

7<sup>th</sup> Sep' 2023

Securities & Exchange Board of India  
(Investment Management Department)  
Exchange Plaza, Wing-II,  
4th Floor, Bandra Kurla Complex,  
Bandra (E),  
Mumbai — 400051



Dear Sir,

Re: Submission of Update Disclosure Document report for Portfolio Management activity -New Investment Approach added.

Please note that as per the Disclosure Document dated 31<sup>st</sup> Aug 2023 under the heading of "Details of services being offered by the Portfolio Manager" we are launching a new Investment Approach Portfolio under the Discretionary Services.

The New Investment Approach would be called as "Flexicap Strategy" under Equity Strategy. The Objective — Invest in a basket of well researched mutual funds that have the potential to deliver consistent alpha over selected benchmark.

The Portfolio will invest in 10-15 open ended mutual fund schemes across different AMCs and different categories as defined by SEBI.

The copy of Investment Approach details along with risk factors to be inserted in Disclosure Document is enclosed for your record.

Kindly treat the Disclosure Document updated accordingly.

Thanking you,

For Anand Rath Advisors Limited

Principal Officer  
(Mayur Shah)

Encl: As above



**Mahesh Chandra & Associates**  
**Chartered Accountants**

**CERTIFICATE**

This is to certify that the Disclosure Document of Portfolio Management Services dated March 31<sup>st</sup> 2023 of Anand Rathi Advisors Limited having its office at Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (East), Mumbai - 400 063, India, has been verified by us and found that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision.

For and on behalf of  
**Mahesh Chandra & Associates**  
**Chartered Accountants**  
Firm Registration No.112344W

VIPUL      Digitally signed by  
VISHNU      VIPUL VISHNU  
AWAGHADE      AWAGHADE  
Date: 2023.09.05  
10:47:52 +05'30'

Vipul Awaghade  
Partner

Membership No. 174518

Mumbai, Dated: 5<sup>th</sup> September 2023

UDIN: 23174518BCUUP7949

## Portfolio Management Services Disclosure Document

### Investor Information:

Client:

\_\_\_\_\_

PMS Product:

\_\_\_\_\_

Date:

\_\_\_\_\_

### Portfolio Manager

#### Anand Rathi Advisors Limited

(Registration No - INP000000282)

#### Corporate Office:

Trade Link, 'E' Wing, Floor No. 2&3, B & C Block, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai, 400013

Tel No: +91 22 6965 3059

#### Registered Office:

Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (E), Mumbai - 400 063. India

Tel No: +91 22 6281 7000(Board Line) | Fax No: +91 22 6281 3888 |

Website: [www.anandrathipms.com](http://www.anandrathipms.com) / [www.rathi.com](http://www.rathi.com)





## Disclosure Document

### Disclosure document for Portfolio Management Services by Anand Rathi Advisors Limited

- (i) This Disclosure document has been filed with the Securities and Exchange Board of India along with a certificate in the prescribed format in terms of Regulation 22 of the Securities and Exchange Board of India (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 Anand Rathi Advisors Limited as a Portfolio Manager.
- (iii) The disclosure document sets forth concisely the necessary information about Anand Rathi Advisors Limited that a prospective investor ought to know before Investing. The investor should carefully read the disclosure document prior to making a decision to avail of portfolio management services and retain this document for future reference.
- (iv) Anand Rathi Advisors Limited is permitted to provide Portfolio Management Services pursuant to its registration as a portfolio manager with SEBI vide registration no. INP000000282 dated July 01<sup>st</sup>, 2005, under the Regulations.

(v) Details of the **Compliance Officer**

Name: **Deepak Kedia**  
Address: Express Zone, A Wing, 10th Floor ,  
Western Express Highway, Goregaon (E),  
Mumbai - 400 063.  
Phone: +91 22 6281 7000  
Fax: +91 22 6281 3888  
E-mail: deepakkedia@rathi.com

(vi) This Disclosure document is dated 31<sup>st</sup> Aug, 2023

(vii) Details of the **Principal Officer**

Name: **Mayur P Shah**  
Address: Express Zone, A Wing, 10th Floor ,  
Western Express Highway, Goregaon (E),  
Mumbai - 400 063.  
Phone: +91 22 6281 7000  
Fax: +91 22 6281 3852  
E-mail: mayurpshah@rathi.com





## Form C

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

## (Regulation 22)

## ANAND RATHI ADVISORS LIMITED

Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (E), Mumbai - 400 063, Phone No  
+91 22 6281 7000, Fax No +91 22 6281 3852 E-mail:- pmsoperations@rathi.com

Dear Investor,

We confirm that:

The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued there under by the Board from time to time.

The disclosure made in the Disclosure Document are true, fair and adequate to enable the investors to make a well informed decisions regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Services.

The Disclosure Document and performance has been duly certified by an independent chartered accountant M/s. Mahesh Chandra & Associates, Chartered Accountants, Harsh Villa, Plot No. 157, RCS Road No.50, Gorai 2, Borivali (West), Mumbai – 400092, Mobile No. 7045005661, Membership No. 174518, on 5<sup>th</sup> September 2023

For ANAND RATHI ADVISORS LIMITED



**Mr. Mayur P Shah**

Principal Officer

Express Zone, A Wing, 10th Floor,  
Western Express Highway, Goregaon (E),  
Mumbai - 400 063  
India



Date: 6<sup>th</sup> September 2023

Place: Mumbai

## Table of Contents

1. Disclaimer .....	5
2. Definitions .....	5
3. Description.....	7
(i) History, Present Business and Background of the Portfolio Manager	
(ii) Promoters of the portfolio manager, directors and their background	
(iii) Group Company Details	
(iv) Details of Services being offered	
4. Penalties, Pending litigations or proceedings etc.....	10
5. Services Offered.....	10
6. Risk Factors.....	17
7. Client Representation.....	19
8. Financial Performance of the Portfolio Manager.....	20
9. Portfolio Management Performance of the Portfolio Manager.....	21
10. Audit Observations.....	22
11. Nature of Expenses.....	22
12. Taxation.....	24
13. Accounting Policies.....	32
14. Investor Services.....	35
15. Annexure – I.....	36
16. Performance Audit certification.....	37



## 1. Disclaimer:

The particulars of this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Manager) Regulations, 2020 and filed with the Securities and Exchange Board of India (hereinafter referred as "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.

Anand Rathi Advisors Limited has based this document on information obtained from sources it believes to be reliable but which it has not independently verified and hence makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The information contained in this document is based upon publicly available information at the time of publication, which is subject to change from time to time.

No person has been authorized to give any information or to make any representations not confirmed in this Disclosure Document, in connection with this Disclosure Document, and any information or representations not contained herein, and the same must not be relied upon as having been authorized by Anand Rathi Advisors Limited.

The Disclosure Document and its contents are for information only and do not constitute a distribution, an endorsement, an investment advice, an offer to buy or sell or the solicitation of an offer to buy or sell any. Portfolio Strategies/Option or any other securities or financial products/investment products mentioned in the Disclosure Document or an attempt to influence the opinion or behavior of the Clients. Any use of the information/ any investments and investment related decisions of the Clients are at their sole discretion & risk and the Portfolio Manager shall not be responsible/liable for the same in any manner whatsoever, to any person/entity.

## 2. Definitions and Abbreviations:

For the purposes of this Disclosure Document, the following words shall have the meanings given hereinafter:

"Act" means the SEBI Act, 1992;

"Agreement" or "Portfolio Management Services Agreement" or "PMS Agreement" means the agreement between the Client and the Portfolio Manager for providing portfolio management services to that Client and stating therein the terms and conditions on which the Portfolio Manager shall provide such services to the Client. This agreement has been executed in accordance with Regulations 22 and Schedule IV of the SEBI (Portfolio Manager) Regulations, 2020;

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

"Depository" means as defined under the Depositories Act,

"Depository Account" means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations;

"Discretionary Portfolio Management Services" means services under a contract entered into between the Portfolio Manager and the Client, wherein the portfolio manager uses his own discretion (which includes any degree of discretion that a portfolio manager may want to use) for investment in different type of securities or management of the portfolio of securities or the funds of the client;

"Equity related instruments" means and includes, but is not limited to, convertible bonds, debentures, convertible preference shares, equity warrants, equity derivatives, FCCBs, equity mutual funds and any other like instrument;





**"Financial Year"** means the year starting from April 1 of any current year and ending on March 31 of the following 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 the PMS Agreement, the proceeds of sale or other realization of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the portfolio manager;

**"Funds managed"** means the market value of the Portfolio of the Client as on date;

**"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 the Portfolio Management Services;

**"Advisory Services"** refers to the Advice by the Portfolio Manager with regard to the Client's Portfolio under Management;

**"Non-Discretionary Portfolio Management Services"** means a portfolio management service wherein, a Portfolio Manager acts on the instructions received from the Client with regard to investment of his funds, under a contract relating to portfolio management, and, will exercise no discretion at all as to the investment or management of the portfolio of the securities or the funds of the Client;

**"Portfolio"** means the securities and/or funds managed by the Portfolio Manager on behalf of the Client and include any Securities and/or funds placed by the Client with the Portfolio Manager for being managed pursuant to the PMS Agreement. It also includes 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 Anand Rathi Advisors Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (East), Mumbai - 400 063, and, registered with SEBI as a Portfolio Manager vide registration certificate no. PM/INP000000282, under the SEBI (Portfolio Manager) Regulations, 1993;

**"Portfolio Management Services"** means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Advisory Services as the context may require;

**"Regulations" or "SEBI regulations"** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, including any circulars, directions or clarifications issued by SEBI and/or any government authority and as applicable to the Portfolio Manager.

