rule 40BB of the Income tax Rules, 1962 ('Rules') provide for mechanism for determining the amount received by the Indian company in respect of issue of shares.

As per the Finance (No. 2) Act, 2019, any buy back of listed shares, on or after July 05, 2019, shall also attract buy-back tax under section 115QA of the Act. Accordingly, exemption under section 10(34A) of the Act is also extended on such buy-back transactions. However, as per the Ordinance 2019, there shall be no buy-back tax w.r.t those shares for which public announcement of buy-back was made before July 05, 2019.

The Finance (No. 2) Act, 2024 (FA 24) amended the taxation of buyback of shares effected on or after 1 October, 2024 in the hands of shareholder as under:

1. Buyback amount taxable as "Deemed Dividend"
2. Cost incurred for purchase of shares to be treated as "Capital Loss" FA 24 has also made a consequential amendment in section 194 of the Act to provide for tax withholding at 10% on such consideration paid by the company.



C. Characterisation of Income earned from Transfer/ Sale of Securities

Transaction in shares/ securities/ units of Mutual Fund may be either on the capital account (and chargeable to tax 'Capital gains' under section 45 of the Act) or on the trading account (and chargeable to tax as 'Profits and gains of business or profession' under section 28 of the Act).

The issue of income characterization as above is essentially a question of fact and dependent on various factors. Guidance can be sought from judicial precedents and clarifications issued by the Central Board of Direct Taxes (CBDT) vide circular/instructions.

In this regard, CBDT issued Circular No 6 dated February 29, 2016 on the tax treatment of surplus arising from transfer of listed shares/ securities whether capital gains or business income with a view to reduce litigation and uncertainty and in partial modification to earlier CBDT Circulars, the 2016 Circular instructs tax authorities to consider certain guidelines for classifying listed shares/ securities as under:

- i. Where the taxpayer itself, irrespective of the period of holding of the listed securities treats the gains from sale of such securities as business income, the same should be accepted by the tax authorities.
- ii. Where the taxpayer wishes to treat the gains arising from transfer of listed securities held for a period more than 12 months immediately preceding the date of its transfer as capital gains, the same should not be put to any dispute by the tax authorities. However, this stand, Once taken in a particular year, shall remain applicable to subsequent years and taxpayers shall not be allowed to adopt a different stand in this regard in subsequent years
- iii. In all other cases, the nature of transaction (i.e. whether the same is in the nature of capital gains or business income) shall continue to be decided keeping in view the other notifications/ circulars issued by CBDT in this regard.

The aforementioned circular shall not apply in a case where the genuineness of the transaction itself is questionable. Based on the earlier Central Board of Direct Taxes ('CBDT') circulars and judicial decisions, following are inter alia the key factors and principles which need to be considered while determining the nature of assets as above:

- Motive for the purchase of shares;
- Frequency of transactions and the length of period of holding of the shares;
- Treatment of the shares and profit or loss on their sale in the accounts of the assessee;



- Source of funds out of which the shares were acquired – borrowed or own;
- Existence of an object clause permitting trading in shares – relevant only in the case of corporate bodies;
- Acquisition of the shares – from primary market or secondary market;
- Infrastructure employed for the share transactions by the client including the appointment of managers, etc.

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

CBDT has clarified that, it is possible for a taxpayer to have two portfolios, i.e., an investment portfolio comprising of securities which are to be treated as capital assets and a trading portfolio comprising of stock-in-trade which are to be treated as trading assets. Where an assessee has two portfolios, the assessee may have income under both heads i.e., capital gains as well as business income.

In view of the above, the profits or gains arising from transaction in securities could be taxed either as “Profits or Gains of Business or Profession” under section 28 of the Act or as “Capital Gains” under section 45 of the Act.

D.Short-Term and Long-Term Capital Gains on Sale of Securities:

Type of instrument	Period of holding	Characterization
Listed Equity or preference Share, Securities (other than units) and units of equity-oriented mutual funds,	More than twelve (12) months	Long-term Capital Asset
	Twelve (12) months or less	Short-term Capital Asset
Units of Funds other than equity-oriented fund and market linked debentures	Irrespective of period of holding	Short-term capital Asset
Unlisted shares of a company	More than twenty four (24) months	Long-term Capital Asset
	Twenty four (24) or less	Short-term Capital Asset
Other securities	More than thirty six (36) months	Long-term Capital Asset
	Thirty six (36) months or less	Short-term Capital Asset



FA 24 rationalized the holding period for classification of capital assets as long-term or short-term from 23 July 2024. It is proposed that for all listed securities, the holding period is proposed to be 12 months and for all other assets, it shall be 24 months.

