

FORM C

SECURITIES AND EXCHANGE BOARD OF INDIA
(PORTFOLIO MANAGERS) REGULATION, 2020
(Regulation 22)

Name of the Portfolio Manager : **KB Capital Markets Pvt. Ltd.**

Address of the Portfolio Manager : **The Legacy
3rd Floor,
25A, Shakespeare Sarani
Kolkata – 700017**

Phone No. : **+91 33 40347000**

Fax No. : **+91 33 40347070**

Email Address : **pms@kbc.in**

We confirm that:

- i) the Disclosure Document forwarded to the Board is generally 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 in the Portfolio Management;
- iii) the Disclosure Document has been duly certified by an independent Chartered Accountant (CA Rakesh Kumar Jain having office at Narayani Building, 27 Brabourne Road, 3rd Floor, Kolkata: 700 001, Phone No : +91 33 4007 5041. (Member Registration No. is 57087) on October 25, 2024 (A copy of the chartered accountant's certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision is enclosed)



Date : October 25, 2024.
Place : Kolkata

Mr. Kaushik Poddar
Principal Officer
KB Capital Markets Pvt. Ltd. – PMS Division
Address: The Legacy, Unit 31,
25 A Shakespeare Sarani,
Kolkata – 700017.

CERTIFICATE

We have been requested by **M/s. KB Capital Markets Pvt. Ltd.**, having its registered office at 25 Swallow Lane, Kolkata - 700 001, and having SEBI Registration No: INP000001041 to certify the contents and information provided in the Disclosure Document required to be filed with Securities and Exchange Board of India (SEBI) as per Regulations 22(5), Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

We have verified the Disclosure Document and the details with the respective documents provided by the Management of the Company and have relied upon various representations made to us by the Management wherever necessary.

Based on our verification of the records and information provided to us, we certify that the contents of the information provided in the Disclosure Document dated October 24, 2024 are true, fair and adequate to enable the investors to make well informed decisions.

For **Rakesh Kumar Jain**
Chartered Accountants

RAKESH
KUMAR JAIN

Digitally signed by
RAKESH KUMAR JAIN
Date: 2024.10.25
13:19:10 +05'30'

Proprietor
Membership No. 57087

Dated: October 25, 2024

UDIN: 24057087BKHJSU6395

Disclosure Document

- i) The Document has been filed with the Board alongwith the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- ii) The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- iii) This Disclosure document contains the necessary information about the Portfolio Manager required by an investor before investing and the investor is advised to retain the document for future reference.
- iv) The name, phone number, e-mail address of the principal officer so designated by the portfolio manager is as follows:

Name of the Principal Officer	Mr. Kaushik Poddar
Phone Number	+91-33-40347003
Email	kaushik.poddar@gmail.com
Corporate Office Address	The Legacy, 3rd Floor, 25A Shakespeare Sarani, Kolkata: 700 017

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1) Disclaimer clause

The particulars in this document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020, as amended upto **30th September 2024** and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

2) Definitions

The Portfolio Manager referred to in this document will mean **KB Capital Markets Pvt. Ltd.**

Individuals / HUF / Firm / LLP / Companies who give the Portfolio Manager money / shares or a combination of both are hereinafter referred to as Investor.

Companies in whose shares or debentures the Portfolio Manager invests on behalf of the Investor is referred hereafter as Investee Company.

Derivatives will mean individual Stocks and Index Futures & Options listed in a recognized stock exchange.

Mutual funds in whose units the Portfolio Manager invests on behalf of the Investor is referred as Investee Mutual Fund.

Portfolio will mean the total holdings of securities and funds belonging to any person.

Brokers will mean any SEBI-registered broker, which will include KB Capital Markets Pvt. Ltd.

Mutual Fund agents will mean any AMFI (Association of Mutual Funds of India)-authorized Mutual Fund Agent.

Depository Participant will mean any Depository Participant registered with SEBI, which will include KB Capital Markets Pvt. Ltd.