**"Rules"** means the Securities and Exchange Board of India (Portfolio Manager) Rules, 1992;

**"SEBI"** means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992;

**"Product offered/Option"** means any of the current investment Product/option or such Product/option that maybe introduced at any time in the future by the Portfolio Manager;

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



“Net Asset Value” or “NAV” means the market value of the Assets managed by the Portfolio Manager, as calculated by the Portfolio Manager from time to time, depending on the Investment Profiles chosen by the Client.

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

**Interpretation:**

- Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive.
- They have been included only for the purpose of clarity and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.
- All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- All references “Rs.” refer to Indian Rupees. A “crore” means “ten million” and a “lakh” means a “hundred thousand”.

**3. Description**

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

Anand Rathi Advisors Limited (ARAL) was incorporated on May 26, 1997 (registration no. 11 – 043579) as a Private Limited Company named Samarth Yarn Trading Private Limited. Makhan Lal Agarwal and Ashok Pandya were the subscribers to the Memorandum of Association. The name of Samarth Yarn Trading Private Limited was changed to Anand Rathi Advisors Private Limited pursuant to the certificate dated April 20, 2005 issued by the Registrar of Companies (ROC). Anand Rathi Advisors Limited became a Public Unlisted Company pursuant to the certificate dated February 18, 2009 issued by the Registrar of Companies (ROC). The shareholding of ARAL was acquired by Anand Rathi Global Finance Limited on March 28, 2012.

W.e.f 20<sup>th</sup> July, 2023, Anand Rathi Financial Services Limited became holding company of Anand Rathi Advisors Limited.

The Company is into Investment Banking Business, Portfolio Management Services (PMS), Investment Advisers, and is a registered Merchant Banker with SEBI.

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

<b>Promoters</b>			
Sl. no.	Name of the Shareholder	No. of Equity Shares	% age to the total
1	Anand Rathi Financial Services Limited	99,05,286	100
2	Anand Rathi*	100	0
3	Amit Rathi*	100	0
4	Supriya Rathi*	100	0
5	Pradeep Gupta	100	0
6	Priti Gupta*	100	0
7	Krishnav Gupta*	100	0
	<b>Total</b>	<b>99,05,886</b>	<b>100.00</b>

*\*As a Nominee of Anand Rathi Financial Services Limited*





**Particulars of the Directors of Anand Rathi Advisors Limited**

The Directors of the Portfolio Manager are:

Sr. No.	Name of Directors	DIN	Designation	Date of Appointment	Residential Address
1.	Mr. Pradeep Gupta	00040117	Director	03/11/2009	301-C, Beau Monde Tower, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025.
2.	Mr. Vishal Laddha	00033628	Director	15/07/2017	401A, Ayushi CHS Ltd., 248JB Nagar, Andheri (East) Mumbai - 400059.
3.	Mr. Samir Bahl	00101955	Director and Chief Executive Officer	15/07/2017	D-3403, Lodha Primero No - 34, Appolo Mill Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai - 400011.

**(iii) Top 10 Group Companies/Firms as on March 31<sup>st</sup>, 2023**

Sr. No.	Name of the Companies	Sr. No.	Name of the Companies
1	Anand Rathi Global Finance Ltd	6	Anand Rathi Commodities Ltd
2	Anand Rathi Wealth Ltd	7	Anand Rathi Insurance Brokers Ltd
3	Anand Rathi Share and Stock Brokers Ltd	8	Anand Rathi IT Pvt Ltd
4	AR Digital Wealth Pvt Ltd	9	Anand Rathi Housing Finance Ltd
5	Anand Rathi Financial Services Ltd	10	Anand Rathi International Ventures (IFSC) Pvt Ltd

**(iv) Details of services being offered by the Portfolio Manager:**

The Portfolio Management Services of the Portfolio Manager have been structured broadly under the following categories:

**a. Discretionary Services:**

Under these services, the Portfolio Manager will exercise sole and absolute discretion as to investment and/or management of the portfolio of the securities or the funds of the Clients as he deems fit and within terms of the PMS Agreement executed with each Client.

The Portfolio Manager shall have the sole and absolute discretion to make such changes in the investments and to the portfolio, and invest some or all of the Client's monies in such manner, and in such markets as he deems fit. The Client may give informal guidance to customize the model portfolio; however, the final decision rests with the Portfolio Manager. The securities invested / disinvested by the Portfolio Manager for Clients in the same Model portfolio may differ from one Client to another Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question or be open to review at any time during the currency of this Agreement or at any time thereafter, except, on the ground of malafide, fraud,





conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Rules, and Regulations, guidelines and notifications issued by SEBI and in force from time to time.

Under these services, the Client may authorize the Portfolio Manager to invest their Funds in specific financial instruments or a variety of specific financial instruments or restrict the Portfolio Manager from investing in specific financial instruments or securities. A periodical statement in respect of Client's Portfolio generated from our end shall be sent to the respective Clients.

**b. Non-Discretionary Services:**

Under these services, Client decides their own investments, with the Portfolio Manager only facilitating the execution of the transactions. The Portfolio Manager's role is limited to providing research, investment advice, and guidance and trade execution at the Client's request. The Portfolio Manager shall execute orders as per the mandate received from the Clients.

The deployment of the Client's Funds by the Portfolio Manager on the instructions of the Client is absolute and final and can never be called in question or shall not be open to review at any time during the currency of the Agreement or at any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. The rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the Act, Rules and/or Regulations, guidelines and notifications issued by SEBI and in force from time to time. A periodical statement in respect of Client's Portfolio generated from our end shall be sent to the respective Clients.

**c. Investment Advisory Services:**

Under these services, the Portfolio Manager advises Clients with regard to the Client's Portfolio Managed and/or incidental to the PMS as may be agreed upon, from time to time.



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

There are no pending penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or to the best of the knowledge of the Portfolio Manager initiated by any regulatory authority against the Portfolio Manager under the registration no INP000000282 or any of its employees or directors of any nature whatsoever.

Sr. No.	Particulars	Status
(i)	All cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act, 1992 or Rules or Regulations made there under:	Nil
(ii)	The nature of the penalty or direction	Not Applicable
(iii)	Penalties imposed for any economic offence and/or for violation of any securities laws	There is no Penalty levied as on 31/03/2023
(iv)	Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any	Only one Civil suit pending against the entity before Delhi High Court for the matter not related to Portfolio Management services
(v)	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency	Under regular inspection of SEBI for the Period FY 20-21. Conducted during 7 <sup>th</sup> March 2022 to 9 <sup>th</sup> March 2022. Couple of Observations were raised by SEBI related to reporting and operations which has been now duly incorporated.
(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 there under	Nil

**5. Services Offered**

The Portfolio Manager offers Discretionary Portfolio Management Services, Advisory Services, Non-Discretionary Portfolio Management Services, as per the PMS Agreement executed with each client.

The Portfolio Manager under its Portfolio Management Services offers Portfolios with different investment objectives and policies to cater to requirements of individual Client. The Portfolio Manager shall deploy the Securities and/or funds of the Client in accordance with the investment objectives in the Portfolio selected by the Client. At present the Portfolio Manager is offering the following Portfolios:

Under these services, the Clients may authorize the Portfolio Manager to invest their Funds in specific financial instruments or a mix of specific financial instruments or restrict the Portfolio Manager from investing in specific financial instruments or securities. Periodical statements in respect of Client's Portfolio shall be made available to Client through Login ID and Password provided for Web access on 24X7.





**A. Discretionary Portfolio Management Service Options - Investment Approach :**

**1) Portfolio Plus – Investment Approach (Strategy – Equity)**

**(i) Investment Objective –**

The key objective is to deliver consistent return over the long term, from a portfolio of companies selected on basis of well-defined objectives and good corporate track record

**(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**

Under this approach, Portfolio would be primarily invested in listed equities, money market instruments through units of mutual funds and other permissible securities/products in accordance with the Applicable Laws.

**(iii) Basis of selection of such types of securities as part of the investment approach**

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Investment is made in Large Midcap stocks with focus on well established businesses having a good management and corporate governance with a strong outlook for growth in next few years. The focus is on asset light business and domestic play. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken.

**(iv) Allocation of portfolio across types of securities**

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations, predominantly large caps to larger mid-caps equities with some exposure to broader market equities. However, from time to time on opportunistically basis, may also choose to invest in money market instruments through units of mutual funds, in accordance with the Applicable Laws.