As per the provisions of section 48 of the Act, capital gains/ losses are computed by reducing from the sale consideration:

- i. any expenditure incurred wholly and exclusively in connection with the transfer;
 - ii. the cost of acquisition of the asset transferred and the cost of any improvement thereto; and
- where long-term capital gain arises from the transfer of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso, the provisions of clause (ii) shall have effect as if for the words "cost of acquisition" and "cost of any improvement", the words "indexed cost of acquisition" and "indexed cost of any improvement" had respectively been substituted.

Vide FA 24, it is enacted that the indexation benefit on cost of acquisition and cost of improvement shall not be available for long-term capital assets transferred on or after 23 July 2024. However, for cost step up based on fair market value as on 31 January 2018/1 April 2001 shall continue to be available.

Further, as per the FA 24 indexation benefit for the purpose of computing capital gain tax liability on sale of immovable property acquired on or before 23 July, 2024 by Resident Individual and Hindu Undivided Family (HUF) would be available. The tax payable by the taxpayer would be lower of following:

1. 12.5% without indexation benefit or
2. 20% of capital gains after considering the benefit of indexation

Further, section 48 of the Act provides that in the computation of capital gains, no deduction shall be allowed in respect of STT paid.

Additionally, the status of tax payer (i.e. whether the taxpayer is an individual, a corporate, etc.), whether the transfer has been subject to Securities Transaction Tax (STT), the nature of the instrument sold, etc. also impact the rate of tax applicable to capital gains arising from the transfer of a capital asset. Some of these aspects have been discussed below.

The Finance Act 2023 inserted new section 50AA providing that capital gains arising from transfer or



redemption, or maturity of specified market linked debentures (MLD) shall be deemed to be short-term capital gains (STCG) arising from transfer of a short-term capital asset.

In addition to the MLD, the Finance Act 2023 also included unit of a 'Specified Mutual Fund' acquired on or after 1 April 2023 under the ambit of above provisions of section 50AA of the ITA.

Explanation to section 50AA is amended to provide the meaning of 'Specified Mutual Fund': 'Specified Mutual Fund' means a Mutual Fund by whatever name called, where not more than thirty five percent of its total proceeds is invested in the equity shares of domestic companies: Provided that percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

FA 24 further amends the definition of "Specified Mutual Fund" under section 50AA of the Act, to provide clarity regarding the proportion of investment being made in terms of debt and money market instruments, and investment requirements in case of a Fund of Fund (FOF). A Specified Mutual Fund shall mean: - a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or - a fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a). This amendment will be effective from 1 April 2026 and shall be applicable from AY 2026-27 onwards

Securities Transaction Tax ("STT")

The following table provides the details in respect of the rate of STT applicable (as on date) to some of the taxable securities transactions:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates applicable (%)
Delivery based purchase transaction in units of equity oriented fund entered into in a recognized stock exchange	Purchaser	Value at which units are bought	Nil
Delivery based purchase transaction in equity shares or units of a business trust entered in a recognized stock exchange	Purchaser	Value at which shares/units are bought	0.1
Delivery based sale transaction in equity shares or units of a business trust entered in a recognized stock exchange	Seller	Value at which shares/units are sold	0.1



Delivery based sale transaction in units of equity oriented fund entered into in a recognized stock exchange	Seller	Value at which units are sold	0.001
Non-delivery based sale transaction in equity shares or units of equity oriented fund or units of a business trust entered in a recognised stock exchange	Seller	Value at which shares/units are sold	0.025
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.001

FA 24 has increased the rate of STT in case of future and option sale transactions as follows:

Particulars	Existing Rates	Revised Rates
Sale of Futures	0.0125% of the price at which such futures are traded	0.02% of the price at which such futures are traded
Sale of options	0.0625% of the option premium	0.1% of the option premium

Capital gains tax on sale transaction on which STT is chargeable:

i) Long-term capital gains:

Finance Act 2018 has, with effect from April 01, 2018, withdrawn the exemption on long term capital gains on sale of specified assets on which STT is chargeable and has introduced new section 112A of the Act.

