Val-Q Investment Advisory Private Limited

Disclosure Document

Portfolio Management SEBI registration no. INP000004581

- This document has been filed with the Securities and Exchange Board of India as per Regulation 22 of the 2020 Portfolio Managers Regulations.

- It provides essential information to help investors make informed decisions about engaging Val-Q Investment Advisory Private Limited as their Portfolio Manager.

- All necessary details about the Portfolio Manager are disclosed herein. Investors should read the complete document carefully before investing and keep it for future reference.

- Disclosure Document dated: 09/04/2025

- The Principal Officer designated by the Portfolio Manager is:

Mr. Ashit Kothari,
Managing Director
Tel No: 9821139192
E-mail: ashit@val-q.co.in

PORTFOLIO MANAGEMENT SERVICES - DISCLOSURE DOCUMENT

Sr. No. **Table of Contents**

I. CONTENTS:

1. Disclaimer

The particulars of 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 Securities and Exchange Board of India ("**SEBI**"). This document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

2. Definitions

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

"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 Regulations.

"Client" or "Investor" means any person who enters into an agreement with Portfolio Manager for availing the Portfolio Management Services offered by the Portfolio Manager.

"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 under a contract relating to portfolio management, exercise 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.

"Disclosure Document" or "Document" means this document prepared pursuant to Regulation 22 and in accordance with Schedule V of the Regulations disclosing inter-alia following: (i) performance of the Portfolio Manager; (ii) portfolio risks; (iii) the quantum and manner of payment of fees payable by a Client; (iv) disclosures in relation to the business and disciplinary history of the Portfolio Manager as well as the terms and conditions on which any advisory services are being offered and affiliations with other intermediaries etc.

"Equity Related Instruments" includes convertible bonds and debentures, convertiblepreference shares, equity warrants, equity derivatives, FCCBs, equity mutual funds and any other like instrument.

"Financial year" means the year starting from 1st April and ending on 31st March of thefollowing year.

"Funds" means the monies managed by the Portfolio Manager on behalf of the Clients' pursuant to the PMS Agreement and includes the monies mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to thePMS Agreement, the proceeds of sale or other realization of the portfolio and interest, dividend orother monies arising from the assets, so long as the same is managed by the portfolio manager.

"Goods" means the goods notified by the Central Government under clause (bc) of section 2 of the Securities Contracts (Regulation) Act, 1956 and forming the underlying of any commodity derivative.

"Initial Corpus" means the value of the funds and / or the market value of securities brought in by the Client at the time of subscribing to Portfolio Management Services.

"**Investment Approach**" means a broad outlay of the type of securities and permissible instruments to be invested in by the portfolio manager for the Client, taking into account factors specific to clients and securities which shall inter-alia include but not limited to investment objective, description of type of securities, investment horizon and risks associated with the investment approach.

"Non-Discretionary Portfolio Management Services" means a portfolio management services where a Portfolio Manager acts on the instructions received from the Client with regard to investment of funds of the Client under a contract relating to portfolio management and will exercise no discretion as to the investment or management of the portfolio of securities or the funds of the client, as the case may be.

"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 managedpursuant 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 Val-Q Investment Advisory 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. PM/INP000004581 under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

"Principal Officer" means an employee of the portfolio manager who has been designated assuch by the portfolio manager and is responsible for: -

- the decisions made by the portfolio manager for the management or administration of portfolioof securities or the funds of the client, as the case may be; and
- all other operations of the portfolio manager.

"Regulations" or **"SEBI Regulations"** means the Securities and Exchange Board of India(Portfolio Managers) Regulations, 2020, as amended from time to time.

"SEBI" means the Securities and Exchange Board of India established under section 3 of theSecurities and Exchange Board of India Act, 1992.

"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 isprohibited from investing in or advising on under the Regulations or any other law for the time being in force.

The terms and expressions not herein defined shall, where the interpretation and meaning have been assigned to them in terms of the SEBI Act, 1992 or the relevant regulations framed thereunder, Depositories Act, 1996, the Companies Act, 2013 and the General Clauses Act, 1897, have that interpretation and meaning.

3. DESCRIPTION:

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

Val-Q Investment Advisory Private Limited was incorporated on 28th August 2014 as a Private Limited Company under the Companies Act.

Val-Q Investment Advisory Private Limited has well-equipped offices in Mumbai and a research department staffed by experienced professionals. The Portfolio Manager has 28 years of experience in equity research and portfolio management. Refer to Annexure A & B for more details on the Portfolio Manager and his team.

We understand the increasing needs of the market and the demands of our clients, and we are committed and disciplined to give our best to satisfy these needs.

No transactions of the employees of the portfolio manager are found having conflict of interest with the transactions in client's portfolio and hence no disclosure is required.

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

1) List of Promoters and their profile is mentioned below:

Sr. No.	Name of the Promoter	Educational Qualification	Experience
1.	Ashit Kothari	B. Chem. Engg., MMS (Finance)	Annexure A
2.	Reema Kothari	M.Com, DBF	3 years (1994-1996) Chief Accountant at Technomatic India Pvt Ltd

Particulars of Director

2) The directors of Portfolio manager are:

Name	Educational Qualifications	Experience	Directorship in other Companies
Ashit Kothari	B.Chem Engg.,MMS (Finance)	Annexure A	NA
Reema Kothari	M.Com, DBF	3 years (1994-1996) Chief Accountant at Technomatic India Pvt Ltd	NA

iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis

Based on the latest audited Financial Statement as on 31 March 2024, the Company do not have any subsidiary/parent.

iv). Details **of Services being offered by the Portfolio Manager:**

- **Discretionary Services**

  Under these 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 & 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 malafide, fraud, conflict of interest or gross negligence.

- **Non-Discretionary Services**

  Under these services, the Portfolio Manager executes transactions in securities as per directions of the Client and in terms of the PMS Agreement. The Portfolio Manager's role is limited to providing research, investment advice and trade execution facility to the Client. The Portfolio Manager shall execute orders as per the mandate received from Client.

- **Advisory Services**

  The Portfolio Manager will provide advisory services which shall be in the nature of investment advisory and shall include the responsibility of advising on the portfolio strategy and investment / divestment of individual securities in the Client's Portfolio in terms of the Agreement and within overall risk profile. In such case, the Portfolio Manager does not make any investment on behalf of the Client.

  The Portfolio Manager shall be solely acting as an advisor in respect of Portfolio of the Client and shall not be responsible for the investment / divestment of securities and / or administrative activities of the Client's Portfolio.

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

(i)	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made there under	Nil
(ii)	The nature of the penalty / direction	Not Applicable
(iii)	Penalties 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. Services Offered

1) The Portfolio Manager provides Discretionary, Advisory, and Non-Discretionary Management Services per the agreement with each client.
2) It will not invest clients' funds in portfolios managed by others or on advice from other entities.
3) For Non-Discretionary or Advisory Services, up to 25% of assets may be invested in unlisted securities, besides approved ones.
4) Under Discretionary Services, investment approaches vary to meet individual client needs.
5) Investments will mainly include specified securities but may also extend to equity, debt, money market instruments, and other permitted securities.

Equity & Equity Related Instruments:

1) Equity and Equity related instruments include convertible bonds, convertible debentures, warrants, convertible preference shares, etc.
2) Debt instruments linked to Equities or other asset class
3) Equity Derivatives including Futures and Options

Debt & Money Market Instruments:

1. Debt Instruments: Tri-party Repo or in an alternative investment as may be providedby RBI
2. Government Securities / Treasury Bills
3. Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies
4. Floating rate debt instruments
5. Securitized Debt including Asset Backed Securities (ABS) or Mortgage-Backed Securities (MBS) and Pass-Through Certificate (PTC)
6. Bills Rediscounting
7. Cash Management Bills issued by Government of India
8. Debt derivative instruments including Interest Rate Swaps and Forward Rate Agreement
9. Money Market Instruments include commercial paper, trade bills, treasury bills, certificate of deposit and usance bills.
10. Investment in Units under Direct Plan of the schemes of mutual fund under registered with SEBI.
11. Fixed / Term deposits with Scheduled Commercial Banks.
12. The portfolio manager may lend the securities through an automated screen-based platformof stock exchanges for securities lending and through an approved intermediary.