Bank will mean any scheduled commercial bank

Custodian will be any entity registered as a Custodian with SEBI or under any other applicable law for the time being in force and appointed as custodian by the Portfolio manager from time to time.

3) Description

(i) History, Present Business and background of the Portfolio Manager:

KB Capital Markets Pvt. Ltd. (KBCAPS) was incorporated on 3rd February, 1995, primarily for acquiring membership of National Stock Exchange of India Ltd. KBCAPS acquired the same in January, 1996.

Presently KBCAPS is empanelled as institutional brokers with leading Indian Financial Institutions like LIC, National Insurance, General Insurance, New India Assurance, Bank of India, IDBI Bank and Canara Bank for carrying out purchase and sales on NSE.

In order to serve retail clients better, KBCAPS became a Depository Participant (DP ID No. IN 301723) on 12th June, 2000. It now has a separate DP division manned by 5 people under the overall supervision of Mr. Prashant Khandelwal.

KBCAPS does investments on behalf of clients on the basis of research. The focus in our PMS is more on long term performance and hence we invest in a mix of large-cap, mid-cap and small-cap stocks with the latter two sets showing higher potential of growth, albeit with higher risk.

The Network of KBCAPS (based on audited financial statements) as on March 31, 2024 is Rs.178.42 Crores.

(ii) Promoters of the Portfolio Manager, Directors and their background

Name	Background
Kaushik Poddar (Director)	Had worked with SBI Funds Mgmt. Ltd. & Morgan Stanley Asset Mgmt
Prashant Khandelwal (Director & Promoter)	Worked in family-run stockbroking firm, Khandelwal Bros.
Dilip Khandelwal (Director & Promoter)	Owner-Proprietor, Khandelwal Bros., CSE Broking firm (Concurrently held)
Bharti Khandelwal (Director & Promoter)	Chief Dealer, Khandelwal Bros.
Preeti Khandelwal (Director)	Dealer, KB Capital Markets (P) Ltd.

(iii) Top 10 Group Companies/firms of the Portfolio Manager on turnover basis:

- (i) TPK Partners.
- (ii) Khandelwal Bros.
- (iii) Dual Marketing Private Ltd.
- (iv) Aurum Impex Private Ltd.
- (v) Flamenco Capital.
- (vi) Aurum Estates Private Ltd.

(iv) Details of the services being offered:

The Portfolio Manager is offering portfolio management services without any intermediation of any persons engaged in distribution services. In case of discretionary services, the investor will hand over cash/stocks or a combination of both to the portfolio manager who will take all the decisions to buy/sell securities, mutual funds, money market instruments and derivatives. The investor, if he so wishes, can restrict portfolio manager from investing in some scrip(s). The investor, if he so wishes can opt for non-discretionary PMS. Under non-discretionary PMS, the portfolio manager manages the funds in accordance with the directions of the client. The operation of Portfolio Management is based generally on guidelines / circulars issued by SEBI from time to time, taking practicality into consideration.

- (v) 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 distributor/ agent in distribution services. No marketing charges are levied for the on-boarding as well as during the pendency of PMS.

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

- (i) Cases of penalties imposed by the Board or the directions issued by The Board under the Act or Rules or Regulations made thereunder: *A Penalty of warning had been imposed by the Board on the basis of an Inspection conducted by it during January 18-25, 2006.*
- (ii) The nature of penalty/direction: *The Penalty was in the nature of warning.*
- (iii) Penalties / fines imposed for any economic offence and/or for violation of securities laws: *None*
- (iv) Any pending material; litigation/legal proceedings against portfolio manager/key personnel with separate disclosure regarding pending criminal charges, if any: *None*
- (v) Any deficiency in the systems and operations of the portfolio manger observed by the Board or any regulatory authority:

The following deficiencies were observed by the Board during SEBI's inspection on January 18-25, 2006

- *Not Maintaining separate KYC requirements for different divisions*
- *Portfolio accounts were audited by Statutory Auditor instead of an Independent CA*
- *The agreements entered into with the clients were not in specified format*

[These deficiencies have been addressed since then]

The following deficiencies were observed by the Board during SEBI's inspection on January 28-29, 2013.

