



## DISCLOSURE DOCUMENT

### PORTFOLIO MANAGEMENT SERVICES

#### (As required under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulation 2020)

- (i) The Document has been filed with Securities and Exchange Board of India (SEBI) along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- (ii) The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making an informed decision for engaging Indsec Securities and Finance Ltd. (ISFL) as a Portfolio Manager.
- (iii) The document contains necessary information about ISFL required by an investor before investing, and the investor may also be advised to carefully read the disclosure document to avail portfolio management services and retain the document for future reference.

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This Disclosure Document is dated **24<sup>th</sup> August, 2021.**

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## 1. Disclaimer

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This Document has neither been approved / disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

## 2. Definitions:

*(Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively as provided in the Regulation)*

**“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended from time to time.

**“Agreement”** means the Portfolio Management Agreement and includes any recitals, schedules, annexures or exhibits to this Agreement and any amendments made to this Agreement by the Parties in writing.

**“Assets”** means the portfolio/ single tradable security and/ or the funds.

**“Asset Under Management”** (AUM) is the market value of assets in the portfolio consisting of securities and funds. In case of securities market value will be calculated on the basis of Closing prices of the National Stock Exchange of India Limited (NSEIL). If the securities are not listed on NSEIL then the rate adopted shall be that of the Closing Prices of the BSE Limited (BSE) or Closing Prices of any other major stock exchange on which it is listed. In the event of this date being a holiday at the exchange the Closing Prices as on the immediately preceding trading day shall be adopted.

**“Body Corporate”** shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013

**“Bank Account”** means one or more deposit or other accounts opened and maintained and operated by Portfolio Manager with any of the scheduled commercial banks in respect of the funds placed by the client.

**“Board”** or **“SEBI”** means the Securities and Exchange Board of India established under the Act.

**“Client”** means any person who registers with the Portfolio Manager for availing the service of portfolio management by the Portfolio Manager.

**“Custodian”** means Depository Participant (DP) who holds the shares, securities and cash on behalf of the client.

**“Depository Account”** means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered

under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

**“Discretionary Portfolio Management Services”** means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the agreement, where under Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.

**“Discretionary Portfolio Manager”** means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercises any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.

**“Non-discretionary Portfolio Manager”** means a portfolio Manager who manages funds in accordance with the directions of the Client.

**“Effective date”** means the date on which the Portfolio Management Account of the client is activated in the books of Portfolio Manager.

**“Funds”** means the monies managed by the Portfolio Manager on behalf of the client pursuant to the Agreement and includes the monies mentioned in the application, any further monies placed by the client minus withdrawal / redemption made by the client with the Portfolio Manager for being managed pursuant to this agreement, the proceeds of the sale or other realization of the portfolio and interest, dividend or other monies received or receivable from the funds, so long as the same is managed by the Portfolio Manager.

**“Parties”** means the Portfolio Manager and the Client; and “Party” shall be construed accordingly

**“Person”** includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not

**“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager

**“Portfolio”** means the total holdings of all securities and funds belonging to the client.

**“Portfolio Manager” (PM)** means Indsec Securities and Finance Ltd. (ISFL) who has obtained certificate from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993, vide Registration No. **INP000001892**.

**“Regulation”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended by SEBI from time to time.

**“Securities”** includes: “Securities” as defined under the Securities Contract (Regulations) Act, 1956, shares, stocks, bonds, warrants, convertible and non – convertible debentures, fixed

return investments, equity linked instruments, negotiable instruments, deposits, money market instruments, commercial paper, certificate of deposit, units issued by Unit Trust of India and/ or by any mutual funds, mortgage backed or other asset backed securities, derivative, options, futures, foreign currency commitments, hedged, swaps or netting of any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, the State Government or the local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by right, bonus, redemption, preference, option or otherwise) and whether in physical and in dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein, Exchange Traded Funds, Liquid Funds; any other instrument or investments as may be permitted by applicable law from time to time.

### 3. Description

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

ISFL is in its 29<sup>th</sup> year of operations and is a corporate member of BSE in Equity and Debt segment and of NSEIL in Equities, Debt, Futures & Options and Currency Derivatives segments. ISFL is also a Depository Participant of the National Securities Depository Limited (NSDL). ISFL is also a dormant member of the Metropolitan Stock Exchange of India Ltd. in Currency Derivative Segment. With this setup ISFL is in a position to offer all types of services in the securities industry across stock exchanges in India.

ISFL was incorporated on 28<sup>th</sup> July 1993 and presently has an authorised share capital of Rs. 40 crores. The issued and paid-up capital of ISFL as on date of this document is Rs. 9.85 crore (equity), held by ISFL's directors, their relatives and its employees.