**(v) Appropriate benchmark to compare performance and basis for choice of benchmark**

The Portfolio Manager endeavors to invest in a portfolio of companies across market capitalization which are appropriately represented by the **S&P BSE 500 TRI Index**

**(vi) Indicative tenure or investment horizon**

Typically, investments will have a medium to long term time horizon of 3-5 years.

**(vii) Risks associated with the investment approach.**

This investment approach is suited for Large- Midcap Asset Allocation of investors looking for Moderate to High risk reward. Below are select risks associated with the investment approach. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

**Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.

**Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

**Market risk:** Portfolio Manager endeavors to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.

**Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavors to mitigate the risks by investing with a medium to long term time horizon.

**Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

**(viii) Other salient features, if any. N.A.**





## **2) Impress Portfolio – Investment Approach (Strategy – Equity)**

### **(i) Investment Objective –**

Focus on Return Optimization by investing in multi-cap portfolio of rising enterprises with sound corporate track record and sustainable business model keeping balance between value and growth strategy.

### **(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**

Under this approach, Portfolio would be primarily invested in listed equities, money market instruments through units of mutual funds and other permissible securities/products in accordance with the Applicable Laws.

### **(iii) Basis of selection of such types of securities as part of the investment approach**

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Investment is made across market capitalization with more focus on Mid Cap and small cap. These are quality Mid and Small cap with minimum market cap of 1000 cr and very well tracked and researched in the Industry. Focus on Companies with good corporate track record, stable and improving margin (ROE and ROCE) and visibility of earnings. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken.

### **(iv) Allocation of portfolio across types of securities**

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations. In this approach a portfolio of 15-20 stocks diversified across sectors with 70-80% allocation in Mid and Small cap and Balance 20-30% in Large cap. Also, from time to time on opportunistically basis, Portfolio manager may also choose to invest in money market instruments through units of mutual funds, in accordance with the Applicable Laws.

### **(v) Appropriate benchmark to compare performance and basis for choice of benchmark**

The Portfolio Manager endeavors to invest in a portfolio of companies across market capitalization which are appropriately represented by the **S&P BSE 500 TRI Index**

### **(vi) Indicative tenure or investment horizon**

Typically, investments will have a medium to long term time horizon of 3-5 years

### **(vii) Risks associated with the investment approach**

This investment approach is suited for Multi-cap Asset Allocation of investors looking for high risk reward. Below are select risks associated with the investment approach. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

**Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.

**Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

**Market risk:** Portfolio Manager endeavors to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.

**Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavors to mitigate the risks by investing with a medium to long term time horizon.

**Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

### **(viii) Other salient features, if any. N.A.**





### **3) MNC Portfolio – Investment Approach (Strategy – Equity)**

#### **(i) Investment Objective –**

Focus on consistency of return and risk moderation by investing in Multinational Companies listed in India.

#### **(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**

Under this approach, Portfolio would be primarily invested in listed equities, money market instruments through units of mutual funds and other permissible securities/products in accordance with the Applicable Laws.

#### **(iii) Basis of selection of such types of securities as part of the investment approach**

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. In this approach focus is on the Multi-national companies listed in India which has a foreign shareholding over 50% or/and the management control is bestowed in foreign company or/and technological and management know-how brought in by foreign partner investor. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. Investment is made across market capitalization with minimum market cap of Rs 1000 cr. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken.

#### **(iv) Allocation of portfolio across types of securities**

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations. In this approach a portfolio of 15-20 stocks diversified across sectors and market capitalization is selected where the controlling stake in company is there with foreign promoter. Also, from time to time on opportunistically basis, Portfolio manager may also choose to invest in money market instruments through units of mutual funds, in accordance with the Applicable Laws.

#### **(v) Appropriate benchmark to compare performance and basis for choice of benchmark**

The Portfolio Manager endeavors to invest in a portfolio of companies across market capitalization which are appropriately represented by the **S&P BSE 500 TRI Index**

#### **(vi) Indicative tenure or investment horizon**

Typically, investments will have a medium to long term time horizon of 3-5 years

#### **(vii) Risks associated with the investment approach**

This investment approach is suited for investors looking for moderate risk reward within equity. Below are select risks associated with the investment approach. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

**Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.

**Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

**Market risk:** Portfolio Manager endeavors to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.

**Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavors to mitigate the risks by investing with a medium to long term time horizon.

**Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

#### **(viii) Other salient features, if any. N.A.**





#### **4) Decennium Opportunity – Investment Approach (Strategy – Equity)**

##### **(i) Investment Objective –**

Focus on return optimization by investing in multi-cap portfolio of companies with good corporate governance, strong emerging business or companies entering into next business upcycle.

##### **(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**

Under this approach, Portfolio would be primarily invested in listed equities, money market instruments through units of mutual funds and other permissible securities/products in accordance with the Applicable Laws.

##### **(iii) Basis of selection of such types of securities as part of the investment approach**

The Portfolio Manager seeks to generate returns for the Client through price appreciation of the stocks held over a period of time. The approach aims to adopt a strategy of stringent stock selection process and a disciplined bottom-up investing approach with a medium to long-term focus. The Investment approach is focused towards long term growth of New age Indian economy. Companies which are likely to benefit from Industrial Revolution new age business favorable Policies and companies that are showing visible sign of turnaround with higher growth in their next business up cycle. Investment is made across market capitalization with more focus on Mid Cap and small cap. These are quality Mid and Small cap with minimum market cap of 1000 cr and very well tracked and researched in the Industry. Holdings and the sectors will be tracked on a constant basis and rebalancing wherever necessary based on revised prospects and valuations will be undertaken.

##### **(iv) Allocation of portfolio across types of securities**

The Portfolio shall be focused through a collection of core holdings and shall seek diversification across the various sectors of the equity market. Securities shall be chosen amongst a wide spectrum of market capitalizations. In this approach a portfolio of 15-20 stocks diversified across sectors. Also, from time to time on opportunistically basis, Portfolio manager may also choose to invest in money market instruments through units of mutual funds, in accordance with the Applicable Laws.

##### **(v) Appropriate benchmark to compare performance and basis for choice of benchmark**

The Portfolio Manager endeavors to invest in a portfolio of companies across market capitalization which are appropriately represented by the **S&P BSE 500 TRI Index**

##### **(vi) Indicative tenure or investment horizon**

Typically, investments will have a medium to long term time horizon of 3-5 years

##### **(vii) Risks associated with the investment approach**

This investment approach is suited for Mid Small Cap or Multi-cap Asset Allocation of investors looking for aggressive risk reward. Below are select risks associated with the investment approach. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

**Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.

**Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

**Market risk:** Portfolio Manager endeavors to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.

**Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavors to mitigate the risks by investing with a medium to long term time horizon.

**Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

##### **(viii) Other salient features, if any. N.A.**





## **5) Alpha I Strategy – Investment Approach (Strategy – Equity)**

### **(i) Investment Objective –**

Focus on Return Optimization by investing in a basket of well researched mutual funds. The basket would follow a multicap approach and invest in funds across various categories defined by SEBI.

### **(ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**

Under this approach, Portfolio would primarily invest in units of mutual funds and other permissible securities/products in accordance with the Applicable Laws.

### **(iii) Basis of selection of such types of securities as part of the investment approach**

The Portfolio Manager seeks to generate returns for the client through price appreciation of the mutual funds held over a period of time. The approach includes mathematically selecting categories of funds that have potential to outperform and applying basic AUM filters to arrive at a shortlisted universe of equity funds. Apply statistical parameters to evaluate funds on return and risk parameters as well as futuristic potential of funds. Lastly, apply judgement to evaluate the fund manager for his stock picking skills and stability of the fund management team.

### **(iv) Allocation of portfolio across types of securities**

In this approach a portfolio of 8 -15 funds diversified across categories. This would roughly have 50% - 70% in large caps and balance in mid and small caps. Also, from time to time on opportunistically basis, Portfolio manager may also choose to invest in money market instruments through units of mutual funds, in accordance with the Applicable Laws.

### **(v) Appropriate benchmark to compare performance and basis for choice of benchmark**

The Portfolio Manager endeavors to invest in a portfolio of funds across market capitalization which are appropriately represented by the **S&P BSE 500 TRI Index**.

### **(vi) Indicative tenure or investment horizon**

Typically, investments will have a medium to long term time horizon of 3-5 years

### **(vii) Risks associated with the investment approach**

This investment approach is suited for Multi-cap Asset Allocation of investors looking for high risk reward. Below are select risks associated with the investment approach. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

**Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.

**Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

**Market risk:** Portfolio Manager endeavors to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.

**Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavors to mitigate the risks by investing with a medium to long term time horizon.

**Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

### **(viii) Other salient features, if any.**





## **6) Flexicap Strategy PMS – Investment Approach (Strategy--Equity)**

### **(ix) Investment Objective –**

Focus on Return Optimization by investing in a basket of well researched mutual funds. The basket would follow a multicap approach and invest in funds across various categories defined by SEBI.

### **(x) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**

Under this approach, Portfolio would primarily invest in units of mutual funds and other permissible securities/products in accordance with the Applicable Laws.