- Not specified certain clauses in the contents of agreement entered into with clients.
- Not recorded other relevant details like who all were present during the meeting in investment /divestment rationale.

[These deficiencies have been addressed since then]

(vi) Any enquiry/adjudication proceedings initiated by The Board against portfolio manager or its directors, principal officer or employees or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employees, under the Act or Regulations made thereunder:

- Enquiry proceedings were initiated based on an inspection conducted by SEBI during January 18-25, 2006. The hearing of the enquiry proceedings was taken up on 26th June 2007 in Mumbai. The company had received a notice bearing no. SEBI/ ERO/JJ/2008/141235 dated 16th October 2008 stating that the enquiry had been concluded with the Learned Enquiry Officer imposing a penalty of warning.
- An inspection was conducted by SEBI during January 28-29, 2013. The company has received a letter dated 4th September 2013 wherein SEBI has advised the company to be careful and cautious and ensure strict compliance to provisions of SEBI Act, SEBI (Portfolio Managers) Regulations, 1993 and directives/circulars while carrying out Portfolio Management Services activity. The same has been complied with.
- An inspection of the portfolio management operations was conducted by SEBI on August 14, 2017. The company has received a letter dated 13th November 2017 wherein SEBI has advised the company to continue to strictly comply with the provisions of SEBI Act, 1992; SEBI (Portfolio Managers) Regulations, 1993 and directives/circulars issued thereunder while carrying out activities as a Portfolio Manager. The same has been complied with.
- SEBI vide its letter dated 27th July 2020 had offered an one-time settlement opportunity to the entities who have executed trade reversals in stock options segment of the BSE Limited between the period April 1, 2014 and September 30, 2015. KBCAPS have availed a settlement under SEBI Settlement Scheme, 2020. This matter stands settled.
- An inspection of the portfolio management operations was conducted by SEBI on March 28, 2022. The company has received a letter dated April 07, 2022 stating the findings / observations of the inspection. The company has provided the explanations on the findings & observations to SEBI on April 13, 2022. The matter is under consideration at SEBI.

5) Services Offered:

- The Portfolio Manager offers Discretionary Portfolio Management services.
- The Portfolio Manager will be investing on behalf of investors in listed securities, mutual funds and money market instruments as per the investor's instruction set out in agreements entered by the Portfolio Manager with the Investor.

(iii) Names of Investment Approaches adopted while managing clients funds:

- Diversified Equity Portfolio
- Concentrated Equity Portfolio

(iv) Description of Investment Approaches:

- **Diversified Equity Portfolio:**

Investment Objective	To generate long term capital appreciation by investing in a diversified portfolio of equity and equity-related instruments across market capitalization.
Investment Strategy	<u>Equity</u> - The Diversified Equity Portfolio aims to deliver superior returns through diversified investments in high, medium and small market-cap stocks.
Allocation of Portfolio across type of securities	~70-100% in equity and the remaining in money market investments and cash. Such a target may be attained in 6-12 months from the time of fresh funds infusion. The Portfolio shall consist of Equity, Money Market & Cash Instruments. However, the Portfolio Manager shall not invest any part of the Portfolio in Securities of companies in which the Client has specifically restricted investments in terms of the PMS Agreement.

Benchmark to compare performance	Nifty 50 Total Return Index
Basis of choice of Benchmark	SEBI has mandated APMI [Association of Portfolio Managers of India] to prescribe three Benchmarks for each investment strategy (i.e., Equity, Debt Hybrid & Multi Asset). We have selected the above benchmark from the three prescribed Benchmarks for the Equity Strategy.
Minimum Investment	The minimum investment amount shall be as specified under the PMS Regulations, which presently is Rs. 50 Lakh.
Indicative tenure	Long Term
Risk Associated with this investment approach	Please refer to Point No. 6 below for the associated risks.