2 Investment Approaches

The Portfolio Manager will invest the Client's securities and funds based on the selected Investment Approach. Currently, the Portfolio Manager offers the following Investment Approaches:

<table>
<tr><td>1 Investment Approach</td><td colspan="2">Val-Q Large-cap Blue Chip Portfolio</td></tr>
<tr><td>Investment Strategy</td><td colspan="2">Equity</td></tr>
<tr><td>Investment Objective</td><td colspan="2">The primary investment objective of this approach is to achieve long-term capital appreciation through investments predominantly in equity and equity-related securities of large market capitalization companies listed on stock exchanges.</td></tr>
<tr><td>Basis of selectionof such types of securities as partof the investment approach</td><td colspan="2">Large-cap stocks, often industry leaders, are less prone to external shocks. These well-tracked companies are popular among investors seeking India's growth potential with lower volatility. This approach focuses on company fundamentals rather than market momentum. The portfolio aims to invest in high-quality management with strong balance sheets and excellent market positioning, biased towards large-cap stocks.

At least 70% of funds will be invested in listed equity or related instruments of companies domiciled in India or primarily operating there, with a market capitalization of at least USD 5 bn (approx. INR 32,000 Crore). The approach will generally follow this market capitalization limits, although temporary breaches may occur due to market volatility. The portfolio will contain 20-30 scripts.</td></tr>
<tr><td>Type of Securities</td><td colspan="2">Equity and equity-related instruments, fixed income instruments, cash, and cash equivalents. Surplus funds may be invested in debt securities or fixed deposits of banks/corporates.

The discretionary portfolio manager will invest clients' funds in securities listed on a recognized stock exchange, money market instruments, mutual fund units, and other securities as specified by the Board.</td></tr>
<tr><td rowspan="5">Allocation of portfolio across types of securities</td><td colspan="2">Under normal circumstances, the asset allocation of the portfolio shall be as follows:</td></tr>
<tr><td>Instruments</td><td>Indicative Allocations (% of portfolio value)</td></tr>
<tr><td>Equity & Equity Related Instruments</td><td>70% to 100%</td></tr>
<tr><td>Money Market Instruments, Units Of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents</td><td>0% to 30%</td></tr>
<tr><td colspan="2"></td></tr>
</table>

	The asset allocation pattern indicated above may change from time to time, keeping in view market conditions. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of market conditions of the Portfolio Manager, the intention being at all times to seek to protect the interests of the Client
Benchmark &Basis of Benchmark Section	MSEI SX40 (TRI) **Basis of Benchmark Section:** The benchmark MSEI SX40 (TRI), recommended by APMI, consists of 40 large and mid-sized companies that accurately reflect market movements in which the portfolio aims to invest.
Indicative tenure or investment horizon	The portfolio is suitable for investors seeking long term wealth creation by investing in equities with an investment horizon of 4years and above
Risks associatedwith the investment approach	The portfolio invests in stocks of large companies exhibiting leadership in their industry either in terms of their financials or market share or industry positioning. The portfolio may tend to underperform if the underlying companies lose their market dominance or competitive advantages. Regulatory and technological changes may affect industries and companies operating in them. Adverse tactical asset allocation between equities & cash could affect the performance of the portfolio.
Other Salient features if any :	Not Applicable

2.Investment Approach	Val-Q Mid-cap High Quality Portfolio
Investment Strategy	Equity
Investment Objective	The goal of this approach is to achieve long-term capital growth by investing primarily in equity and equity-related securities of Small and Mid-Cap companies listed on the stock exchange.
Basis of selectionof such types of securities as partof the investment approach	Small and mid-cap companies offer higher returns but also carry higher risk than large-cap companies, especially in the short and medium term. The portfolio manager aims to identify lesser-known stocks with strong growth prospects, superior products or technology, and potential for price-earnings expansion as they grow. Ensuring investment in quality companies is crucial for the Val-Q mid-cap high-quality Portfolio. This approach carries higher risk than a large-cap portfolio. To reduce risk, the portfolio will maintain a diversified selection of many stocks. It aims for long-term investment but will sell when valuations become too high, despite reasonable growth prospects. At least 70% of funds will be invested in equity and related instruments of companies based in India with market capitalizations up to USD 5 billion (approx. INR 32,000 Crores). The fund manager may hold onto investments even if they exceed this threshold after purchase. While adhering to these market capitalization limits, temporary breaches due to market volatility may occur. This portfolio will contain 25-35 stocks.
Type of Securities	Equity and equity-related instruments, equity derivatives, cash, and cash equivalents. Any surplus funds may be invested in debt securities or fixed deposits of banks or corporations. The discretionary portfolio manager will invest their clients' funds in securities listed or traded on recognized stock exchanges, money market instruments, units of mutual funds, and other securities as specified by the Board periodically, on behalf of their clients.
Allocation of portfolio across types of securities	Under normal circumstances, the asset allocation of the portfolio shall be as follows:

Instruments	Indicative Allocations (% of portfolio value)
Equity &Equity Related Instruments	70% to 100%
Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents	0% to 30%

	* The asset allocation may change based on market conditions. The percentages are indicative and can vary depending on the Portfolio Manager's perception, aiming to protect the Client's interests.
Benchmark &Basis of Benchmark Section	MSEI SX40 (TRI) **Basis of Benchmark Section:** The benchmark MSEI SX40 (TRI), recommended by APMI, consists of 40 large and mid-sized companies that accurately reflect market movements in which the portfolio aims to invest.
Indicative tenureor investment Horizon	The portfolio is suitable for investors seeking long term wealth creation by investing in equities with an investment horizon of 4 years and above
Risks associatedwith the investment approach	The portfolio invests in companies, which are on the verge of changing business prospects, resulting in better growth prospects and earnings momentum. The portfolio may tend to underperform if the underlying stocks do not realize their growth potential as expected. Also, adverse tactical asset allocation between equity & cash could affect the performance of the portfolio.
Other salient features, if any.	Not Applicable

DISCLAIMER :

In accordance with SEBI Circular dated December 16, 2022, and APMI Circular dated March 23, 2023, read with clarification dated March 31, 2023, the Benchmark for Investment Approaches are selected from the list prescribed by APMI to reflect the core philosophy of the Strategy and the new Benchmarks are adopted with effect from April 1, 2025.

3) Minimum Investment Amount

The Client shall invest with the Portfolio Manager an initial corpus comprising Securities and/or funds, based on the amount prescribed by the Portfolio Manager for a Portfolio, and in compliance with the minimum amount specified under SEBI Regulations, as amended periodically. Currently, the minimum investment amount is Rs. 50 Lacs. The Client may, on one or more occasions or on an ongoing basis, make additional placements of Securities and/or funds under this service.

4) Direct 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 cansign up for our services by writing to us at contact@val-q.co.in

Further, under this facility the Portfolio Manager may levy statutory charges to the client.Accordingly, the Portfolio Manager will not charge any Distribution related fees to the Client.

5) Policy for investment in Associates/group Companies of the Portfolio Manager

The Portfolio Manager will, before investing in the securities of associate/group companies, will evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Portfolio. Investments under the Portfolio in the securities of the group companies will be subject to the limits prescribed under agreement executed with the respective client & with their consent in SEBI format form and the same would be subject to the applicable laws/regulations/guidelines issued by SEBI from time to time

6) Conflicts of Interest Related to Group Companies or Associates:

- The Portfolio Manager and its group companies/associates engage in various financial services. They may use these services to manage client portfolios, aiming to mitigate potential conflicts of interest by ensuring arm's length transactions.
- There are no conflicting transactions between portfolio managers or directly involved employees and the client's portfolio regarding the purchase and sale of securities.