### **(xi) Basis of selection of such types of securities as part of the investment approach**

The Portfolio Manager seeks to generate returns for the client through price appreciation of the mutual funds held over a period of time. The approach includes mathematically selecting categories of funds that have potential to outperform and applying basic AUM filters to arrive at a shortlisted universe of equity funds. Apply statistical parameters to evaluate funds on return and risk parameters as well as futuristic potential of funds. Lastly, apply judgement to evaluate the fund manager for his stock picking skills and stability of the fund management team.

### **(xii) Allocation of portfolio across types of securities**

In this approach a portfolio of 10 -15 funds diversified across categories. This would be broadly market capitalization agnostic portfolio. It will have a minimum of 20% in large cap and balance in mid cap and small cap. Also, from time to time on opportunistically basis, Portfolio manager may also choose to invest in money market instruments through units of mutual funds, in accordance with the Applicable Laws.

### **(xiii) Appropriate benchmark to compare performance and basis for choice of benchmark**

The Portfolio Manager endeavors to invest in a portfolio of funds across market capitalization which are appropriately represented by the **BSE 500 TRI**.

### **(xiv) Indicative tenure or investment horizon**

Typically, investments will have a medium to long term time horizon of 3-5 years

### **(xv) Risks associated with the investment approach**

This investment approach is suited for Multi-cap Asset Allocation of investors looking for high risk reward. Below are select risks associated with the investment approach. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

**Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks.

**Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

**Market risk:** Portfolio Manager endeavors to invest in companies using bottom up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities.

**Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavors to mitigate the risks by investing with a medium to long term time horizon.

**Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks.

Other salient features, if any.

## **B. Non - Discretionary Portfolio Management Service Options:**





(i) **Non-Discretionary Dynamic Series**

The Portfolio Manager from time to time act based on the final instruction from the client to invest into permissible securities under Non-Discretionary services.

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

The Portfolio Manager may utilize the services of the group companies and / or any other subsidiary or associate company of the sponsor, in case such a company is in a position to provide requisite services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid companies on commercial terms and on arm's length basis and at mutually agreed terms and conditions and to the extent permitted under all applicable laws after evaluation of the competitiveness of the pricing offered and the services to be provided by them. The investments in securities of the associate / group companies would be within the overall framework of Regulations and in terms of Agreement executed with the Client.

Details of Investments in the securities of related parties of the Portfolio Manager

Sr. No.	Investment Approach, if any	Name of the associate/related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
1	Non-Discretionary Dynamic Series	Anand Rathi Global Finance Ltd -MLD	457.01	716.57	68.30%

**Client Onboarding:**

Clients can invest through distributors empanel with Portfolio manager.

**Direct onboarding:** Client can directly invest with portfolio manager without intermediation of the distributor. Client is requested to contact [pmsdesk@rathi.com](mailto:pmsdesk@rathi.com) or visit [www.anandrathipms.com](http://www.anandrathipms.com) for direct investment.

**Withdrawals or Redemption:**

Withdrawals from PMS can be requested on any working day and the liquation for the same may take up to 15 working days to execute depending on the liquidity of the portfolio constituents.

Additionally for investors whose Portfolio value goes below the minimum threshold as provided in the regulations due to withdrawals as per the aforementioned terms and conditions then the Portfolio Manager will have the discretion to close the investors account by liquidation of his position and / or give the shares of the companies invested in to the client and /or refund the balance.

**6. Risk Factors**

**(1) No Assurance of Guarantee:**

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

**(2) No Reliance on Past Performance:**



Past performance of the portfolio manager does not indicate the future performance of the same or performance of any other future portfolio(s) of the Portfolio Manager.

**(3) Risks arising from the investment objective, investment strategy and asset allocation are as Follows:**

- i. The past performance of the Portfolio Manager in any portfolio is not indicative of the future performance in the same portfolio or in any other portfolio which currently exists or which may be offered in the future. There is no assurance that past performances indicated in earlier portfolios will be repeated. Investors are not being offered any guaranteed or indicative returns through any of the portfolios.
- ii. The names of the portfolio do not in any manner indicate their prospects or returns. The performance in the equity portfolios may be adversely affected by the performance of individual companies' changes that may take place in the equity market place and any industry specific and macro-economic factors that may also affect the performance of the portfolio.
- iii. Any and all risks which are already inherent and pertain to underlying liquid portfolios, debt investments and other fixed income securities, and which include, but are not limited to, changes in credit rating, trading volumes, settlement periods and transfer procedures, price/interest-rate risk and credit risk, volatility and liquidity in the money markets, pressure on the exchange rate of the rupee, basis risk, spread risk and reinvestment risk, offshore investments, derivative investments and security lending.
- iv. Technology stocks and some other investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- v. Risk attached with the use of derivatives products are as follows:  
The portfolio manager may use derivative products as may be permitted by SEBI from time to time. As and when the portfolios trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and other related capabilities. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include market risk, valuation risk, liquidity risk and basis risk. Also, it is to be noted that the market for derivative instruments is nascent in India and there may be some inherent risks attached to it as all the parties dealing with the derivative products are not sophisticated investors.
- vi. Each portfolio will be exposed to various risks depending on the investment objective, investment strategy and the asset allocation. The investment objective, investment strategy and the asset allocation may differ from client to client. However, generally, highly concentrated portfolios with lesser number of stocks, generally, will be more volatile than a portfolio with a larger number of stocks. Portfolios with higher allocation to equities will be subject to higher volatility than portfolios with low allocation to equities.
- vii. Risks may also arise out of non-diversification, if any, as the diversified portfolios (allocated across companies and broad sectors), generally, tend to be less volatile than non-diversified portfolios.
- viii. Tax Laws may change, which may, in turn, affect the return on investment.
- ix. Since the portfolio may invest predominantly in Mutual Funds and other instruments registered with SEBI, its performance may depend on that of the underlying portfolios. Any change in the investment policies or fundamental attributes of underlying portfolios, could affect performance of portfolios.





- x. For a sharp increase in the stock market indices during the defined period, the return on the portfolio might be comparatively less, due to certain inherent indices driven price changes which may not be applicable to the current stock held within the portfolio managed by us.
- xi. Upon a sharp downturn in the market during the defined period, the portfolio manager might at his own discretion invest the whole value of the portfolio in money-market and/or in the debt securities market for more stable returns on the portfolio. Subsequently, the portfolio will not be exposed to equities for the rest of the duration of the portfolio.

**(4) General Risk:**

The Client understands and accepts the risk of total loss of value of its Assets or recovery thereof only through an expensive legal process due to factors which by way of illustration include default or non-performance of a third party, a company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties etc.

## 7. Client Representation

**1. As per specified format under SEBI regulation:**

Category of Clients	No. of Clients	Funds Managed (Rs. In Crores)	Discretionary/Non-Discretionary/Multi-Manager /Investment Advisory Services
<b><u>Associate/Group Companies</u></b>			
As at March 31, 2023	0	0.00	Non-Discretionary
As at March 31, 2022	0	0.00	Non-Discretionary
As at March 31, 2021	2	5.17	Non-Discretionary
<b><u>Others</u></b>			
As at March 31, 2023	476	331.52	Discretionary ( Owner level AUM )
As at March 31, 2023	1038	1048.99	Non-Discretionary ( Owner level AUM )
As at March 31, 2022	376	262.65	Discretionary ( Owner level AUM )
As at March 31, 2022	3851	4079.58	Non-Discretionary ( Owner level AUM )
As at March 31, 2021	263	145.88	Discretionary
As at March 31, 2021	5005	5495.60	Non-Discretionary



2. Disclosures in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India on the basis of the provisional financial results of March 31<sup>st</sup>, 2023

A. Parties where control exists:

Name of the Related Party where control exists & with whom transactions have taken place	Nature of Relationship
Anand Rathi Financial Services Limited	Holding Company
Anand Rathi Global Finance Limited	Group Company
Anand Rathi Share and Stock Brokers Limited	Group Company
Anand Rathi Commodities Limited	Group Company
Anand Rathi Wealth Limited	Group Company

The details of transactions with related parties are given in Annexure I.