• **Concentrated Equity Portfolio:**

Investment Objective	To generate capital appreciation by investing in a portfolio of equity and equity-related instruments with higher concentration on medium and small market-cap stocks in the portfolio mix.
Investment Strategy	<u>Equity</u> - The Concentrated equity Portfolio aims to deliver superior returns through higher concentration in medium and small market-cap stocks.
Allocation of Portfolio across type of securities	~70-100% in equity and the remaining in money market investments and cash. Such a target may be attained in 6-12 months from the time of fresh funds infusion. The Portfolio shall consist of Equity, Money Market & Cash Instruments. However, the Portfolio Manager shall not invest any part of the Portfolio in Securities of companies in which the Client has specifically restricted investments in terms of the PMS Agreement.
Benchmark to compare performance	Nifty 50 Total Return Index
Basis of choice of Benchmark	SEBI has mandated APMI [Association of Portfolio Managers of India] to prescribe three Benchmarks for each investment strategy (i.e., Equity, Debt Hybrid & Multi Asset). We have selected the above benchmark from the three prescribed Benchmarks for the Equity Strategy.
Minimum Investment	The minimum investment amount shall be as specified under the PMS Regulations, which presently is Rs. 50 Lakh.
Indicative tenure	Long Term
Risk Associated with this investment approach	Please refer to Point No. 6 below for the associated risks.

(v) The portfolio Manager may invest on behalf of investors in Exchange-Traded Derivatives (Futures & Options) set out in the agreement for the purpose of hedging and portfolio rebalancing.

(vi) No investment will be made by the Portfolio Manager in associates / related parties / group companies of the Portfolio Manager.

6) Risk factors

- (i) Securities investments are subject to market risk and hence there is NO assurance or guarantee of return. It is expressly understood that principal is at stake.
- (ii) Past performance of the Portfolio Manager does not indicate its future performance.
- (iii) There will be specific risk attached with portfolio management arising from the investment objective, investment strategy and asset allocation and hence the risk and return from such investments may be at variance with those of the market.
- (iv) Risk arising out of non-diversification: As some investments will be in mid-cap or small-cap stocks/sectoral stocks, the risk may be more than that of the benchmark.
- (v) The portfolio manager, its employees may purchase/ sell securities in ordinary course of business. Any conflict of interest shall be dealt with in accordance of the Conflict-of-Interest Policy of the Company.

- (vi) The Portfolio Manager may utilize the services of the Group Companies and / or any associate company established or to be established at a later date. The Portfolio Manager will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arm's length basis and at mutually agreed terms and conditions and to the extent permitted under SEBI Regulations after evaluation of the competitiveness of the pricing offered and the services to be provided by them.
- (vii) The past performance since launch is as follows. However, the past performance is not indicative of future performance.

Name of Investment Approach: Diversified Equity Portfolio

Period	Return to Client during the period (%)
Since launch to 31 st March 2005	48.66
1 st April 2005 to 31 st March 2006	94.83
1 st April 2006 to 31 st March 2007	4.28
1 st April 2007 to 31 st March 2008	25.44
1 st April 2008 to 31 st March 2009	-35.21
1 st April 2009 to 31 st March 2010	112.55
1 st April 2010 to 31 st March 2011	16.45
1 st April 2011 to 31 st March 2012	-3.38
1 st April 2012 to 31 st March 2013	2.86
1 st April 2013 to 31 st March 2014	36.35
1 st April 2014 to 31 st March 2015	89.51
1 st April 2015 to 31 st March 2016	-6.76
1 st April 2016 to 31 st March 2017	30.81
1 st April 2017 to 31 st March 2018	14.69
1 st April 2018 to 31 st March 2019	1.28
1 st April 2019 to 31 st March 2020	-30.07
1 st April 2020 to 31 st March 2021*	77.75
1 st April 2021 to 31 st March 2022*	21.60
1 st April 2022 to 31 st March 2023*	7.65
1 st April 2023 to 31 st March 2024*	38.17
1 st April 2024 to 30 th Sep 2024*	16.58