PMS Objective

The main objective of the service is to generate capital appreciation through investments in equities or equity related instruments with a medium to long term perspective. The focus will be on companies (across all market caps) which are perceived to be undervalued or growth-oriented businesses on account of various parameters like

a. Business which can be scaled up,
b. Companies that have re-structuring plans,
c. Companies that have undervalued asset,
d. Value unlocking arising from strategic role, deregulations, economic legislation, reform thrust and industry stake outs.

The investment may pertain to any sector either in the private or public/state domain.

The Portfolio Manager may invest in futures and options to hedge or balance the Portfolio. This portfolio is suitable for medium to high risk-taking investors with a medium to long term view.

The Portfolio of each client may differ from that of the other client in the same Product, as per the discretion of the Portfolio Manager. The funds remaining to be invested at any given point of time may be deployed by the Portfolio Manager in various liquid and debt-oriented portfolios of Mutual Funds / ETF's and other short-term investments. The policy for investment in associate / group companies of the Portfolio manager will be subject to the applicable laws/regulations/guidelines for the time being in force.

6. <u>Risk Factors</u>

6.1. Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the investments / PMS products / clients will be achieved.

6.2. Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio or performance of any other future Investment Approach of the Portfolio Manager.

6.3. Risk arising from the investment approach, investment objective, investment strategy and asset allocation are as follows:

6.3.1 Risk associated with Equity and Equity Related Instruments

Equity and Equity Related Instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of Equity and Equity Related

Instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the Government, taxation laws, political, economic or other developments, which may have an adverse impact on individual securities, a specific sector or all sectors. Consequently, the Value of the ClientPortfolio may be adversely affected.

Further, the Equity and Equity Related Instruments are risk capital and are subordinate in the right of payment to other securities, including debt securities.

Equity and Equity Related Instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods maybe extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of securities held in the Client'sPortfolio.

Mid cap stocks carry higher liquidity risk as they are less extensively researched compared to large cap stocks. This may lead to abnormal illiquidity and consequently higher impact cost.

The Portfolio Manager may invest in securities which are not listed on the stock exchange. These securities may be illiquid in nature and carry a higher amount of liquidity risk, in comparison to securities that are listed on the stock exchanges or offer other exit options to the investor. The liquidity and valuation of the investments held in Portfolio, due to its holdings of unlisted securities, may be affected if they have to be sold prior to the target date of disinvestment.

6.3.2 **Risks associated with Debt and Money Market**

6.3.3 **SecuritiesInterest - Rate Risk**

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

Credit Risk

Credit risk or default risk refers to the risk that the issuer of a fixed income security may default on interest payment or even in paying back the principal amount on maturity. In case of Government Securities, there is minimal credit risk to that extent.

Lower rated or unrated securities are more likely to react to developments affecting the market and credit risk than the highly rated securities which react primarily to movements in the general level of interest rates. Lower rated or unrated securities also tend to be more sensitive to economic conditions than higher rated securities.

Liquidity or Marketability Risk

The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between thebid price and the offer price quoted by a dealer. The securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.

Re-investment Risk

This refers to the interest rate risk at which the intermediate cash flows received from the securities in the Portfolio including maturity proceeds are reinvested. Investing in fixed income securities can entail re-investment risk, as the interest rates at the time of interest payments or maturity may vary from the original coupon rate of the debt security. Consequently, the proceeds may get invested at a lower rate.

6.3.4 **Risks associated with Investing in Securitized Debt**

Securitized debt may suffer losses in the event of delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. Securitized debt is subject tointerest-rate risk, prepayment risk, credit or default risk.

Further, Asset Backed Security (ABS) has structure risk due to a unique characteristic known as early amortization or early payout risk.

6.3.5 **Risks associated with Investing in Derivatives**

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

Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include settlement risk, risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price.

6.3.6 **Risks associated with securities Lending For Equity instruments**

As with other modes of extensions of credit, there are risks inherent to securities lending. During the period the security is lent, the Portfolio Manager may not be able to sell such security and in turn cannot protect from the falling market price of the said security. Under the current securities lending and borrowing mechanism, the Portfolio Manager can call back the securities lent any time before the maturity date of securities lending contract. However, this will be again the function of liquidity in the market and if there are no lenders in the specified security, the Portfolio Manager may not be able to call back the security and in the process, the Portfolio Manager will be exposed to price volatility. Moreover, the fees paid for calling back the security may be more than the lending fees earned by Scheme at the time of lending the said security and this could result in loss to the Portfolio Manager. Also, during the period the security is lent, the Portfolio Manager will not be able to exercise the voting rights attached to the security as the security will not be registered in the name of the Portfolio Manager in the records of the depository/issuer.

For Debt Instruments

As with other modes of extensions of credit, there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. Portfolio Manager and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Portfolio Manager may not be able to sell such lent securitiesand this can lead to temporary illiquidity.

6.3.7 **Risks associated with investments in Mutual Funds**

The Portfolios may invest in schemes of Mutual Funds. Hence scheme specific risk factors of each such underlying scheme will be applicable to the portfolios.

6.3.8 **Risk associated with investments in Market Linked Debentures**

The Portfolios may invest in Market Linked Debentures, which are securities linked to index(s) and/ or underlying stocks or commodities and this could result in negligible returns or no returns over the entire tenor or part thereof. Further, at any time during the tenor of the Portfolio, value of the Market Linked Debentures may be substantially less than the actual value of the Market Linked Debentures at the end of tenor. Further, the Market Linked Debentures and the return and/or maturity proceeds of the Market Linked Debentures, are not guaranteed or insured in any manner by any entity. In case of occurrence of any event caused by a Force Majeure, the Portfolio may be liquidated at a date much before the tenor of the Portfolio at a fair value.

Portfolios investing in debentures linked to silver/ gold may be affected by the prices of silver/ gold. The prices of silver/ gold may be affected by several factors such as demand and supply in India and in the global market, change in political, economic environmentand government policy, inflation trends, currency exchange rates, interest rates, perceivedtrends in bullion prices, restrictions on the movement/trade of gold by RBI, GOI or by thecountry importing/ exporting silver/ gold in/ out of India etc.

6.4. Risk arising out of non-diversification

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

6.5 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

NIL

6.6 Disclosure of Conflict of Interest while availing services offered by Group /Associate Companies

NIL

7 Client Representation:

Category of Clients	No. of Clients	Funds managed (Rs. Cr.)	Discretionary / Non-Discretionary (if available)
Associate / Group Companies			
FY 2021-2022	Nil	Nil	N.A
FY 2022-2023	Nil	Nil	N.A
FY 2023-2024	Nil	Nil	N.A
As on Feb 28, 2025	Nil	Nil	N.A
Others			
FY 2021-2022	44	62.27	Discretionary
FY 2022-2023	29	62.94	Discretionary
FY 2023-2024	29	87.72	Discretionary
As on Feb 28, 2025	36	86.81	Discretionary
Advisory			
FY 2021-2022	Nil	Nil	N.A
FY 2022-2023	Nil	Nil	N.A
FY 2023-2024	Nil	Nil	N.A
As on Feb 28, 2025	Nil	Nil	N.A
Total			
FY 2021-2022	44	62.27	Discretionary
FY 2022-2023	29	62.94	Discretionary
FY 2023-2024	29	87.72	Discretionary
As on Feb 28, 2025	36	86.81	Discretionary

8.Disclosures in respect of Transaction with Related Parties

Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India are as follows: Based on the audited accounts for the year ended 31st March 2020 & 31st March 2021

Names of related parties by whom control is exercised

1. Ashit Kothari

Key Management Personnel

1. Ashit Kothari - Managing Director

The transactions with related parties as per AS-18 specified by the Institute of Chartered Accountants of India for the year ended 31st March 2021 and 31st March 2022 are as follows:

(Amount in Rupees.)