B. Other related Parties wherein transactions have taken place during the financial year 2022 – 2023

Name of the Related Party with whom transactions have taken place	Nature of Relationship
Anand Rathi IT Private Limited	Other Related Party
Vahin Advisors and Traders Private Limited	Other Related Party
Asha Leasing and Finance Private Limited	Other Related Party
Anand Rathi Marketing Services Private Limited	Other Related Party
Aqua Proof Wall Plast Private Limited	Other Related Party
Pushpalata Rathi Foundation	Other Related Party
AnandRathi Housing Finance Limited (ARHFL)	Other Related Party

## 8. Financial Performance of the Portfolio Manager

Based on the audited financial statements for the FY18, FY19, FY20, FY21 FY22and FY23 the financial performance of the Portfolio Manager is as follows:

(Rupees in Lakh)

Particulars	Financial Year ended 31-03-2023	Financial Year ended 31-03-2022	Financial Year ended 31-03-2021	Financial Year ended 31-03-2020	Financial Year ended 31-03-2019	Financial Year ended 31-03-2018
Total Income	1814.65	3644.10	2673.40	1381.32	2,404.76	1,530.18
Profit/(Loss) before Tax	-381.62	954.13	886.39	74.75	15.79	130.37
Profit/(Loss) after Tax	-305.66	696.84	661.50	16.90	14.98	27.71
Net Worth	1367.21	2197.86	1501.02	864.52	913.54	898.57
Basic Earnings Per Share (Rs.)	-3.09	7.03	6.68	0.17	0.15	0.28
Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Paid up equity share capital	990.59	990.59	990.59	990.59	990.59	990.59





## 9. Portfolio Management Performance of the Portfolio Manager

### A. Performance of Investment Approaches as on March 31, 2023 for Discretionary PMS

Investment Approach	Type of Service	Strategy	Date of Inception	April 1, 2021 – March 31, 2023	April 1, 2021 – March 31, 2022	April 1, 2020 – March 31, 2021
Benchmark						
Portfolio Plus	Discretionary	Equity	19-Oct-11	-5.75%	6.96%	72.34%
S&P BSE 200				2.00%	19.87%	74.25%
S&P BSE 500 TRI*				-0.91%	22.26%	78.63%
Impress Portfolio	Discretionary	Equity	31-May-17	2.47%	31.97%	99.42%
CNX 500				2.26%	20.96%	75.99%
S&P BSE 500 TRI*				-0.91%	22.26%	78.63%
Impress Portfolio - NRI	Discretionary	Equity	28-Jul-17	2.82%	31.82%	98.48%
CNX 500				2.26%	20.96%	75.99%
S&P BSE 500 TRI*				-0.91%	22.26%	78.63%
MNC Portfolio	Discretionary	Equity	31-Mar-18	2.97%	15.71%	49.52%
NIFTY MNC				5.68%	11.35%	46.91%
S&P BSE 500 TRI*				-0.91%	22.26%	78.63%
MNC Portfolio - NRI	Discretionary	Equity	31-Mar-18	0.86%	16.11%	51.21%
NIFTY MNC				5.68%	11.35%	46.91%
S&P BSE 500 TRI*				-0.91%	22.26%	78.63%
Decennium Opportunity Portfolio	Discretionary	Equity	12-Nov-21	-4.72%	0.60%	N.A.
CNX500				-2.26%	-3.35%	N.A.
S&P BSE 500 TRI*				-0.91%	-2.98%	N.A.
Decennium Opportunity Portfolio - NRI	Discretionary	Equity	02-Dec-21	-2.50%	2.33%	N.A.
CNX500				-2.26%	0.74%	N.A.
S&P BSE 500 TRI*				-0.91%	1.18%	N.A.

N.A. - Not Applicable

Note:

- The performance is calculated using TWRR method at aggregate level for respective Investment Approaches.





2. The returns for the specified period(s) are calculated based on valuation of securities on the respective valuation dates. Returns for period less than one year are absolute returns and for period greater than one year is compounded annualized.
3. Returns are after charging of expenses and pre tax.
4. " \* " We have changed the benchmark Index for the Equity Strategy for all Investment Approach S&P BSE 500 TRI Index with effect from 1st April 2023. We have showcased both old and new Benchmark Index.

**B. Performance of Investment Approach as on March 31, 2023 for Non-Discretionary PMS**

Investment Approach	Type of Service	Date of Inception	April 1, 2021 – March 31, 2023	April 1, 2021 – March 31, 2022	April 1, 2020 – March 31, 2021
Non-Discretionary Dynamic Series	Non - Discretionary	12-Mar-10	11.43%	14.39%	34.38%
Benchmark			N.A	N.A	N.A.
Debt Enhancer Portfolio	Non - Discretionary	10-Sep-18	N.A	15.93%	44.09%
Benchmark			N.A	N.A	N.A.

N.A. – Not Applicable

**Notes:**

1. The performance is calculated using TWRR method at aggregate level for respective Investment Approaches.
2. The returns for the specified period(s) are calculated based on valuation of securities on the respective valuation dates. Returns for period less than one year are absolute returns and for period greater than one year is compounded annualized.
3. For purpose of valuation of non-convertible debentures / equity linked debentures, the Portfolio Managers have relied on value of such securities and value of benchmark on the valuation date provided by the issuer of the respective securities. As mentioned by the issuer of the security, for the purpose of valuation, the security value for MLD / Capital Protection Portfolios given above are indicative and does not reflect the returns that could be generated on the final valuation / redemption date. The returns on the investment on the maturity date can be lower than the returns indicated above as the returns are attributed to contingent conditions.
4. Returns are After charging of expenses and pre-tax.

## **10. Audit Observations**

We have not received any adverse remark or disclaimer made by the statutory auditor in his report in last three preceding Financial Years viz: 2020-2021 & 2021-2022 & 2022-2023.

## **11. Nature of Expenses**

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement entered into with the specific Discretionary Clients. The expenses incurred shall be directly debited on





actual expense incurred basis to the Discretionary Client's portfolio as and when the same become due for payment on a quarterly basis.

#### I. Specific expenses related to Equity/Debt Portfolios

a. **Management Fees:** Management Fees relate to the Portfolio Management Services offered to Clients. The fee may be a fixed charge or a percentage of the quantum of funds managed or linked to the portfolio returns achieved, or a combination of both. In the event of it being a fixed charge or a percentage of the quantum of funds managed, it shall not exceed 3 % p.a. of the Discretionary Client's portfolio corpus. With regard to the management fees linked to portfolio returns achieved, the terms will be decided as per the PMS Agreement. Management Fees ranges between 1 to 2.5% or as may have been agreed upon at the time of entering into an agreement with the client.

**High Water Mark Principle:** High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark. Hurdle rate ranges between 8% to 20%. Performance fees is charged on profit over and above the hurdle rate. Performance fees would be charged in the range of 0% to 25% as may have been agreed upon at the time of entering into an agreement with the client.

#### b. Entry Fees/Upfront Fee

No Entry/Upfront fees are charged to the client at the time of subscription or additional subscription.

#### c. Exit Fees

An exit fee relates to exit charges are payable by Discretionary clients to the Portfolio Manager at the time of withdrawal or partial withdrawal. The terms to charge exit fees will be decided as per the Client agreement or as per product mandate. Exit load ranges between 0 to 3% as may have been agreed upon at the time of entering into an agreement with the client.

#### Portfolio Management Charges

Charge Head	Charges Range
AMC Fees (p.a.)	Upto 2.50%
Exit Load	Max 3% - 1st year, 2% - 2nd year, 1% - 3rd year
Hurdle Rate	8 - 20%
Profit Sharing Fees	0 - 25%
Brokerage	Upto 25 bps
Custodian fees (p.a.)	3 bps

#### II. Other General Expenses applicable to all type of Portfolios

- a. **Custodian/Depository Fees:** The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts.
- b. **Registrar and transfer agent fee:** Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges cost of affidavits, notary charges, postage stamp and courier charges.
- c. **Brokerage and transaction costs:** The brokerage charges and other charges like Service Tax and Education and Secondary and Higher Education Cess thereon, Stamp Duty, transaction costs, Securities Transaction Tax, Turnover Tax, Exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.



- d. **Securities Lending and Borrowing charges:** The charges pertaining to the lender of securities, costs of borrowing, including interest and costs associated with transfer of securities connected with the lending and borrowing transfer operations.
- e. **Certification and professional charges:** Charges payable for outsourced professional services like accounting, taxation and legal services, notarizations and similar services which maybe applicable for transactions of this kind, for certifications, attestations required by bankers or regulatory authorities.
- f. **Incidental Expenses:** Charges in connection with the courier expenses, postal, telegraphic, opening and operation of bank accounts shall also be charged at actual. Further, all incidental and ancillary 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.
- g. **Fees, Entry /Exit Load & charges in respect of Investment in Mutual Fund:** Mutual Funds shall be recovering expense, entry /exit load and other incidental expenses along with service tax, if any, on such recoveries and such fee, entry /exit load and charges including service tax on such recoveries shall be paid to the asset management companies of these mutual funds on the client accounts. Such fees and charges are in addition to the portfolio management fee described above.

**Important Note:**

- i. The Portfolio Manager shall deduct directly from the Cash Account of the Discretionary Client all the fees / costs specified above or require the Discretionary Client to make the payments separately to the Portfolio Manager, at the option of the Portfolio Manager. Other expenses which could be attributable to the Portfolio Management Services would also be directly deducted and the Discretionary Client would be provided details of the same.
- ii. The fees charged for rendering Portfolio Management Services do not guarantee or assure, either directly or indirectly, any return on the investment made by the Discretionary Client.
- iii. The exact fees charged to the Client relating to each of the above services will vary depending upon the exact nature of the services to be provided. These shall be annexed to the Agreement depending upon the services to be provided by the Portfolio Manager to the Client at the time of execution of the Agreement with the Client.
- iv. Any revision in the charges shall be made after obtaining prior permission from the Discretionary Client.
- v. GST and other statutory charges applicable will also be levied separately.