Under the provisions of new section 112A of the Act, in respect of transfer of an equity share in a company or a unit of an equity oriented fund or a unit of a business trust on or after April 01, 2018, tax at the rate of 10 per cent (plus applicable surcharge and cess) shall be levied on long-term capital gains, exceeding Rs.1,00,000, where in case of an equity share in a company, STT has been paid on acquisition and transfer of such capital asset in nature of asset being an equity shares in a company, or in a case of a unit of an equity oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.



FA 24 enacted that the tax rate on long-term capital gains would be 12.5% and the tax rate on short-term capital gains would be 20% (on which STT is paid). It is also enhanced that the exemption for long-term capital gains arising from the transfer of a listed equity share or unit of equity-oriented mutual fund or unit of a business trust on which STT has been paid. It is increased from INR 100,000 to INR 125,000. Unlisted debentures and unlisted bonds are considered as debt instruments and it has been amended that capital gains on them should be taxed at applicable rate, whether short-term or long-term. Further, FA 24 provides that Long Term Capital Gains arising to Non-Resident taxpayer on transfer of specified assets (unlisted shares and securities) shall be as under:

1. where transfer takes places before 23 July, 2024, 10% without benefit of indexation and foreign exchange fluctuation
2. where transfer takes place on or after 23 July, 2024 – 12.5% without indexation benefit and foreign exchange fluctuation.

The long-term capital gains are required to be computed without giving effect to the first and second proviso to section 48 of the Act, i.e. benefit of computation of capital gains in foreign currency and indexation in respect of cost of acquisition and improvement.

Further, for the purpose of computing capital gains in relation to a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, acquired before February 01, 2018, the cost of acquisition is deemed to be the higher of:

- The cost of acquisition of such asset; and
- The lower of –the fair market value of the asset; and the full value of consideration received or accruing as a result of the transfer of the asset. i.e. Sale Price "fair market value" means, in a case where the capital asset is listed on any recognised stock exchange as on the 31st day of January, 2018, the highest price of the capital asset quoted on such exchange on the said date: Provided that where there is no trading in such asset on such exchange on the 31st day of January, 2018, the highest price of such asset on such exchange on a date immediately preceding the 31st day of January, 2018 when such asset was traded on such exchange shall be the fair market value;
 - in a case where the capital asset is a unit which is not listed on a recognised stock exchange as on the 31st day of January, 2018, the net asset value of such unit as on the said date;
 - in a case where the capital asset is an equity share in a company which is



- not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer;
- listed on a recognised stock exchange on the date of transfer and which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later;

As stated above, to avail benefits of section 112A of the Act, equity shares should be subject to STT both at the time of acquisition and transfer of assets. However, to protect certain transactions, the CBDT issued a Notification (Notification No. 60/2018/F. No. 370142/9/2017-TPL dated October 01, 2018) stating that the condition of chargeability to STT at the time of acquisition, shall not apply to all transactions of acquisitions of equity shares entered into on or after October 01, 2004 other than the specified transactions.

ii) Short-term capital gains

Section 111A of the Act provides that short-term capital gains arising on sale of equity shares of a company or units of equity-oriented fund and on which STT is chargeable are liable to income-tax at a concessional rate of 15% plus surcharge as applicable and cess.

The FA 24 increased the tax rate of short-term capital gains covered under section 115A of the Act, from existing 15% to 20% on any transfer which takes place on or after 23 July, 2024.

In case of Resident individuals and Resident HUFs, where the taxable income as reduced by short-term capital gains is below the maximum amount not chargeable to tax, the short-term capital gains is reduced to the extent of the amount which falls short of the maximum amount not chargeable to tax and only the balance short-term capital gains will be charged at the applicable rate plus cess.

Capital gains tax on sale transaction on which STT is not chargeable:

For resident individuals, HUFs, partnership firms (including limited liability partnership) and Indian companies:

i) Long-term capital gains

Long-term capital gains earned in respect of a long-term capital asset, is chargeable to tax under section



112 of the Act at the rate of 20% plus surcharge as applicable and cess. Capital gains are computed after taking into account the cost of acquisition as adjusted by the cost inflation index notified by the Central Government (indexed cost) and expenditure incurred wholly and exclusively in connection with such transfer.