Name of Investment Approach: Concentrated Equity Portfolio

Period	Return to Client during the period (%)
1 st Sep 2024 to 30 th Sep 2024*	1.84

**Return is calculated on TWRR Basis.*

7) Client Representation

(i)

Category of clients	No. of clients	Funds managed (in Rs. cr)	Discretionary / Non-Discretionary (if available)
As on 30-03-2022			
a. Associates / group companies	8	10.17	Discretionary
b. Others	202	223.83	Discretionary
Total	210	234.00	
As on 31-03-2023			
a. Associates / group companies	8	10.802	Discretionary
b. Others	202	234.742	Discretionary
Total	210	245.544	
As on 31-03-2024			
a. Associates / group companies	8	14.983	Discretionary
b. Others	202	323.606	Discretionary
Total	210	338.589	

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

For the Financial Year 2023-2024

(in Rs. Lacs)

Sl. No.	Nature of Transaction	Enterprises in which Key Managerial Personnel exercises significant influences	Key Management Personnel	Relatives of Key Management Personnel	Total
1	Brokerage Income	21.74	5.04	0.55	37.32
2	Directors Remuneration	-	356.00	-	356.00
3	Salary Paid	-	-	24.00	24.00
4	Office Rent	5.00	-	-	5.00
5	PMS Fee Received	8.58	31.97	13.14	53.69
6	Demat Charges Received	0.55	0.63	0.09	1.27
7	Share of Profit Received	929.34	-	-	929.34
8	Closing Balance Payable	28.97	0.00	0.39	29.36
9	Closing Balance Receivable	7.58	0.05	3.90	11.53

8) The Financial Performance of the Portfolio Manager (based on audited financial statements):

Financial Performance (in Rs.)	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
Profit before depreciation & taxation	370,403,783.11	127,112,585.56	307,669,559.57
Less : Depreciation	6,062,226.34	6,007,137.67	1,269,086.14
Profit before Taxation	364,341,556.77	121,105,447.89	306,400,473.43
Less : Provision for Taxation	48,000,000.00	21,940,000.00	41,500,000.00
Tax Relating to earlier years	0.00	0.00	0.00
Provision for Deferred Tax	(563,466.00)	(410,314.00)	105,165.00
Profit after Tax	316,905,022.77	99,575,761.89	264,795,308.43
Add : Balance brought forward	1,432,044,192.69	1,332,468,430.80	1,067,673,122.37
	1,748,949,215.46	1,432,044,192.69	1,332,468,430.80
Transferred to General Reserve	0.00	0.00	0.00
Profit after tax balance carried forward	1,748,949,215.46	1,432,044,192.69	1,332,468,430.80

- 9) Portfolio Management performance of the portfolio manager for the last three years, and in case of discretionary Portfolio Manger disclosure of performance indicators calculated using 'Time weighted Rate of Return' method in terms of Regulation 22(4)(e) of the SEBI (Portfolio Managers) Regulations, 2020:

Investment Approach: Diversified Equity Portfolio	Current Year (April 1, 2024 to Sep 30, 2024)	Year-1 (April 1, 2023 to March 31, 2024)	Year-2 (April 1, 2022 to March 31, 2023)	Year-3 (April 1, 2021 to March 31, 2022)
Portfolio Performance (%), Net of all fees and charges levied.	21.03	38.17	7.65	22.07
Benchmark Performance (%) [NIFTY 50 TRI]	16.58	30.08	0.59	20.26

Investment Approach: Concentrated Equity Portfolio	Current Year (Sep 01, 2024 to Sep 30, 2024)	Year-1 (April 1, 2023 to March 31, 2024)	Year-2 (April 1, 2022 to March 31, 2023)	Year-3 (April 1, 2021 to March 31, 2022)
Portfolio Performance (%), Net of all fees and charges levied.	1.88	N.A	N.A	N.A
Benchmark Performance (%) [NIFTY 50 TRI]	2.28	N.A	N.A	N.A