Particulars	**Key Management Personnel**		**Related Parties Exercising A significant influence**	
	31-Mar 24	**31-Mar 23**	**31-Mar 20**	**31-Mar -19**
Expenses				
Salaries	2011200	3362502	-	-
Reimbursement of Expenses	152373	19495	-	-
Income				
Portfolio Management Fees charged	1594602	1142602	-	-
Director's Remuneration	-	200000	-	-
Dividend				
Assets				
Portfolio Management Fees receivable	134517	119263	-	-
Salaries and Bonus Payable	-	-	-	-

Note: From 1st August, 2019, there is no related party or any party having significant influence

9 Financial & Performance of the Portfolio Manager:

Given below is the financial performance of the Portfolio Manager of the last 3 financial years based on the audited accounts: *(Rupees in Crores)*

(in Cr.)

	Particulars	2023-24	2022-23	2021-22
a)	Total Income (Turnover)	1.33	1.29	1.28
b)	Net Profit (after tax)	0.43	0.48	0.49
c)	*Capital Adequacy as defined under PMS Regulations*			
	Paid up Equity Capital	2.08	2.08	2.08
	Add: Free Reserves (Excluding Revaluation Reserve)	3.44	3.01	2.53
	Less: Accumulated Losses			
	Less: Deferred / Misc expenditure not written off	- 0.05	- 0.02	- 0.04
	Less: Minimum Capital Adequacy requirement for any other activity	-	-	-
	(Eg: Capital Adequacy for MF Business is : 10 crore)			
e)	Net Worth as defined under Financial statements	5.47	5.08	4.57
f)	Deployment of Resources into:			
	Fixed Assets(Non current asset)	0.01	0.01	0.01
	Investments (Non Current Asset)	5.31	4.96	4.40
	Deferred Tax Asset (Net)	0.00	0.00	0.00
	Investments(current assets)	-	-	-

<u>Performance of the Portfolio Manager during the last three years,</u>

Given below is the performance of a portfolio manager during the last 3 financial years.

Structure(Discretionary PMS)	***CY Apr 24 To March 25***	***1 Apr 23 To 31 Mar 24***	***1 Apr 22 To 31 Mar 23***	***1Apr 21 To 31 Mar 22***
Val-Q Large-cap Blue Chip Portfolio	*3.39*	*30.76*	5.93	15.74
MSEI SX40 (TRI)	*4.70*	*26.72*	-2.60	18.61
Val-Q Mid-cap High Quality Portfolio	*-1.58*	*41.20*	3.55	19.32
MSEI SX40 (TRI))	*4.70*	*26.72*	-2.60	18.61

(Figures in %)
The returns of the portfolios and the benchmark mentioned above are based on the time-weighted rate of return method. The performance indicated is net of management fees and all other expenses.

Disclaimer:
Performance was provided until March 31, 2024, using the BSE 500 Index as the benchmark. Starting April 1, 2025, the benchmark will change to the MSEI SX40(TRI) Index. Past performance is being recalculated based on the MSEI SX40 TRI benchmark.

10 Audit Observations

There were no adverse audit observations in the last three financial years.

11 Nature of Expenses

The following are the broad types of costs and expenses chargeable to Clients availing the Portfolio Management Services. The exact quantum of fees / expenses relating to each of the services shall be annexed to the Agreement executed between the Client and the PortfolioManager. The expense charged may vary from Client to Client. The expenses incurred shall be directly debited on the actual expense incurred on the basis to the Client's Portfolio as and when the same becomes due for payment or on a monthly basis.

In case client portfolio is redeemed in part or full, the Portfolio Manager may charge Exit Load as follows:

• Up to 3.00% Exit Load on the withdrawal amount for 1st Year
• Up to 2.00% Exit Load on the withdrawal amount for 2nd year
• Up to 1% Exit Load on the withdrawal amount for 3rd Year
• Nil Exit Load on withdrawal amount after 3rd year

A. Investment Management and advisory fees

The fees relate to portfolio management services offered to Clients. The fees may be in the form of a percentage (2% Fixed) of the assets under management or linked to portfolio returns achieved or a combination of both. In the case of fees linked to portfolios returns the basic principles or calculation of the fees are as under:

1. The fees are charged upon fixed percentage rate as specified in the PMS agreement.
2. The fee shall be computed based on the principle of high-water mark principle over the life of the investment.
3. High water mark shall be the highest value that the Portfolio has reached. The value of Portfolio for the computation of high-water mark shall be taken to be the value on the date on which performance fees are charged.
4. At the time of on-boarding of clients directly, no charges except statutory charges shall be levied.
5. The portfolio manager while investing in units of Mutual Funds through direct plan shall not charge any kind of distribution-related fees to the client.
6. 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).

B. Other Operating Expenses

Apart from Portfolio Management Fees, the following are the general costs and expenses to be borne by the Client availing the Portfolio Management Services of the Portfolio Manager:

(i) **Custodian / Depository fees**

The charges relate to opening and operation of depository accounts, custody and transfer charges for securities, dematerialization and rematerialisation and other charges in connection with the operation and management of the depository accounts.

(ii) **Registrar and Transfer Agent fees**

Charges payable to registrars and transfer agents in connection with transfer of securities including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges and other related charges.

(iii) **Audit Fees, Certification and professional charges**

Charges payable for outsourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.

(iv) **Services related expenses**

Charges in connection with day-to-day operations like courier expenses, stamp duty, Goods and Services Tax, postal, telegraphic, any other out of pocket expenses as may be incurred by the portfolio manager would be recovered.

(v) **Any other incidental and ancillary expenses**

All expenses not covered above but incurred by the Portfolio Manager on behalf of the Client for Portfolio Management and expenses incurred by the Portfolio Manager in terms of the Agreement shall be charged to the Client.

Apart from operating expenses as mentioned above, the following will also be charged at actualsto Clients:

(vi) **Brokerage and transaction costs**

The brokerage charges and other charges like Goods and Services Tax, stamp duty, transaction charges, turnover tax, securities transaction tax or any other tax levied by statutory authorities on the purchase and sale of securities and exit load (if any) on units of Mutual Funds.

(vii) **Securities lending related expenses**

The charges pertain to lending of securities and costs associated with transfers of securities connected with the lending operations.

- Goods and Services tax and statutory levies would be levied separately as per the prevailing ratesfrom time to time.
- There are no upfront fees charged by the portfolio manager directly or indirectly to the clients.
- All the operational expenses excluding brokerage and related transaction costs, 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. All or some of the operational expenses mentioned above excluding brokerage and related transaction costs, may be clubbed under a single expense head

After exhausting all aforementioned options for resolution, if the client is not satisfied, they can initiate dispute resolution through the Online Dispute Resolution Portal (ODR) at https://smartodr.in/login . Alternatively, the client can directly initiate dispute resolution through the ODR Portal if the grievance lodged with the Portfolio Manager is not satisfactorily resolved or at any stage of the subsequent escalations mentioned above.
The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in SCOREs guidelines or not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law.

The process on Online Dispute Resolution Mechanism is available at www.val-q.co.in

12. TAXATION

TAX IMPLICATIONS FOR CLIENTS.

The information set out below outlines the tax implications based on relevant provisions of the Indian Income-tax Act, 1961 **('the Act**') as amended by the Finance (No. 2) Act, 2024 and Chapter VII of the Finance (No. 2) Act, 2004 **('Securities Transactions Tax Act'/'STT')**.

12.1 General

Income derived from investment in securities is subject to tax as per the provisions of the Act. Special reference needs to be made in respect of provisions related to capital gains, business income, interest and dividend. Client owns the liability for his Taxation. The General Information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management Scheme of the Company.