Further, in case of Resident individuals and Resident HUFs, where taxable income as reduced by long-term capital gains is below the maximum amount not chargeable to tax, the long-term capital gains is reduced to the extent of the amount which falls short of the maximum amount not chargeable to tax and only the balance long-term capital gains will be charged at the rate of 20% or 10% plus surcharge as applicable, and cess.

In the case of capital assets being bonds or debentures (other than capital indexed bonds issued by the Government and sovereign gold bonds issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015), the benefit of indexation is not available.

The FA 24 has removed the indexation benefit on cost of acquisition and cost of improvement for long-term capital assets transferred on or after 23 July 2024. However, for cost step up based on fair market value as on 31 January 2018/1 April 2001 shall continue to be available.

However, as per FA 24 in the case of transfer of long-term capital asset, being land or building or both, which is acquired before 23 July 2024, if the tax computed at the rate of 12.5% (i.e., without consideration of indexation benefit) exceeds the tax computed under the old mechanism i.e., tax at the rate of 20% along with the indexation benefit then such excess tax shall be ignored. The said amendment is applicable only in the case of Resident Individual and Resident HUF. In simple words, the tax payable by the taxpayer would be lower of following:

1. 12.5% without indexation benefit or
2. 20% of capital gains after considering the benefit of indexation

ii) Short-term capital gains

Short-term capital gains earned are chargeable to tax as per the normal rates applicable to the taxpayer.



For non-residents (Other than NRIs, who may elect to be covered by the provisions of section 115E of the Act, as regards tax on investment income and long-term capital gains, where beneficial.)

i) Long-term capital gains

Under section 112 of the Act, long-term capital gains arising from the transfer of a capital asset, other than unlisted securities, are chargeable to tax at the rate of 20% plus surcharge as applicable and cess. In case of non-resident, capital gains arising from transfer of a capital asset being shares in, or debentures of, an Indian company (other than unlisted securities) shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was initially utilised in the purchase of the shares or debentures, and the capital gains so computed in such foreign currency shall be reconverted into Indian currency (hereinafter referred to as FC computation mechanism).

Further, the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing or arising from every reinvestment thereafter in, and sale of, shares in, or debentures of, an Indian company.

Further, under section 112 of the Act, long-term capital gains arising from the transfer of a capital asset, being units of a mutual fund, to tax at the rate of 20% plus surcharge as applicable and cess; capital gains are computed by taking into account the indexed cost and expenditure incurred wholly and exclusively in connection with such transfer.

Long-term capital gains arising from transfer of a capital asset, being unlisted securities (or shares of a company not being a company in which the public are substantially interested) and unlisted units are chargeable to tax at the rate of 10% plus applicable surcharge and education cess. Such long-term capital gains would be calculated without indexation of cost of acquisition and FC computation mechanism.

FA 24 increased the tax rate on long-term capital gains from 10% to 12.5% on transfer to long term capital assets on or after 23 July 2024 (on which STT is paid). Further, FA 24 enhanced the exemption for long-term capital gains arising from the transfer of a listed equity share or unit of equity-oriented mutual fund or unit of a business trust on which STT has been paid, from INR 100,000 to INR 125,000. Unlisted debentures and unlisted bonds are considered as debt instruments and it has been amended that capital gains on them should be taxed at an applicable rate, whether short-term or long-term.

The FA 24 provides that Long-term Capital Gains arising to Non-Resident taxpayer on transfer of specified assets (unlisted shares and securities) shall be as under:

1. where transfer takes places before 23 July 2024, 10% without benefit of indexation and foreign exchange fluctuation
2. where transfer takes place on or after 23 July 2024 – 12.5% without indexation benefit and foreign exchange fluctuation

Further, the FA 24 reduced the rate of tax for long-term capital assets other than unlisted shares and securities. The same shall be taxed as under:

1. where transfer takes places before 23 July 2024, 20% with benefit of indexation and foreign exchange fluctuation
2. where transfer takes place on or after 23 July 2024 – 12.5% without indexation benefit and foreign exchange fluctuation

ii) Short-term capital gains

Short-term capital gains earned are chargeable to tax as per the normal rates applicable to the taxpayer. The FC computation mechanism is available to non-resident/ NRI for computing the short-term capital gains arising from the transfer of shares.