- 10) Audit Observations: The following are the details of Audit observations during preceding 3 years:

Audit Period	Audit Observation
April 01, 2021 to March 31, 2022	Nil
April 01, 2022 to March 31, 2023	Nil
April 01, 2023 to March 31, 2024	Nil

11) Nature of expenses

- (i) The Portfolio Management Fee & Charges shall comprise of all the following charges and fees:
1. Transaction Charges as levied by NSE.
 2. Stamp Duty & Securities Transaction Tax as applicable.
 3. Third Party Custodian Charges:
 - a. Custody Charges: shall be debited monthly and calculated on daily value of asset under management.
 - b. SEBI Charges: shall be debited monthly and calculated on daily value of asset under custody.
 4. Asset management Fee shall be debited monthly and calculated on daily value of asset under management.
 5. Annual Performance Management fee calculated on profit sharing basis, calculated on the returns generated on the Portfolio under management at the end of each financial year or termination of the Portfolio Management Agreement, whichever is earlier and shall be accordingly debited to the Client's Account.
- (ii) Fund accounting charge: These charges are subsumed under the asset management fee as mentioned above.
- (iii) Registrar and transfer agent fee: Not applicable

Statutory taxes as applicable shall be levied on the above charges.

Actual fees and charges payable by the Client to the Portfolio Manager for Services will be as mentioned in the Fee Schedule.

All the fees & Charges specified above shall be deducted directly from the account of the respective Client. Other expenses which could be attributable to the Portfolio Management would also be directly deducted and the Client would be sent a Statement for the same.

12) Taxation

Implication on Taxation due to Investment in Securities

Investment in securities involves four kinds of taxation as listed below

- 1) Securities Transaction Tax (Under The Income Tax Act)
- 2) Income Tax (Under The Income Tax Act)
- 3) Goods & Services Tax [from 01-07-2017] (Under Goods & Services Tax Act)
- 4) Stamp Duty [from 01-07-2020] (Under Indian Stamp Act, 1899)

1) Securities Transaction Tax (STT)

This Tax is introduced by The Finance Act, (No. 2) 2004 and is levied under The Income Tax Act. The Tax is charged on the market value of the trade effected on any recognized stock exchange at the rate mentioned below and is subject to change from time to time as may be decided by the Government. The buyer & seller is the liable person to pay the same. The tax is collected by the Stock Exchange through the Member (Stock Broker) & the same is collected by the broker from client (buyer/seller).

S. No.	Taxable securities transaction	Rate of STT
1	Purchase of an equity share in a company or a unit of an equity oriented mutual fund [EOMF] or units of business trust entered in a recognized stock exchange in India and settled by actual delivery or transfer of such share or unit.	Shares or Units of a business trust: 0.1% Units of EOMF: Nil
2	Sale of an equity share in a company or a unit of an equity-oriented mutual fund [EOMF] or units of business trust entered in a recognized stock exchange in India and settled by actual delivery or transfer of such share or unit	Shares or Units of a business trust: 0.1% Units of EOMF: 0.001%
3	Non-delivery-based sale of an equity share in a company or a unit of an equity-oriented fund or units of business trust entered in a recognized stock exchange in India	0.025%
4	Sale of derivatives being option or future, entered in a recognized stock exchange- from October 1, 2024	*0.1%, 0.125%, 0.02%
	Sale of units of an equity-oriented fund to the mutual fund.	0.001%

**0.01% of option premium in case of sale of option, 0.125% of settlement price in case of sale of an option where option is exercised, 0.02% of the price in case of sale of futures.*

2) Income Tax

Investment Perspective

In case if the purchase and sale of securities through Portfolio Management Service (PMS) is considered as an investment activity for the client, the provisions related to Capital Gain taxation get attracted. In case of Equity or Preference Shares listed in a recognized stock exchange in India or Equity Oriented Mutual fund or units of UTI or a zero coupon bond is held for more than 12 months (24 months in case of Equity or Preference shares of unlisted companies) immediately prior to its sale, long-term capital gain/loss arises; if the securities are held for less than 12 / 24 months as the case may be immediately prior to its sale then, short-term capital gain/loss arises. The capital gain on sale of shares has to be computed on FIFO (First in First Out) basis for each scrip with reference to the particular demat account from where the shares are sold.