## **12 Taxation**

### **A. 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").

#### **(i) General**

In view of the individual nature of tax consequences on the income, capital gains or otherwise, arising from investments, 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.

The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligations.





## **(ii) Tax deduction at source**

Tax is required to be deducted at source for non-residents by the authorized dealer. If required, tax will be withheld for non-residents. 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.

## **(iii) Default in furnishing the PAN**

Wherever tax has been deducted at source, the deductee is required to mandatorily furnish his PAN to the deductor; failing which the deductor shall deduct tax at source at higher of the following rates:

- a. the rate prescribed in the Act;
- b. at the rate in force i.e., the rate mentioned in the Finance Act; or
- c. at the rate of 20%.

In order to reduce compliance burden, the Finance Act, 2016 amended the provisions of section 206AA of the Act (w.e.f. June 1, 2016) to provide relaxation from higher withholding tax rate while making payment to nonresident deductees in the absence of PAN, subject to fulfillment of prescribed conditions.

### **CBDT notification**

• Rule 37BC of the Rules provides that the provisions of section 206AA of the Act shall not apply on following payments made to nonresident deductees who do not have PAN in India:

- 1) Interest;
- 2) Royalty;
- 3) Fee for Technical Services; and
- 4) Payments on transfer of any capital asset.

• In respect of the above specified payments, the non-resident deductee shall be required to furnish following details and documents:

- 1) Name, e-mail id, contact number;
- 2) Address in the country of residence;
- 3) Tax Residency Certificate (TRC), if the law of country of residence provides for such certificate; and
- 4) Tax Identification Number (TIN) in the country of residence. Where TIN is not available, a unique identification number is required to be furnished through which the deductee is identified in the country of residence.

## **(iv) 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 Income tax Act.

## **(v) Securities Transaction Tax**

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

The STT rates would be applicable as per the government's directives.

## **B. Tax Implications to Different Categories of Investors**

Income arising from purchase and sale of shares (for the sake of brevity, the term "shares" has been used below as an illustration but the same includes other types of securities) can give rise to business income or capital gains in the hands of the investor.



The issue of income characterization as above is essentially a question of fact and is dependent on whether the shares are held as Business / Trading assets or as Capital Assets. Based on judicial decisions, all of the following factors and principles need to be considered while determining the nature of assets as above:

- Motive for the purchase of shares.
- Frequency of transactions and the length of period of holding of the shares
- Treatment of the shares and profit or loss on their sale in the accounts of the assessee.
- Source of funds out of which the shares were acquired – borrowed or own.
- Existence of an object clause permitting trading in shares – relevant only in the case of corporate.
- Acquisition of the shares – from primary market or secondary market.
- Infrastructure employed for the share transactions by the client including the appointment of managers, etc.

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

Central Board of Direct Taxes 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.

Central Board of Direct Taxes advised that no single principle would be decisive and the total effect of all the principles should be considered to determine whether, in a given case, the shares are held by the assessee as investment or stock-in-trade.

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.

#### **C. Tax Implications where Transaction in Securities is in the nature of Investments**

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

Dividends referred to in section 115-O will be exempt under section 10(34). Dividend other than that referred to in section 115-O and interest income from securities will be taxed under the head Income from Other Sources.

Income from units of Mutual Funds specified under clause 10(23D) is exempt from tax under section 10(35) of the Act. Further, it has been clarified that income arising from transfer of units of Mutual Fund shall not be exempt under section 10(35).

#### **(1) Long Term Capital Gains**

Section 112A of the Act provides that long-term capital gains in excess of Rs.1 lakh arising on sale of Equity Shares of a company or units of Equity Oriented Fund entered into a recognized stock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund are chargeable to income tax at a concessional rate of 10% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to STT. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

The mode of computation of capital gains would generally be as follows:





Particulars	Rs.
Sale Consideration	XXX
Less: Expenses on Transfer	XX
Net Consideration	XXX
Less: Cost of Acquisition (Cost as on 31.01.2018 or Actual cost whichever is HIGHER)*	XX
Capital Gains	XX

\* Provided the shares or equity oriented mutual funds are acquired before 31.01.2018.

Section 112 of the Act provides that where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income shall be the aggregate of—

✓ **For individuals and HUF's**

(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income ; and

(ii) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of twenty per cent;

✓ **For Indian Companies**

(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income ; and

(ii) the amount of income-tax calculated on such long-term capital gains at the rate of [twenty] per cent :

✓ **For Non-resident Indians**

(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income ; and

(ii) the amount of income-tax calculated on long-term capital gains [except where such gain arises from transfer of capital asset referred to in sub-clause (iii)] at the rate of twenty per cent; and

(iii) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset, being unlisted securities, calculated at the rate of ten per cent on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48.

**(2) Short Term Capital Gains**

Section 111A of the Act provides that short-term capital gains arising on sale of Equity Shares of a company or units of Equity Oriented Fund entered into a recognized stock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund 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. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.



In respect of capital gains not chargeable under Section 111A, the provisions for taxation of short-term capital gains for different categories of assesses are explained hereunder:

Short Term Capital Gains in respect of shares of a company, units of Mutual Fund and any other listed securities held for a period of not more than 12 months and unlisted securities (other than shares of a company and units of Mutual Fund) held for a period of not more than 36 months is added to the total income. Total income including short-term capital gains is chargeable to tax as per the relevant slab rates.

The mode of computation of capital gains would generally be as follows:

Particulars	Rs.
Sale Consideration	XXX
Less: Expenses on Transfer	XX
Net Consideration	XXX
Less: Cost of Acquisition	XX
Capital Gains	XX

### (3) Profits and Gains of Business or Profession

- 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.
- From F.Y 2020-21, Section 10(34) of the Act has been withdrawn. Thus, dividend from securities referred to in section 115-O shall be taxable in the hands of Shareholders.

Also, earlier Section 115BBDA that provided taxability of dividend over Rs 10 lakhs is of no relevance in hands of shareholders.

- As per section 40(a) (ib) of the Act any sum paid on account of STT will not be allowed as deduction in computing the income under the head "Profit and gains of business or profession" This provision was applicable upto Assessment Year 2008-09, w.e.f. 1.04.2009 the said clause has been deleted. From the assessment year 2009-10, where income referred to above is treated as Business Income, the person is eligible for deduction u/s 36(1)(xv), for the amount of STT paid.
- Section 88E of the Act gives rebate in respect of STT and provides that persons having business income arising from taxable securities transactions shall be entitled to a deduction from the amount of Income tax on such income of an amount equal to the STT paid by him in respect of such transactions entered in the course of his business. However, this rebate available under section 88 E of the income tax act, 1961 was discontinued w.e.f April 01, 2009. Section 36 of income tax act is amended so as to allow STT paid by assessee trader as deductible expenditure from business income w.e.f April 01, 2009.

### Tax treaty benefits for Non – Resident Indian

Section 90 of the Act provides that taxation of non-resident Clients would be governed by the provisions of the Act, or those of a Double Taxation Avoidance Agreement ("DTAA") that the Government of India has entered into with the Government of any other country of which the non-resident investors are tax resident. The provisions of the DTAA prevail over those of the Act if they are more beneficial to the taxpayer. Hence, the above rates are subject to applicable DTAA benefits, if applicable. In order for the non-resident Client to obtain the benefit of a lower rate or nil rates available under a DTAA, the Client will be required to provide with a certificate confirming the eligibility for such DTAA benefits.





#### D. Tax Slab

The rates of income-tax have been kept same; there are no changes in rates of income-tax in this Finance Bill.

- For a resident senior citizen (who is 60 years or more at any time during the previous year but not more than 80 years on the last day of the previous year)

Net Income Range	New Regime	Old Regime
Rs 0.0 - Rs 2.5 Lakhs	NIL	NIL
Rs 2.5 lakhs- Rs 3.00 Lakhs	5% (tax rebate u/s 87A is available)	NIL
Rs. 3.00 lakhs - Rs 5.00 Lakhs		5% (tax rebate u/s 87A)
Rs. 5.00 lakhs- Rs 7.5 Lakhs	10%	20%
Rs 7.5 lakhs - Rs 10.00 Lakhs	15%	
Rs 10.00 lakhs - Rs. 12.50 Lakhs	20%	30%
Rs. 12.5 lakhs- Rs. 15.00 Lakhs	25%	
> Rs. 15 Lakhs	30%	

- For resident super senior citizen (who is 80 years or more at any time during the previous year)

Net Income Range	Old Regime
Up to Rs. 5,00,000	Nil
Rs. 5,00,001 – Rs. 10,00,000	20%
Rs. 10,00,000 – Rs 50,00,000	Rs.1,00,000+30%
Rs. 50,00,000 – Rs 100,00,000	Rs 13,00,000 + 30%
Above Rs 100,00,000	Rs 28,00,000 + 30%

- For any other individual, every HUF/AOP/BOI/artificial juridical person -

Net Income Range	Old Regime
Up to Rs.2,50,000	Nil
Rs.2,50,001 – Rs. 5,00,000	5%
Rs. 5,00,001 – Rs. 10,00,000	Rs.12,500+20%
Rs. 10,00,000 – Rs 50,00,000	Rs.1,12,500+30%
Rs. 50,00,000 – Rs 100,00,000	Rs 13,12,500 + 30%
Above Rs 100,00,000	Rs 28,12,500 + 30%

- Please note that the tax rates in the New tax regime is the same for all categories of Individuals, i.e. Individuals & HUF upto 60 years of age, Senior citizens above 60 years upto 80 years, and Super senior citizens above 80 years. Hence no increased basic exemption limit benefit will be available to senior and super senior citizens in the New Tax regime.