The FA 24 increased the tax rate on short-term capital gains from existing 15% to 20% on any transfer which takes place on or after 23 July 2024 (on which STT is paid).

E. Business Income from Purchase and Sale of Securities:

If the investment under the portfolio management services is regarded as “Business/Trading Asset” then the gain arising there from is taxed as business income on Net Income basis. Where income referred to above is treated as business income, the person is eligible for deduction under section 36(1)(xv) of the Act for the amount of STT paid.

F. Losses under the head capital gains/business income

In terms of section 70 read with section 74 of the Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward



and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

Business loss (other than speculative business losses) is allowed to be carried forward for 8 assessment years. Business losses are allowed to be set-off against any other income (except income under the head 'salaries') in the relevant assessment year. Further, if the business losses cannot be fully set-off in the relevant assessment year then it can only be set-off against business income in the subsequent years.

G. Bonus Stripping

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

H. Tax Deduction at Source:

As per section 194, the company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment by any mode in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, deduct from the amount of such dividend, income-tax at the rate of ten per cent. Provided that no such deduction shall be made in the case of a shareholder, being an individual, if—



- (a) the dividend is paid by the company by any mode other than cash and
- (b) the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder, does not exceed five thousand rupees

Finance Act 2020 inserted a new section 194K of the Act whereby a person responsible for paying to a resident any income in respect of units of mutual fund specified under section 10(23D) of the Act shall withhold taxes at the rate of 10% provided such income exceeds INR 5,000. Further, the proviso to section 194K of the Act clarifies that such taxes are not required to be withheld where the income is in the nature of capital gains.

Any person responsible for paying to a non-resident, any income, which is chargeable to tax under the Act, is required to withhold income-tax thereon under section 195 of the Act, at the prescribed rates, at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.

Finance Act 2020 has also amended the provisions of section 196A of the Act whereby a person responsible for paying to a non-resident any income in respect of units of mutual fund specified under section 10(23D) of the Act shall withhold taxes at the rate of 20%.

In case of deduction of tax at source (TDS) on payments made to non-residents, the tax rates would be increased by surcharge and cess. However, in case of TDS on payments made to residents, the tax rates would not be increased by surcharge and cess.

FA 24 introduced the new provisions for tax on Buy-Back of shares. As per the amendment the income would to be taxed as dividend, a corresponding amendment has been made in section 194 of the Act whereby the said income will be subject to the withholding of tax at source @ 10%. This amendment will be effective from 1 October 2024.

I. Advance Tax Instalment Obligations:

The Client is required to discharge the taxes (if any) on their respective share of income received from mutual funds at the applicable rates. The Client is therefore required to compute the advance tax liability



in the manner as prescribed under the Act and discharge the advance tax liability, if any, on their respective share of income from the Mutual Fund. Any shortfall or delay in discharging the advance tax liability by the Client may attract interest implications under section 234B and 234C of the Act.

It will be the responsibility of the Client to meet the advance tax obligation instalments payable on the due dates under the Act.

J. Benefit of Double Taxation Avoidance Agreement:

As per the provisions of section 90(2) of the Act, in determining the taxability of a non-resident, the provisions of the relevant DTAA or the Act, whichever are more beneficial, shall apply. Accordingly, if the investor is a resident of country with which India has entered into a DTAA, the provisions of the DTAA or of the Act, whichever are more beneficial to the investor, shall apply. Section 90(4) of the Act, provides that a taxpayer, not being a resident, to whom a DTAA applies, shall not be entitled to claim any relief under such DTAA unless a certificate of it being a resident in any country outside India is obtained by it from the Government of that country.

Further, section 90(5), provides that the taxpayer referred to in section 90(4) of the Act, shall also provide such other documents and information, as may be prescribed. In this connection, on August 01, 2013, the CBDT issued a Notification substituting Rule 21AB of the Income-tax Rules, 1962 (Rules) and prescribing the format of information to be provided under section 90(5) of the Act, i.e. in Form No 10F.