A Portfolio of client may have:

- Dividend income.
- Long-term and short -term capital gains (or losses) on sale of securities (shares, mutual fund units, debentures, rights renunciations etc.);
- Business Income from purchase and sale of securities (shares, mutual fund units, debentures, rights renunciations etc.);
- Any other income from securities (shares, mutual fund units, debentures, rights renunciations etc.).

In case the securities are held as stock-in-trade, the income tax treatment will substantially vary and the issue whether the investments are held as capital asset or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment in the Portfolio Management Scheme shall endure indefinitely or accepted by the tax authorities. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter and therefore, each Client is advised to consult his / her / its tax advisor with respect to the specific tax consequences to him / her / it of participation in the portfolio management services.

All the Tax Rates contained in this clause are applicable for the financial year 2024-25, in accordance with Finance (No. 2) Act, 2024.

12.2 Resident and Non- Resident Taxation

12.2.1 Resident Taxation

A resident investor will be subject to income tax on his / her global income. In the case of a resident but not ordinarily resident, any income which accrues/ arises outside India will not be subject to tax in India, unless it is derived from a business/ profession controlled from India. Every other person is said to be resident in India during the year under consideration except where the control and management of affairs is situated wholly outside India. In the case of an individual, the residential status would be determined based upon the physical presence of that person in India. The threshold limit in terms of physical presence of such individual in India has been prescribed under the Act.

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

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

12.2.2 Non-resident Taxation

A non-resident investor would be subject to taxation in India if he derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued to him in India in terms of the provisions of the Act.

A foreign company will be treated as a tax resident in India if its POEM is in India in that year. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

In case of foreign investors, the taxation of income will be governed by the provisions of the Act read with the provisions of the applicable tax treaty i.e. Double Tax Avoidance Agreement ('DTAA'), if any. As per Section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the DTAA.

The Organization of Economic Co-operation and Development (OECD') released the Multilateral Convention to implement DTAA related measures to prevent Base Erosion and Profit Shifting **(MLI')**. India has made amendment in Section 90 to that effect that DTAAs should not create opportunities for non-taxation or reduced taxation including through treaty shopping in order to align the purpose of DTAAs with the MLI with effect from 1 April 2020.

12.3 Tax deduction at source

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

In the case of Non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard. Non-residents without PAN or tax residency certificate (TRC') of the country of his residence are currently subjected to a higher rate of TDS.
The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

12.4 Linking of PAN and Aadhar

Every individual who has been allotted a PAN and who is eligible to obtain an Aadhaar number, shall intimate his Aadhaar number in the prescribed form and manner. In other words, such persons have to mandatorily link their Aadhaar and PAN. The due date of linking PAN and Aadhaar was 30 June 2023. If the PAN is not linked with Aadhaar, PAN will become inoperative. After 30 June 2023, the clients will not be able to conduct financial transactions where quoting of PAN is mandatory. From 1 July 2023, the PAN of taxpayers who have failed to intimate their Aadhaar, as required, shall become inoperative and the consequences during the period that PAN remains inoperative will be as follows:

i. no refund shall be made against such PANs;

ii. interest shall not be payable on such refund for the period during which PAN remains inoperative; and
iii. TDS and TCS shall be deducted /collected at higher rate, as provided in the Act.

Aadhaar-PAN linkage requirement does not apply to any individual who is:

- Residing in the States of Assam, Jammu and Kashmir, and Meghalaya;
- a non-resident as per the Act;
- of the age of eighty years or more at any time during the previous year; or
- not a citizen of India.

12.5 Advance tax installment obligations

It shall be the Client's responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Act. The provisions related to payment of advance tax shall not apply to an individual resident in India, who does not have any income chargeable under the head "Profit and gains of business or profession"; and is of the age of sixty years or more at any time during the relevant financial year.
In case of any shortfall in the advance tax instalment or the failure to pay the same on time is on account of capital gains and dividend (other than deemed dividend), no interest shall be charged provided the client has paid full tax in subsequent advance tax instalments.

12.6 Securities Transaction Tax

Securities Transaction Tax ('STT') is applicable on transactions of purchase or sale of equity shares in a company or Exchange Traded fund ('ETF') or a derivative or units of Equity Oriented Fund or units of Business Trust entered into on a recognized stock exchange and sale of units of Equity Oriented Fund to the Mutual Fund.

The STT rates as applicable are given in the following table:

Taxable securities transaction	**STT Rate**	**Person responsible to pay STT**	**Value on which STT is required to be paid**
Delivery based purchase and sell of equity share	0.1%	Purchaser/Seller	Price at which equity share is purchased/sold
Delivery based sale of a unit of oriented mutual fund	0.001%	Seller	Price at which unit is sold
Sale of equity share or unit of equity oriented mutual fund in recognised stock exchange otherwise than by actual delivery ortransfer and intra day traded shares	0.025%	Seller	Price at which equity share or unit is sold
Derivative – Sale of an option in securities	0.062% (it is	Seller	Option premium

	increased to 0.1% w.e.f.1 October 2024)		
Derivative – Sale of an option in securities where option isexercised	0.125%	Purchaser	Settlement Price
Derivative – Sale of futures in securities	0.0125% (it is increased to 0.02% w.e.f.1 October 2024)	Seller	Price at which such futures is traded
Sale of unit of an equity oriented fund to the Mutual Fund – ETFs and sale or surrender or redemption of units of equity oriented fund to an insurance company on maturity or partial withdrawal with respect of ULIP issued on or after 1 February 2021	0.001%	Seller	Price at which unit is sold
Sale of unlisted shares under an offer for sale to public included in IPO and where such shares are subsequently listed in stock exchanges or with effect from 1 June 2015, sale of unlisted units of business trust by a unitholder which were acquired in consideration of a transfer referred to in Section 47(xvii)	0.2%	Seller	Price at which such shares are sold

12.7 Characterization of Income on transfer of securities of companies.

Income arising from purchase and sale of securities can give rise to capital gains or business income in the hands of the investor. The issue of characterization of income is relevant as the income tax computation and rates differ in the two situations. The characterization is essentially a question of fact and depends on whether the shares are held as business/trading assets or as capital assets.

Based on the earlier circulars issued by the Central Board of Direct Taxes ('CBDT') and judicial decisions, following are 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 assessees.
- 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.
- the genuineness of transactions in unlisted shares.
- the transfer of unlisted shares is made along with the control and management of underlying business.
- 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 tax payer 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.

In the case of a Foreign Institutional Investor, any securities held in accordance with the regulations made under the SEBI Act, 1992 will always be regarded as capital asset and therefore, subject to capital gain tax.

It should also be noted that in the context of portfolio management schemes there has been litigation in the past on the characterization of income and judicial precedents have taken positions based on facts of each case.

12.8 TAX ON DIVIDEND AND INCOME FROM UNITS OF MUTUAL FUNDS

Dividend distributed by domestic companies and income from units of mutual funds will be taxable in the hands of recipient of dividend/income at respective slab rates. To avoid double taxation of dividend, dividend received by a domestic company from another domestic company or specified foreign company or business trust will not be taxable in the hands of first domestic company, provided such receipt of dividend does not exceed the amount of dividend distributed by the first mentioned domestic company one month prior to the due date of filing a return under Section 139(1). In the case of a resident recipient, withholding tax of 10% will be levied on dividends declared/paid by domestic company and on income distributed by mutual funds whereas in the case of a non-resident recipient, withholding tax at the rate of 20% on dividend income and income from mutual funds would apply. With effect from 1 April 2023 the withholding tax on income distributed by mutual fund specified under Section 10(23D) to non-residents would apply as per lower tax treaty rate, provided the TRC is furnished by such non-resident. Further, the minimum threshold for applicability of withholding tax on dividend payments to the resident shareholder during the financial year will be INR 5,000.

With effect from 1 April 2023, tax will be withheld on interest payable to resident on listed securities at the rates in force.