Long term capital Gains will be calculated as per the special provisions given in Sec.112A read with Section 55. If Sec. 112A is not applicable then tax on Long term Capital Gain will be calculated under the normal provisions given in Sec. 112. Long-term capital Gains arising from Capital Asset being an equity

share in a company or a unit of equity-oriented fund or a unit of a business trust shall be taxed as follows:

- Sale done upto July 22, 2024 @10%+ Surcharge (if any) + Health & Education Cess @ 4% if such capital gains exceeds Rs. 120,000 p.a.
- Sale done from July 23, 2024 @12.5%+ Surcharge (if any) + Health & Education Cess @ 4% if such capital gains exceeds Rs. 125,000 p.a.

The above concessional rates of 10% & 12.5% will be applicable to such long-term capital gains, if:

i) in a case where long-term capital asset is in the nature of an equity share in a company, STT has been paid on both acquisition and transfer of such capital asset. However, in a few specified modes of acquisitions like IPO, FPO, bonus or rights issue by a listed company, etc., where even though STT is not paid at the time of acquisition this concessional rate of 10% will still be applicable.

ii) in a case where long-term capital asset is in the nature of a unit of an equity-oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.

As per Section 111A short-term capital gain shall be chargeable as follows:

- Sale done upto July 22, 2024: @15% + Surcharge (if any) + Health & Education Cess @ 4% on transfer of equity share or units of equity oriented Mutual Fund chargeable to STT.
- Sale done from July 23, 2024 : @20% + Surcharge (if any) + Health & Education Cess @ 4% on transfer of equity share or units of equity oriented Mutual Fund chargeable to STT.

Other short-term capital gains will be taxed at the normal rates as given in the respective regulations.

A short-term capital loss can be set off against any taxable capital gain (long-term and short-term). However, a long-term capital loss can be set off only against a taxable long-term capital gain.

Debt Mutual Fund Taxation:

- Prior to 1st April 2023: The Gains on Debt Mutual funds Units which are sold within 3 years from the date of purchase were considered as Short-Term Capital Gains and were chargeable to tax as per slab rate. Similarly, if the units were redeemed after a holding period of 3 years were considered Long-Term Capital Gains and were taxed @20% with indexation benefits.
- On and from 1st April 2023: All the gains arising on sale of Debt Mutual Funds acquired on or after 1st April 2023 shall be considered as short-term capital gains irrespective of the holding period and will be taxed as per the slab rate without any indexation benefits.

However, Indexation benefit on Long Term Capital Gains shall continue for debt mutual fund units acquired before 1st April 2023 and sold on or after 1st April 2023.

Business / Trading Perspective

In case if the purchase and sale of securities through Portfolio Management Services is considered as a trading/ business activity, the gain/loss is taxable at the normal rates of tax depending on the client's tax status (Individual, corporate, etc.) and the tax slab applicable to him/her.

For exact implications of taxability with respect to of PMS activity every client is advised to go through the relevant provisions, rules, regulations, circulars & other laws and/or should consult the matter with his/her Chartered Accountants/ financial Adviser.

NRI Client

In case of the transactions in NRI category, the tax thereon is directly deducted by their designated Banker at withholding tax rates prescribed by the I-T Act by debiting his/her Bank account on the basis of tax computation made by the banker.

In case if transactions are treated as investment activity, the tax thereon is directly deducted by their designated Banker by debiting his/her Bank account on the basis of tax computation made by the banker. Therefore, the client may not file the return to Income Tax Dept., if he does not have any income from other sources/activity.