A taxpayer would be required to furnish Form No 10F, where the required information is not explicitly mentioned in the aforementioned certificate of residency; in which case, the Notification additionally requires the taxpayer to keep and maintain such documents as are necessary to substantiate the information provided.

CBDT vide notification no. 03/2022 dated 16th July 2022 has now mandated that certain forms, including Form 10F, to be furnished electronically and e-verified on the Indian Income tax portal ('Portal') in a prescribed manner. The notification has come into force with immediate effect from 16 July 2022.

However, partial relaxation was granted with respect to electronic submission of Form 10F till September 30, 2023, by non-residents not having PAN and not required to have PAN. Recently, the tax authorities have updated the utilities on the Income Tax Portal to enable such non-residents to electronically file



Form 10F without requirement of PAN. Subsequently, the CBDT has introduced a new facility for non-residents who do not have a PAN to e-file Form 10F on the income tax portal by creating an account without the requirement of first obtaining a PAN.

As per the provisions of section 115A of the Act, where the income of a non-resident (not being a company) or a foreign company comprises of inter-alia dividend or interest income and appropriate taxes have been withheld in accordance with the provisions of Chapter XVII-B of the Act on such income by the payer, such non-resident is not required to furnish the return of income under section 139(1) of the Act. *

13. ACCOUNTING POLICIES

The accounting of a client's portfolio valuation is done by the Custodian. Accounting norms prevalent in the portfolio management services industry and as may be prescribed/applicable from time to time shall be applied. The Portfolio Manager shall follow the accounting policies in respect of portfolio investments of the clients as detailed below:

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 SEBI (Portfolio Managers) Regulations, 2020.

- a. The Portfolio Manager, shall keep and maintain proper books of accounts, records, and documents, for each client to explain transactions for each client and to disclose at any point of time the financial position of each of the client and give a true and fair view of the situation of the Portfolio for each client.
- b. For the purposes of the financial statements, the Portfolio Manager shall mark all investments to market and carry investments in the balance sheet at market value.
- c. Dividend income shall be recognized, not on the date the dividend is declared, but on the date the securities turn ex-dividend on the stock exchange. For investments, which are not quoted on the stock exchange, dividend income would be recognized on the date of declaration.
- d. 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 up to the date of purchase should 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 must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.



- e. In determining the holding cost of investment and the gains or loss on sale of investments, the “FIFO” method shall be followed.
- f. Transaction 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 are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded in the event of a purchase, as of the date on which the Client obtains an enforceable obligation to pay the price or, in the event of a sale, when the Client obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- g. Bonus shares 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. Similarly, rights entitlements shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-right basis.
- h. Where income receivable on investments has accrued but has not been received, provision shall be made by debiting to the revenue account
- i. The cost of investments acquired or purchased shall include all such costs incurred for affecting such acquisition/purchase. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- j. The accounting policies and standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

14. INVESTORS SERVICES

The Portfolio Manager **facilitates clients to be on-boarded directly**, without intermediation of persons engaged in distribution.

- i. **Details of Investor Relation Officer who shall attend to the investor queries and complaints -**

Name of the Principal Officer	Mr. Jaideep Merchant
Telephone	020 – 26336880/40069796
Email address	jaideep.merchant@janakmerchantsecurities.com
Address	108 Sahajanand Complex, 2416 East Street, Pune- 411001



ii. Grievance redressal and dispute settlement mechanism.

For any queries/complaints, investor can approach Investor Relation Officer or the Compliance Officer of the Portfolio Manager.

In the event of disputes, differences, claims and questions between the parties hereto arising out of this Agreement or in any way relating hereto or any term, condition or provision herein mentioned or the construction or interpretation thereof or otherwise in relation hereto, the parties shall first endeavor to settle such differences, disputes, claims or questions by amicable settlement failing which, the same shall be referred to the arbitration of two arbitrators, one to be appointed by the Portfolio Manager and the other by the Client and such arbitrators shall appoint a presiding Arbitrator before commencing the arbitration proceedings. The arbitration shall be held in accordance with the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force and shall be held in Pune and conducted in the English language. The Courts in Pune alone shall have jurisdiction over such arbitration proceedings.