12.9 BUY BACK TAXATION

The unlisted and listed domestic companies are required to pay tax on distributed income included in the buyback of shares at the rate of 20% on such distributed income. Consequently, the amount received by the shareholders on buy back of shares will be exempt under section 10(34A) of the Act in the hands of the shareholder. These provisions are not applicable in respect of any buyback of shares, which takes place on or after 1 October 2024.

The sum paid by a domestic company under buyback of shares, that takes place on or after 1 October 2024, shall be treated as dividend in the hands of shareholders, who received payment from such buy-back of shares and shall be charged to income-tax at applicable rates. No deduction for expenses shall be available against such dividend income while determining the income from other sources. The cost of acquisition of the shares which have been bought back would generate a capital loss in the hands of the shareholder as these assets have been extinguished. Therefore, when the shareholder has any other capital gain from sale of shares or otherwise subsequently, he would be entitled to claim his original cost of acquisition of all the shares (i.e. the shares earlier bought back plus shares finally sold). It shall be computed as follows:

(i) deeming value of consideration of shares under buyback (for purposes of computing capital loss) as nil.
(ii) allowing capital loss on buyback, computed as value of consideration (nil) less cost of acquisition;
(iii) allowing the carry forward of this as capital loss, which may subsequently be set-off against consideration received on sale and thereby reduce the capital gains to this extent.

12.10 LONG TERM CAPITAL GAINS

Where investment under Portfolio Management Services is treated as investment, the gain or loss from transfer of securities shall be taxed as Capital Gains under section 45 of the Act.

12.10.1 <u>Period of Holding</u>

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

<table>
<tr><th>Sr. No</th><th>Securities</th><th>Position upto 22 July 2024
Period of Holding</th><th>Position on or after 23 July 2024
Period of Holding</th><th>Characterization</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Listed Securities (other than Unit) and unit of equity oriented Mutual Funds, unit of UTI, Zero Coupon Bonds</td><td>More than twelve (12) months</td><td>More than twelve (12) months</td><td>Long-term Capital Asset</td></tr>
<tr><td>Twelve (12) months or less</td><td>Twelve (12) months or less</td><td>Short-term Capital Asset</td></tr>
<tr><td>2</td><td>Unlisted share of a company</td><td>More than twenty-four (24) months</td><td>More than twenty-four (24) months</td><td>Long-term Capital Asset</td></tr>
</table>

		Twenty-four (24) or less	Twenty-four (24) or less	Short-term Capital Asset
3	Other securities (other than Specified Mutual fund or Market linked debenture acquired on or after 1 April 2023; or unlisted bond or unlisted debenture)	More than Thirty-six (36) months	More than twenty-four (24) months	Long-term Capital Asset
		Thirty-six (36) months or less	Twenty-four (24) or less	Short-term Capital Asset
4	Specified Mutual Fund or Market linked debenture acquired on or after 1 April 2023	Any period	Any period	Short-term Capital Asset
5	Unlisted bond or unlisted debenture	More than Thirty-six (36) months		Long-term Capital Asset
		Thirty-six (36) months or less	Any Period	Short-term Capital Asset

The definition of "Specified Mutual Fund" under clause (ii) of Explanation of section 50AA has been amended to provide that a specified mutual fund shall mean a mutual fund:

(a) a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or
(b) a fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a).

12.10.2 <u>For listed equity shares in a domestic company or units of Equity Oriented Fund or Business Trust</u>

The Finance Act 2018 changed the method of taxation of long-term capital gains from transfer of listed equity shares and units of Equity Oriented Fund or Business Trust.

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

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

The long term capital gains arising from the transfer of such securities shall be calculated without indexation. In computing long term capital gains, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued upto 31 January 2018, a mechanism has been provided to "step up" the COA of securities. Under this mechanism, COA is substituted with FMV, where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA.

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

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

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

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

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

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

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

Long term capital gains, arising on sale of debt securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by Offshore Funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the

Act. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

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

12.10.5 For other capital asset in the hands of Non-resident Indians

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

12.11 Short Term Capital Gains

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

Short Term Capital Gains in respect of other capital assets (other than listed equity Shares of a company or units of Equity Oriented Fund or units of a business trust) are chargeable to tax as per the relevant slab rates or fixed rate, as the case may be.

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

12.12 PROFITS AND GAINS OF BUSINESS OR PROFESSION

12.12.1 If the investment under the Portfolio Management Services is regarded as “Business / Trading Asset” then the gain / loss arising there from is likely to be taxed as income from business as per slab rates i.e. in the case of resident individual and HUF and at the rate of 30% or 25% or 22% plus applicable surcharge and cess,(as the case may be, in case of resident other than individual and HUF(as the case may be) and also for non-residents other than a foreign company (assuming the highest slab rate for individual). It shall be taxable at the rate of 40%

(plus applicable surcharge and cess) in case of a foreign company. The above rates would be subject to availability of benefits under the DTAA, if any in case of non-resident assessee.

12.12.2 Interest income arising on securities could be characterized as 'Income from Other Sources' or 'business income' depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the Act.

12.12.3 Where income referred to above is treated as Business Income, the person will be entitled for deduction under section 36(1)(xv), for the amount of STT paid.

12.13 TAX RATES

12.13.1 **Individuals, HUF, AOP & BOI:**

The Finance Minister introduced new tax regime in Finance Act, 2020 wherein an option for individuals and HUF (Hindu Undivided Family) to pay taxes at lower rates without claiming deductions under various sections. This new tax regime has now been extended to Association of Person (AOP)(other than Co-Op Society) and Body of Individual (BOI) by the Finance Act, 2023. The option for new tax regime can be exercised only once by specified persons having business/professional income and once exercised it will remain same for the subsequent years as well. The Income Tax slab rates notified in newtax regime and old tax regime for the Financial Year 2024-25 are as under:

Income Tax Slab (INR)	Tax rates as per new regime	Tax rates as per old regime
0 - 2,50,000	Nil	Nil
2,50,001 – 3,00,000	Nil	5% of total income exceeding INR 2,50,000
3,00,001 - 5,00,000	5% of total income exceeding INR 3,00,000	INR 2,500+5% of total income exceeding INR 3,00,000
5,00,001 – 7,00,000	INR 10,000 + 5% of total income exceeding INR 5,00,000	INR 12,500 + 20% of total income exceeding INR 5,00,000
7,00,001 - 10,00,000	INR 20,000 + 10% of total income exceeding INR 7,00,000	INR 52,500 + 20% of total income exceeding INR 7,00,000
10,00,001 - 12,00,000	INR 50,000 + 15% of total income exceeding INR 10,00,000	INR 1,12,500 + 30% of total income exceeding INR 10,00,000
12,00,001 - 15,00,000	INR 80,000 + 20% of total income exceeding INR 12,00,000	INR 1,72,500 + 30% of total income exceeding INR 12,00,000

Above 15,00,000	INR 1,40,000 + 30% of total income exceeding INR 15,00,000	INR 2,62,500 + 30% of total income exceeding INR 15,00,000

Tax rates as per old tax regime for Resident Individual whose age is 60 years or more but less than 80 years and Resident Individual whose age is 80 years or more for Financial Year 2024-25 are as under:

Income Tax Slab (INR)	**Tax rates Resident Individual whose age is 60 years or more**	**Tax rates Resident Individual whose age is 80 years or more**
Up to 3,00,000	Nil	Nil
3,00,001 - 5,00,000	5%	Nil
5,00,001 - 10,00,000	INR 10,000 + 20% of total income exceeding INR 5,00,000	20%
Above 10,00,000	INR 1,10,000 + 30% of total income exceeding INR 10,00,000	INR 1,00,000 + 30% of total income exceeding INR 10,00,000

Surcharge for the Financial Year 2024-25 are as under**:**

Nature of Income	**Up to INR 50 lakh**	**More than INR 50 lakh but upto INR 1 crore**	**More than INR 1 crore but less than INR 2 crore**	**More than INR 2 crore but up to INR 5 crore**	**More than INR 5 crore**
• Short-term capital gains and long term capital gains which are subject to STT • Short term or Long term capital gains under section 115AD(1)(b) • Dividend	NIL	10%	15%	15%	15%
Any other Income (*)	NIL	10%	15%	25%	37%

(*) under new tax regime, the maximum surcharge is restricted to 25%.