- Rebate:**

A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

- Health and Education Cess:**

The amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

- Surcharge:**

- For any individual/HUF/AOP/BOI/artificial juridical person –



Net Income Range	Income Tax Rate (Current)
Rs. 50,00,000 – Rs.10,00,000	10%
Rs.10,00,000 - Rs.20,00,000	15%
Rs.20,00,000 - Rs.50,00,000	25%
Above Rs.50,00,000	37%

- Companies:
- Tax Rates (%) for Existing Companies (if lower tax rate option not exercised):

Income Slab	Domestic Company (Turnover > Rs.400 Crore during the FY 2022-23)		Foreign Company	
	Normal	MAT	Normal	MAT
Upto 1 Crore	31.20	19.24	41.6	19.24
Exceeding 1 Crore less than 10 Crore	33.38	20.59	42.43	19.62
Exceeding 10 Crore	34.94	21.55	43.68	20.20

**Tax Rates (%) for Existing Domestic Companies (if lower tax rate option exercised):**

Marginal Rate of tax would be 25.17% #

# Corporate Tax: 22%, Surcharge: 10% and Cess: 4%

**Condition for availing lower tax rate:**

1. Not eligible for any tax incentives/exemptions
2. Not required to pay MAT
3. Option has to be exercised one time on or before the due date of filing of tax return
4. Option once exercised can't be withdrawn.

**New Domestic Manufacturing Companies incorporated on or after 01-Oct-2019**

Marginal Rate of tax would be 17.16% #

# Corporate Tax: 15%, Surcharge: 10% and Cess: 4%

**Condition for availing lower tax rate:**

1. Not eligible for any tax incentives/exemptions
2. Not required to pay MAT
3. Option has to be exercised one time on or before the due date of filing of tax return
4. Option once exercised can't be withdrawn.
5. Has to commence manufacturing on or before 31.03.2023

✓ **Domestic company:-**

1. The existing surcharge of 7% in case of a domestic company shall continue to be levied if the total income of the domestic company exceeds Rs. 1 Crore but does not exceed Rs.10 Crore.
2. The surcharge at the rate of 12% shall be levied if the total income of the domestic company exceeds Rs. 10 Crore.





✓ **Foreign company:-**

- ✓ In case of companies other than domestic companies, the existing surcharge of 2% shall continue to be levied if the total income exceeds Rs. 1 Crore but does not exceed Rs. 10 Crore.
- ✓ The surcharge at the rate of 5% shall be levied if the total income of the company other than domestic company exceeds Rs 10 Crore.

**Health and Education Cess:**

The amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

(Note: However, the total amount payable as income-tax and surcharge on total income exceeding Rs. 1 Crore but not exceeding Rs. 10 Crore, shall not exceed the total amount payable as income-tax on a total income of Rs. 1 Crore, by more than the amount of income that exceeds Rs. 1 Crore.

The total amount payable as income-tax and surcharge on total income exceeding Rs. 10 Crore, shall not exceed the total amount payable as income-tax and surcharge on a total income of Rs. 10 Crore, by more than the amount of income that exceeds Rs. 10 Crore.)

In respect of Foreign Institutional Investors (FIIs) fulfilling conditions laid down under section 115AD of the Act, income (other than the dividend referred to in section 115-O) received in respect of securities other than units of mutual fund will be chargeable at the rate of 20% plus surcharge and cess, as may be applicable.

**E. Losses under the Head Business Income**

In the case of loss under the head "Profits and Gains of Business of Profession", it can be set off against the income from any other source under the same head or income under any other head (except income from Salary) in the same assessment year.

Further, if such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be set off against the profits and gains of the business, within the period of eight subsequent assessment years.

According to section 94(7) of the Act, if any person buys or acquires shares 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 three months from such record date, then losses arising from such sale to the extent dividend or income received or receivable on such shares, which are exempt under the Act, will be ignored for the purpose of computing his income chargeable to tax.

According to section 94(7) of the Act, if any person buys or acquires shares within a 12 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.

**(i) Dividend stripping**

According to the provisions of Section 94(7) of the Act, losses arising from the sale / redemption of securities or units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 9 months (in case of units) / 3 months (in case of securities), after such date, is disallowed to the extent of income on such securities or units (other than on sale / redemption) is claimed as tax exempt.

**(ii) Bonus stripping**



According to the provisions of Section 94(8) of the Act, if an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/ redeems the units within 9 months after that date and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

**Note: As the Current Year Finance Bill 2019 is passed by the Parliament on 1<sup>st</sup> August, 2019, the Amendments have been incorporated in above.**

### **13. Accounting Policies:**

The Portfolio Management Services comprises of discretionary and Non-Discretionary Portfolio Management and hence, the portfolio transaction per se will not reflect in the books of the Portfolio Manager. However, the Fee based income of the Portfolio Manager will be accounted based on the guidelines issued from time to time by SEBI/Institute of Chartered Accountants of India (ICAI).

Books and Records are separately maintained in the name of the client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.

Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts & records of the Client.

#### **I. Basis of Accounting**

Financial statement of the Client under Portfolio Management Services (other than for Advisory Services) shall be prepared and maintained as per the accrual basis of accounting.

#### **A. Maintenance of Client Account:**

- a. The Portfolio Manager shall keep and maintain proper books of accounts, records and documents for each Client.
- b. The Portfolio Manager shall segregate each client's funds and portfolio of securities and keep them separately from its own funds and securities. It shall provide monthly transaction statements to clients so as to enable the clients to see the transactions done in their respective client account.
- c. The funds of the client, investments/disinvestments, accretion like interest, dividend, bonus or any other beneficial interest and expenses/TDS on the portfolio of the client shall be properly accounted for and details thereof shall be properly reflected in the clients' account.
- d. In the event of aggregation of purchases or sales for economy of scale interest, the Portfolio Manager shall do allocation on pro rata basis at weighted average price of the day's transaction. The Portfolio Manager will not keep open position in respect of allocation of sales or purchases in a day.
- e. The Portfolio Manager shall not hold the listed securities, belonging to the portfolio account in its own name on behalf of its client.

#### **B. Investments:**

- a. The cost of Investments acquired or purchased shall include brokerage, stamp duty and any charge customarily except for Securities Transaction Tax included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered may be reduced from the cost of the investment.
- b. Subscriptions to primary market issues shall be recognized as investments on allotment.
- c. Bonus shares to which the portfolio becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the Stock Exchange, Mumbai on an ex-bonus basis. Similarly, rights entitlements shall be recognized only when the original shares on which the right





entitlement accrues are traded on the stock exchange on an ex-right basis. If the investment quantity for any Client results in fractional holdings, pursuant to split or de-merger or any other corporate action, the Portfolio Manager, at his discretion, may sell or buy fractional units (subject to availability of cash) to make the investment of each Client in marketable lots.

- d. Securities brought in by the client, the same is accounted for in PMS accounts on the date on which the stock is credited to the depository account shall be valued at the closing price of the security at NSE. If closing price on NSE is not available, BSE price would be considered. Accordingly, date of credit as aforesaid shall be construed as date of acquisition and cost as stated above is considered as cost of acquisition for the purpose of computing gains / loss.
- e. In case Assets are redeemed in form of Securities, the same will be valued at the closing price of the stock on NSE on the previous working day of the date on which stock is recorded as corpus outward. If closing price on NSE is not available, BSE price would be considered. The Assets so redeemed in form of Securities will be shown as investment amount returned to the Client for the purpose of reporting to the Client and shall not form part of the report of computation of capital gain. However, for the purpose of computing performance / returns by the Portfolio Manager, date of debit as aforesaid shall be taken as date of sale and the value as stated above will be taken as the value received on sale.

### C. Income & Expenses:

- a. Dividend income earned by the Portfolio 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 the stock exchange, dividend income would be recognized on the date of declaration of dividend. Portfolio Manager do not hold POA to operate client's bank account linked to their respective demat accounts, dividend amount is shown as corpus outward on receipt of confirmation from client that dividend is actually received in their bank account
- b. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to interest Recoverable Account.

Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

- c. Transactions for purchase or sale of investment shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or in the event of a sale. When 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.
- d. In determining the holding cost of investments the "Weighted average price (WAP)" method shall be followed for each security and the gains or loss on sale of investments, "First in first out (FIFO)" method shall be followed.
- e. Unrealised gain/losses are the differences, between the current market value/Net Asset Value and the historical cost of the securities.
- f. Investment Management fees and other charges shall be accrued and charged as agreed in the agreement between the Portfolio Manager and the Client. All other expenses payable by the client shall be accrued as and when Liability is incurred.
- g. Securities transactions are accounted for on a trade date basis. The cost of the investments acquired or purchased would include brokerage, stamp charges and any charges customarily included in the broker's





contract note or levied by any statute except STT (Securities Transaction Tax). Similarly, in case of Sale Transaction, the abovementioned charges will be deducted from the sale price.

- h. In respect of privately placed debt instruments, any frontend discount offered shall be reduced from the cost of the investment. However, In case where such securities are issued by issuer at discount to the face value & such discount is retained with the portfolio manager as management fees, then such discount amount is added to the cost of acquisition as transaction based fees.

## II. Portfolio Valuation

### a. Listed/Traded Shares:

Investments in Equity or Equity Related instruments and Debt Securities listed on a recognized stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If on a particular valuation date, a security is not traded on NSE, the value at which it is traded on The Stock Exchange, Mumbai (BSE) is used or any recognized stock exchange. If a particular security is not listed on the NSE, then it is valued at the last quoted closing price on the BSE on the valuation date or on a recognized stock exchange as the case may be.

### b. Not traded on Valuation date:

Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by Anand Rathi Advisors Limited.

### c. Unlisted Shares:

Equity securities awaiting listing are would be valued at cost of acquisition

### d. Bonus Shares & Right Issue:

Bonus shares to which the portfolio becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the NSE on an ex-bonus basis or the BSE (if the scrip is not traded on the valuation date on the NSE) as the case may be. Cost of bonus shares is taken as Zero. Similarly, rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-right basis.

### e. Valuation of Suspended/Non traded Share / Corporate Actions

In case a security is suspended/non-traded/ awaiting Corporate Actions, then the Valuation of such security shall be done on the basis of good faith relying upon prevailing practices elsewhere. The Anand Rathi Advisors Limited Valuation Committee shall take note of such methodology and accordingly value the security.

In cases of corporate action like stock split, the new stock received with split face value is recorded in books on ex-date.

However, date of acquisition of original shares is construed as date of acquisition of stock received on split for the purpose of computing short term/long term gain.

In cases of corporate action of demerger, the new shares received on de-merger is recorded in books on ex-date but the date of purchase of original shares is reckoned as date of acquisition for new de-merged stock for the purpose of computing gain/(loss). The apportionment of cost between old share and new share is made based on the information provided by the company. However, in case where such information about cost apportionment is not available on ex-date, cost of original share is taken as same % which opening ex price of such share bear to closing cum price and balance cost is taken as cost of demerged shares





**f. Valuation of Mutual Funds**

Investments in Mutual funds will be valued at the repurchase NAV declared for the relevant schemes on the date of the report or the most recent NAV will be reckoned. Where no NAV is published for a particular day, the previous working day's published NAV will be taken for the valuation purpose.

The accounting policies and standards as outlined above are subject to changes made from time to time by the Portfolio Manager. However such changes would be in conformity with the Regulations.

**14. Investor Services**

**A. Contact Information:** Any investor queries and complaints can be addressed to:

Concern Team	Concern Person Name	Email ID
Grievance team	Mr. Deepak Kedia (Compliance Officer)	<a href="mailto:grievance@rathi.com">grievance@rathi.com</a>
Grievance	Online Portal for filing Grievance	<a href="https://grievance.anandrathi.com/index.php">https://grievance.anandrathi.com/index.php</a>
Grievance SEBI	SEBI Office	<a href="http://scores.gov.in">http://scores.gov.in</a>
PMS Team	Mr. Sushil Parab	<a href="mailto:pmsoperations@rathi.com">pmsoperations@rathi.com</a>
Principal Officer	Mr. Mayur Shah	<a href="mailto:mayurpshah@rathi.com">mayurpshah@rathi.com</a>

Address: **Anand Rathi Advisors Limited,**  
Express Zone, A Wing, 10th Floor,  
Western Express Highway, Goregaon (E),  
Mumbai - 400 063  
Maharashtra, India

Telephone: 022-6281 7000 Fax: 022-6281 3888

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

**B. Grievance Redressal and dispute settlement mechanism:**

The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the investor remains dissatisfied with the remedies offered, or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms:

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



## Annexure I

As per audited financial statement Following transactions were carried out with related parties in the ordinary course of business.

(Rs in Lakhs)	
Nature of Transaction	For The Year Ended March 31, 2023
<u>Income</u>	
<u>Interest Income</u>	
Anand Rathi Share and Stock Brokers Limited	158.02
Aqua Proof Wall Plast Private Limited	1.53
AnandRathi Housing Finance Limited	1.15
<u>Expenses</u>	
<u>Insurance Premium</u>	
Anand Rathi Share and Stock Brokers Limited	8.40
<u>Brand Charges Paid</u>	
Anand Rathi Financial Services Limited	0.15
<u>Rent, Rates &amp; Taxes Paid</u>	
Anand Rathi Global Finance Limited	1.20
Anand Rathi Financial Services Limited	3.60
Vahin Advisors and Traders Limited	76.90
AnandRathi Housing Finance Limited	8.83
<u>Business Support Charges Paid &amp; Software Development</u>	
Anand Rathi IT Private Limited	36.03
Anand Rathi Financial Services Limited	3.34
<u>Marketing Expenses Paid</u>	
Anand Rathi Share and Stock Brokers Limited	258.74
<u>Commission Paid</u>	
Anand Rathi Share and Stock Brokers Limited	519.87
<u>Balance Sheet</u>	
<u>Closing Balance of Loans Given</u>	
Aqua Proof Wall Plast Private Limited	1,300.00
<u>Security Deposit Given</u>	
AnandRathi Housing Finance Limited	150.00

*Agp*





**Mahesh Chandra & Associates**  
**Chartered Accountants**

**CERTIFICATE**

This is to certify that the firm-level performance data of M/s. ANAND RATHI ADVISORS LIMITED having its office at Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (East), Mumbai - 400 063, India has been verified by us and found that the disclosures made in the firm-level performance report are true, fair and adequate to enable the investors to make a well-informed decision.

We further certify that the firm-level performance is calculated using TWRR method for respective portfolios and the returns are calculated after charging of expenses.

For and on behalf of  
**Mahesh Chandra & Associates**  
**Chartered Accountants**

Firm Registration No.112344W

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VIPUL VISHNU

VISHNU

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Date: 2023.09.05  
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Vipul Awaghade

Partner

Membership No. 174518

Mumbai, Dated: 5<sup>th</sup> September 2023

UDIN: 23174518BGUUPS1470

**Mahesh Chandra & Associates**  
**Chartered Accountants**

**TO WHOMSOEVER IT MAY CONCERN**

The Books of Accounts for Anand Rathi Advisors Ltd-PMS having office at Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (E), Mumbai-400063 was Internally audited by us for the period ended on 31<sup>st</sup> March 2023 and the Portfolio Manager has followed proper accounting methods & procedures and that the portfolio manager has performed their duties in accordance with the laws.

Based upon the Audit procedures performed and information & explanation given, we report that no fraud on or by the company has been noticed or reported during the course of our Audit.

For and on behalf of  
**Mahesh Chandra & Associates**  
**Chartered Accountants**  
Firm Registration No.112344W

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Vipul Awaghade

**Partner**

Membership No. 174518

Mumbai, Dated: 5<sup>th</sup> September 2023

UDIN: 23174518BGUUPU6157



**Mahesh Chandra & Associates**  
**Chartered Accountants**

**CERTIFICATE**

This is to certify that based on the Audited Financial Statements produced before us, the Net Worth of ANAND RATHI ADVISORS LIMITED as on 31<sup>st</sup> March'2023 as per the following computation is Rs. 1,367.21/- Lakh (Rupees Thirteen Crore Sixty Seven Lakh Twenty One thousand Only):

(Rs. in Lakh)		
Particulars	Amount (Rs.)	Amount (Rs.)
Equity Share Capital ( Fully paid up )		990.59
Add: Reserve and Surplus		
Securities Premium	737.84	
Capital Redemption Reserve	5.00	
Balance in Profit and Loss Account	183.78	926.62
Less: Accumulated Losses		Nil
Less: Deferred expenditure not written off (including miscellaneous expenses not written off)		Nil
Less: Minimum Capital Adequacy / net worth requirement for any other activity Undertaken under other SEBI regulations.		550.00
<b>NET WORTH</b>		<b>1,367.21</b>

This certificate is issued at the request of the company for the purpose of compliance relating to Portfolio management Services in terms of requirement of SEBI, and should not be used, copied or circulated for any other purpose without our return consent.

For and on behalf of  
**Mahesh Chandra & Associates**  
**Chartered Accountants**  
Firm Registration No.112344W

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                 11:35:35 +05'30'

Vipul Awaghade

Partner

Membership No. 174518

Mumbai, Dated: 25<sup>th</sup> May 2023

UDIN: 23174518BGUMIR4755