Through Portfolio Manager:

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 Twenty One (21) calendar days of the date of the receipt of the complaint and keep SEBI informed about the number, nature and other particulars of the complaints received;

Through SCORES Portal:

Clients may lodge their grievances with Securities and Exchange Board of India (SEBI) on SCORES (SEBI Complaints Redressal System) Portal i.e. <https://scores.sebi.gov.in/>

Through Online Dispute Resolution ("ODR") mechanism:

JMSPL is registered on the SMART ODR Portal (Securities Market Approach for Resolution Through ODR Portal) <https://smartodr.in>, this platform is designed to enhance investor grievance redressal by enabling investors to access Online Dispute Resolution Institutions for the resolution of their complaints.




15. MISCELLANEOUS

The Government of India has put a policy framework to combat money laundering through the Prevention of Money Laundering Act (PMLA 2002). The Portfolio manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources/manners and the Client is duly entitled to invest the said funds.

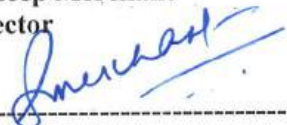
The Portfolio Manager may stop all the trading activities for such Client and take actions as may be required under the Regulations and the Agreement, including the closure of the Account. Notwithstanding anything contained in this Disclosure Document, the provisions of the Regulations, PML Laws and the guidelines thereunder shall be applicable.

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

For and on behalf of Janak Merchant Securities Private Limited



Jaideep Merchant
Director



Saher Merchant
Director
Date: 7th May, 2025
Place: Pune



Form – C

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

Name of the Portfolio Manager	Janak Merchant Securities Private Ltd.
Address	108 Sahajanand Complex, 2416 East Street, Pune 411 001
Telephone	+91 20 26336880 / 40069796
Email address	jaideep.merchant@janakmerchantsecurities.com
Website	www.janakmerchantsecurities.com

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 Management Strategy
- iii. The Disclosure Document has been duly certified by an Independent Chartered Accountant M/s. Shah & Ramaiya, Address: 36/227, RDP 10, Sector 6, Charkop, Near Ambe Mata Mandir, Kandivali (West), Mumbai: 400067; bearing registration no. **126489W**, on May 7th, 2025
- iv. to the effect that the disclosures made in the Document are true, fair and adequate to enable the investors to make a well-informed decision. (Copy enclosed)

For and on behalf of Janak Merchant Securities Pvt. Ltd.

Jaideep Merchant

Principal Officer

108 Sahajanand Complex,
2416, East Street, Pune 411001



Date: 7th May, 2025

Place: Pune



CERTIFICATE

We have verified the Disclosure Document ("the Document") for Portfolio Management Services prepared by **M/s. Janak Merchant Securities Private Ltd.**, a Portfolio Manager registered with SEBI under the SEBI (Portfolio Managers) Regulations, 2020 (SEBI Reg. No. INP000001215), dated May 7, 2025 having its Registered Office at 108 Sahajanand Complex, 2416 East Street, Pune- 411001.

The disclosure made in the document is made on the model disclosure document as stated in Schedule V of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations 2020.

With regard to TWRR calculation method, we have been informed by the management that the TWRR has been calculated by their software as per the logic specified by SEBI.

Our certification is based on the audited Balance sheet of the Company for the quarter ended March 31, 2024, audited by Statutory Auditors VPB & Associates, Chartered Accountants and examination of other records, data made available and information & explanations provided to us.

Based on such examination we certify that:

- The Disclosure made in the document is true, fair and correct and
- The information provided in the Disclosure Document is adequate to enable the investors to make well-informed decisions.

The enclosed document is stamped and initialed / signed by us for the purpose of identification.

For Shah & Ramaiya.
Chartered Accountants
FRN.:126489W

**SHARDUL
JASHWAN
TLAL SHAH**

Digitaly signed by SHARDUL JASHWAN TLAL SHAH
DN: cn=SHARDUL JASHWAN TLAL SHAH, o=SHAH & RAMAIYA,
st=MAHARASHTRA, c=IN
c=IN, o=SHAH & RAMAIYA, ou=SHAH & RAMAIYA, cn=SHARDUL JASHWAN TLAL SHAH
Reason: I am the author of this document
Date: 2025.05.07 15:30:24
Foxit Reader Version: 9.5.0

CA Shardul Shah
Partner

M No.: 118394

UDIN No.: 25118394BMGAAT1224

Place: Mumbai

Date: May 7, 2025