In this case we would specifically like to mention that whatever capital gain the client makes is taxable, but if there is any capital loss the same is not adjusted with gain by the banker while computing taxes. It is advisable that the NRI client may file the return as per the provisions of Income Tax Act.

In case if transactions are treated as business activity, the gain/loss is taxable in the same manner as applicable to Resident Indians and the NRI get the credit of taxes deducted by its designated banker while filing his income tax return.

Tax on Dividend income earned on shares

All dividends received on or after 1st April 2020 is taxable in the hands of the investor / shareholder as per the tax slab applicable to him/her.

3) Goods & Services Tax (from 1st July 2017)

These Taxes are levied on the Brokerage amount, Demat charges, Custodian charges, Portfolio Management Fee [Performance linked + Fixed Fee] or any other fee or charges levied. The rate of Goods & Services Tax is currently @18% which is subject to change from time to time as may be decided by the Government.

4) Stamp duty in Capital Market Segment

As per the Indian Stamp Act, 1899, the applicable stamp duty on securities in Capital Market segment is as under

Sl	Type of Security	Applicable Stamp duty rate	Applicable on	Applicable on
			Market Transfers	Off-Market Transfers
1.	Transfer of Debenture	0.0001%	Buyer	Transferor
2.	Transfer of Security other than debenture on delivery basis	0.015%	Buyer	Transferor
3.	Transfer of Security other than debenture on non-delivery basis	0.003%	Buyer	N.A
4.	Transfer of Government Securities	0%	Buyer	N.A

- **Disclaimer**

The above disclosure of tax implication has been made on a **best-effort basis** as required by the SEBI Regulation. The above tax implication as understood by us, is disclosed as generally applicable to each client. The same is to be understood as guidance, with no liability whatsoever. However, for specific implication for each client, the client is encouraged and advised to consult the same with his/her tax consultant. Further, the computation of tax, payment of tax, filling of income tax return and representation before any Tax Authority are purely the liability of the client. **It is to be clearly understood that all income tax liabilities have to be computed and taken care of by the client and the Portfolio Manager viz., KB Capital Markets Pvt. Ltd., its directors or constituents cannot be held liable for any act of omission or commission with regard to income tax matters and client's tax liability.**

13) **Accounting policies**

The accounting system will be followed on accrual basis and accordingly all the benefits (dividends, rights, bonuses, splits, etc.) will accrue to the Clients.

14) Investors services

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

Mr. Rakesh Gupta
Vice President
25A, Shakespeare Sarani
Kolkata – 700017
+91 33 40347050
Email: pms@kbc.in

- b. Grievance redressal mechanism.

The complaints of the client should be sent to the above-mentioned address. The Investor Relations Officer will attend to and address complainant's query and/or complaints as soon as possible to mutual satisfaction.

- c. Lodging of complains against Intermediaries.

The investor has to first approach the Portfolio Manager with his/her grievance for the purpose of redressal. In case if the investor is not satisfied with the response provided by the Portfolio Manager, he/she may escalate the same through the SCORES [SEBI Complaint Redressal System] Portal, an online system to facilitate the investors to lodge their complaints/grievances with SEBI against SEBI registered intermediaries. Link to access the SCORES website is as follows: <http://scores.gov.in/>.

- d. Dispute settlement mechanism:

After exhausting the options for dispute resolution mentioned above, if the client is still not satisfied with the outcome, they can initiate dispute resolution through ODR [Online Dispute Resolution] Portal. Link to access the ODR website is as follows: <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.

15) Details of investments in the securities of related parties of the portfolio manager

The Portfolio Manager does not invest in any of the securities of its group or associate companies.

16) Details of the diversification policy of the portfolio manager

The Portfolio Manager invests across pivotals, mid and small-cap stocks. As the latter two sets of stocks have higher risk, the portfolio carries higher risk than of the market indices. In order to temper such risks to some extent, the portfolio mix is ± 30 stocks.

Name of Director	Signature
Mr. Kaushik Poddar	
Mr. Prashant Khandelwal	

Date: October 24, 2024.

Place: Kolkata