12.13.2 **Partnership Firm (Including LLP's):**

A partnership firm (including LLP) is taxable at 30% and surcharge at the rate 12% of such tax where total income exceeds INR 1 crore.

12.13.3 **Domestic Company/Foreign Company:**

Tax Rates for domestic companies for Financial Year 2024-25 are as under:

Particulars	Tax rates as per Old regime	Tax rates asper New regime
Gross turnover up to INR 400 crore in the FY 2022-23	25%	NA
Domestic Co other than above	30%	22%
Domestic Co engaged in manufacturing and set up and registered on or after 01.10.2019 till 31.03.2024	25% or 30%	15%
MAT tax rate	15%	NA

Rates for Foreign companies for Financial Year 2024-25 :

Foreign companies are liable to tax at 40% on total income. It is now reduced to 35%.

Surcharge for domestic companies and foreign companies for FY 2024-25 is as under:

Total Income (INR)	Domestic Companies		Foreign Companies
	Old Tax Regime	New Tax Regime	
Upto 1 crore	Nil	10%	Nil
1 crore – 10 crore	7%	10%	2%
Above 10 crore	12%	10%	5%

12.13.4 **Health and Education Cess**

For all types of assessees, the amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of 4% of such income-tax and surcharge.

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

12.14 DIVIDEND STRIPPING

According to section 94(7) of the Act, if any person buys or acquires units within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of nine months from such record date, then capital losses arising from such sale to the extent of income received or receivable on such units, which are exempt under the Act , will be ignored for the purpose of computing his income chargeable to tax.

The Finance Act, 2020 has abolished DDT and tax dividend income in the hands of shareholders in respect of dividend declared, distributed or paid on or after 1 April 2020 and therefore, in such cases the provisions of section 94(7) would not apply.

12.15 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.

12.16 DEEMED GIFT

Under section 56(2)(x), receipt of shares and securities without consideration or without adequate consideration, the difference (if exceeding INR 50,000) between the aggregate fair market value (FMV) and such consideration are taxable as income in the hands of any person being recipient of such shares and securities, expect in specified circumstances.

12.17 FAIR MARKET VALUE DEEMED TO BE FULL VALUE OF CONSIDERATION IN CERTAIN CASES

As per section 50CA of the Act, where the consideration for transfer of shares of a company (other than quoted shares) is less than the fair market value of such share determined in the prescribed manner, the fair market value shall be deemed to be the full value of consideration for the purposes of computing income under the head 'Capital gains'.

12.18 TAX NEUTRALITY ON MERGER OF DIFFERENT PLANS IN A SCHEME OF MUTUAL FUND AND MERGER OF DIFFERENT SCHEME OF MUTUAL FUND

The consolidation/ merger of different plans in a mutual fund scheme of a fund as well as the consolidation/ merger of mutual fund schemes of two or more schemes of equity oriented fund or two or more schemes of a fund other than equity oriented fund under the SEBI (Mutual Fund) Regulations, 1996, shall be tax neutral to the investors. Thus, such consolidation/ merger will not result in transfer and will not be liable to capital gains.

The cost of acquisition of the units of the consolidated plan of the scheme shall be the cost of units in the consolidating plan of the scheme and the period of holding of the units of the consolidated plan of the scheme shall include the period for which the units were held in the consolidating plan of the scheme.

The cost of acquisition of the units of the consolidated scheme shall be the cost of units in the consolidating scheme and the period of holding of the units of the consolidated scheme shall include the period for which the units were held in the consolidating scheme.

12.19 SEGREGATED PORTFOLIOS

SEBI has, vide circular SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, permitted creation of segregated portfolio of debt and money market instruments by Mutual Fund schemes. As per the SEBI circular, all the existing unit holders in the affected scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio. On segregation, the unit holders come to hold same number of units in two schemes –the main scheme and segregated scheme.

The Finance Act, 2020 amended relevant section to provide that the period of holding of the units in the segregated portfolio is to include the earlier period of holding of the units in the main scheme. Further, for computing the "cost of acquisition" of the units in the segregated portfolio, the "cost of acquisition" of the units in the main scheme will be pro-rated in the ratio of the NAV of the assets transferred to the segregated portfolio. The "cost of acquisition" of the units in the main scheme will simultaneously be reduced by the "cost of acquisition" of the units in segregated portfolio.

13 ACCOUNTING POLICIES :

A. 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.

B. For every Client Portfolio, the Portfolio Manager 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's 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 of the Client.

1. Investments are stated at cost of acquisition by the Portfolio Manager.
2. Dividend income earned 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 berecognized on the date of receipt.
3. 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.
4. 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.
5. 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 statementsfor that year.
6. 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.
7. Rights entitlement shall be recognized only when the original shares on whichthe rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
8. The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's bought note.
9. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
10. All other expenses payable by the Client shall be accrued as and when Liability isincurred.

11. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange (NSE). If the securities are not traded on the NSE on the valuation day, the closing price of the security on the Bombay Stock Exchange or other exchange will be used for valuation of securities. In case of the securities are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments inunits of Mutual Funds shall be valued at the repurchase price of the previous day declared for the relevant Scheme on the date of the report.
12. Open positions in derivative transactions, will be marked to market on the valuation day.
13. Private equity/Pre IPO placements will be valued at cost or at a last deal publicly available price at which company has placed shares to other investors till it is listed.
14. Unrealised gain/losses are the differences, between the current market value/ Net Asset Value and the historical cost of the securities.
15. Valuation of investments in Debt & money market securities, on – Convertible Debentures (NCD) / Market Linked Debentures (including Equity Linked Debentures) (MLD) shall be based on prices provided by valuation agency appointed by the issuer of the such securities. In case of any default by the issuer, the Portfolio Manager may at his sole discretion value the NCD / MLD as deems appropriate.
16. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

    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 INVESTOR SERVICES

Name, address and telephone number of the Investor Relation Officer who shall attend to the investor queries and complaints:

Mrs. Jasmine Pandit Tel. No. 022 35582957

Address: 603, Balarama, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
Email: jasmin@val-q.co.in

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

(i) Grievance Redressal and Dispute Settlement Mechanism

Grievance Redressal

Where the Client has any grievances, he should promptly notify the grievance(s) to the Portfolio Manager in writing, giving sufficient details to enable the Portfolio Manager to take necessary steps. In case of any complaints and / or grievances, the Client should approach:

Name of Person to Contact	: Mrs. Jasmine Pandit
Designation	: Compliance Officer
Telephone No.	: 022 3558 2957
E-Mail Address	: jasmin@val-q.co.in

Address : 603, Balarama, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

The Portfolio Manager, upon receipt of any such grievance, shall take prompt action for redressal of the grievance. The Portfolio Manager will notify the Client of any change in the officer and / or the officer's contact details to whom grievances should be addressed.
The client can file a complaint with the SEBI by logging on to scores.gov.in or by using toll free helpline service number 1800 266 7575 or 1800 22 7575**.**

15 Details of Investment in the securities of related party of the Portfolio Manager

Regulations 22 (4) (da) & (db) of PMS Regulations provides that the Portfolio Manager shall disclose in the Disclosure Document, the details of its diversification policy and the details of investment of clients' funds by the Portfolio Manager in the securities of its related parties or associates.

Sr.No	Investments in the securities of associates/related parties of Portfolio Manager: Sr. No.	Investment Approach, if any	Name of the associate/related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	percentage of total AUM as on last day of the previous calendar quarter
1	NA	NA	NA	NA	NA	NA

16. Details of the Diversification policy of the Portfolio Manager

1 The Portfolio manager while providing portfolio management services observe following principals for portfolio diversification
2. While making portfolio investments, the portfolio manager takes into consideration the risk profile of the client, invest approach selected by client
3. Portfolio investment is made based on the investment approach selected by the client
4. In addition to the risk profile of the client, invest approach selected by the client, prudential limits provided in the regulations, directions issued by the SEBI from time to time are adhered by the Portfolio manager
5. Based on the investment approach selected by the client, Clients risk profile, investment horizon, funds of the clients are invested across the sectors, based on value-based stock selection strategy of the portfolio manager
6. While making investment decision liquidity and capital protection offered by the investment is taken into consideration
7. Certain portion of the portfolio is held in the form of cash equivalent to take benefits of the investment opportunities from time to time

17 . <u>Dispute Resolution & Arbitrations</u> :

16.1 If there is any dispute arising out of or in connection with this Agreement, the Parties shall endeavour to settle such dispute through amicable discussions.

16.2 If the Parties fail to resolve the dispute through amicable discussions within fifteen (15) working days of the date of commencement of such discussions, the dispute shall be referred to arbitration by a sole arbitrator to be appointed by the Parties by mutual consent. If the Parties are unable to agree upon the appointment of the sole arbitrator for a period of fifteen (15) working days from the closure of discussions pursuant to the above Clause (a) of Dispute Resolution and Arbitration, the sole arbitrator shall be appointed in accordance with the procedures specified in the Arbitration and Conciliation Act, 1996, as amended.

16.3 All proceedings under such Arbitration shall be held in Mumbai and would be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and any statutory modifications or re-enactment's thereof and shall be conducted in English. It is agreed and understood that the High Court of Mumbai shall have exclusive jurisdiction to entertain any Applications or Petition pertaining to the arbitration arising hereunder and / or any other proceedings arising pursuant to this clause.

16.4 Each Party shall pay its own legal fees and expenses. The cost and expenses incurred in conducting the arbitration proceedings, including the cost and expenses of the sole arbitrator shall be borne equally by the Parties.

The arbitrator's award shall be in writing. The arbitral award shall be final and binding on the Parties, and any judgment upon such award may be entered and enforced in any court of competent jurisdiction and the Parties agree to be bound thereby and to act accordingly.

Approved by the Directors of VAL-Q INVESTMENT ADVISORY PRIVATE LIMITED

Sr. No.	Name of the Director	**Signature**
1	Ashit Kothari	ASHIT CHANDRAKANT KOTHARI Digitally signed by ASHIT CHANDRAKANT KOTHARI Date: 2025.04.11 17:57:33 +05'30'
2 .	Reema Kothari	REEMA ASHIT KOTHARI Digitally signed by REEMA ASHIT KOTHARI Date: 2025.04.11 17:59:15 +05'30'

Annexure A

Experience of the Portfolio Manager

Mr. Ashit Kothari

Period - 2005 to August 22, 2014
Company – LGM Advisory (India) Pvt Ltd
Position – Managing Director
Responsibility – The prime responsibility was advising the India portfolio of overseas funds of Lloyd George Management. It includes advising portfolio managers based out of HK and London for buying and selling of the Indian stocks. The responsibility also includes preparing research advisory note and marketing to the clients. In addition of the investment advisory role, the responsibility covers managing the Mumbai office of the Lloyd George Management and meeting all regulatory needs of RBI and SEBI. There were three analysts were working in the firm and hence guiding them for all their research work. In addition to India, Mr . Kothari was also responsible for covering Sri Lankan market.

Period – 2003 to 2005
Company – Alliance Capital Asset Management Company
Position – Portfolio Manager
Responsibility – The major responsibility was acting as a portfolio manager for the six India portfolios. These portfolios were diversified equity, sector specific and an equity portion of monthly income plan. Mr. Ashit Kothari was responsible for doing research and direct taking call on various stocks for these Indian portfolios. The money for these funds was raised from the Indian people. Mr. Kothari was also acting as a research analyst for all other overseas portfolios of Alliance Group.

Period – 2001 to 2003
Company – ASK Raymond James Securities India Pvt Ltd
Position – Joint Head of Research
Responsibility – Mr. Kothari was working as a joint Head of Research for the securities business of ASK Raymond James leading the team of six analysts. The work involved the guiding the analyst team as well as undertaking research for the pharmaceutical sector.
Period – 2000 to 2001
Company – BNP Paribas Securities Ltd
Position – Investment Analyst
Responsibility – Working as an equity analyst specializing in the pharmaceutical sector. Mr. Kothari responsibility includes as an equity research analyst as well as helping to secure mandate in investment banking department.
Period – 1999 to 2000
Company – ASK Raymond James Securities India Pvt Ltd
Position – Investment Analyst
Responsibility – Acting as a equity research analyst for the pharma and chemical sectors
Period – 1992 to 1999
Company – IIT Invest Trust Ltd
Position – Investment Analyst
Responsibility - Acting as a equity research analyst for pharmaceuticals and chemical sectors
.

Annexure B

Experience of other Employees

Name	Ms. Saloni Bavishi
Position in the Company	Senior Investment Analyst
Qualification	B Com, CA
Experience	She is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and a graduate in commerce from Narsee Monjee College of Commerce and Economics. She has been part of Val-Q for about 2.5 years now. Previously she was working with a Mumbai based CA firm, SGCO & Co. LLP as an article, where she was a part of varied audit assignments of listed and unlisted entities across different sectors
Date of Appointment	1st July 2022

Name	**Mrs. Jasmine Pandit**
Position in the Company	Compliance Officer
Qualification	B. Com
Experience	She has total work experience more than 15 years in the Field of Finance & Commercial Compliances. She started her career with Pharma & IT Company with compliance and operational field. Prior to joining Val-Q, she worked with Marico Ltd, as Commercial Compliance Executive for nine years.
Date of Appointment	2 April 2018

Annexure C

Our Office Registered Address Changed to :

“VAL-Q Investment Advisory Private Limited

603, Balarama,

Bandra Kurla Complex

Bandra (East)

Mumbai 400051”

FORM C

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

(Regulation 22)

Val-Q Investment Advisory Private Limited

603, Balarama Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
Tel.: 022 265907889 Email ID: ashit@val-q.co.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 Managers.

iii) The Disclosure Document has been duly certified by independent Chartered Accountant, M/s S. Panse & Co. LLP, Chartered Accountants, bearing Firm Registration no. 113470W/W100591 having office 327, T V Industrial Estate, S. K. Ahire Marg, Worli, Mumbai - 400 030. India, Tel: 022 24370489
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For **Val-Q Investment Advisory Pvt. Ltd**

ASHIT CHANDRAKANT KOTHARI
Digitally signed by ASHIT CHANDRAKANT KOTHARI
Date: 2025.04.11 17:58:03 +05'30'

Mr. Ashit Kothari

Principal Officer

603 , Balarama,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051
Place: Mumbai

Date: 09.04.2025

S Panse & Co LLP
Chartered Accountants

327, T V Industrial Estate, S. K. Ahire Marg, Worli, Mumbai - 400 030. India. Email: admin@panse.in

CERTIFICATE

In the matter of: **Val-Q Investment Advisory Private Limited**
603, Balarama, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051

On the basis of verification of Disclosure Document as required by the SEBI (Portfolio Managers) Regulations, 2020 and other documents, records, audited Financial Statements as on March 31, 2024 of Val-Q Investment Advisory Private Limited and the information and explanation given to us, it is confirmed that:

The disclosure made in the Disclosure Document dated April 09, 2025, copy attached herewith, as required by the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and the directives issued by SEBI from time to time are true, fair and adequate to enable the investors to make a well-informed decision.

For S. Panse & Co LLP
Chartered Accountants

Supriya
Sanjay Panse

Supriya Panse
Partner
M.No: 046607
FRN: 113470W/W100591
UDIN: 25046607BMKPKE3130

Place : Mumbai
Date : April 09, 2025