In the year 1999, Indsec Share and Stock Broking Limited (ISSL) was merged with ISFL by order of Hon'ble High Court at Bombay dated 14<sup>th</sup> January 1999, by virtue of which ISFL acquired the membership of BSE.

Since inception company's focus has been on research and advisory services. In view of its research capabilities ISFL focused mainly on institutional business and is today empanelled with most of the local financial institutions, insurance companies, banks and mutual funds. Further, ISFL is also empanelled with many Foreign Institutional Investors (FIIs). In a short span of time ISFL has grown from being a medium size broking outfit to become one of the largest capitalized Indian broking company offering the complete range of broking services.

ISFL has obtained a Certificate to act as Portfolio Manager from SEBI under SEBI (Portfolio Managers) Regulations, 1993 vide Registration No. INP000001892 in 2006.

ISFL's philosophy has always been investment with full knowledge acquired by in-depth fundamental research and to work persistently towards wealth maximization of clients by providing proactive financial services, while maintaining highest standard of ethics and professionalism. Keeping in view its philosophy ISFL now desires to service HNI's and other non-institutional investors through the PMS route. It aims to channelise the wealth

available with NRI's all over the world by making it possible for them to invest in the growth story of their country through PMS.

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

**Promoters of Portfolio Manager**

The details of the promoters of the company are as follows:

Sr. No.	Promoters Names	% of Equity shares held	Qualification	Experience
1	Mr. Nandkishore Gupta & family	100%	B. Com (Hons.), FCA	Total 41 years of experience, of which 30 years has been in Capital Market.

**Present Directors and their Background**

SN	Name	Age	Designation	Experience	Qualification
1	Mr. Nandkishore Gupta	61 yrs.	Chairman & Managing Director	Total 41 years of experience, 11 years in the profession of Accountancy & 30 years in Capital Market. With ISFL since August 1994.	B.Com. (Hons), FCA
2	Mr. Jayechund Jingree	74 yrs.	Non-Executive Director	Total 54 years of experience. Was serving as senior partner of KPMG. With ISFL since November 2000.	FCA (Ireland)
3	Ms. Maya Gandhi	53 yrs.	Whole Time Director	Total 32 years of experience in Capital Market. Has worked with BSE Limited (Inspection / Surveillance Dept.) for over 5 years. With ISFL since September 1994.	B.Com.
4	Mr. Ramesh Chandra Gupta	72 yrs.	Independent Director	Total 43 years of experience in corporates, of which, 30 years in senior position (as Vice-President, Finance & Company Secretary with Birla group co.). With ISFL since August 2001.	M.Com, LLB, FCS
5	Mr. Ashok Kukreja	67 yrs.	Independent Director	Total 28 years of experience in the profession of Accountancy and audits. With ISFL since August 2007.	B. Com, FCA

**(iii) Top 10 Group Companies/ Firms of Portfolio Managers on Turnover basis: NIL**

**(iv) Details of Services Offered:**

**a) Discretionary**

Under these services, the choice as well as the timing of the investment decisions rest solely with the Portfolio Manager. The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the clients account as per the agreement and make such changes in the investments and invest some or all of the clients funds in such manner and in such markets as it deems fit. The Portfolio Manager's decision (taken in good faith) in development of the clients' funds is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of fraud, malafide nature and conflict of interest. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be provided to the respective Client.

**b) Non-discretionary**

Under these services, the client decides their own investment with the Portfolio Manager. The Portfolio Managers role is limited to providing research, investment advice and trade execution at the client's request. The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client entirely at the Client's risk..

**c) Advisory**

Portfolio Manager gives advice to the client regarding investment / disinvestment in securities without any back office responsibility for trade execution custody or accounting functions. However, discretion lies with the client whether to act upon it or to ignore the advice.

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

- No material penalties/ directions have been issued by the SEBI under the securities laws, SEBI Act or Rules or Regulations made there under.
- No penalties have been imposed for any economic offence and/ or for violation of any securities laws.
- There are no pending material litigation/ legal proceedings against the portfolio manager/ key personnel.
- No material deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.
- There are no pending enquiry / adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly

or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder.

## 5. Services offered

Under Portfolio Management services ISFL will offer following 3 types of PMS Investment plans having different objectives and strategy of investment.

### **Option A - Aggressive:**

- (i) Investment Objectives:** To create a focused portfolio of select, high conviction wealth creating stock ideas based on in-depth research leading to bottom-up approach. The strategy plans to generate an alpha over a period of over 2-3 years.
- (ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.:** Equity and equity related instruments and Liquid schemes of Mutual Funds.
- (iii) Basis of selection of such types of securities as part of the investment approach:** Investment in companies and sectors which could give higher than benchmark returns.
- (iv) Allocation of portfolio across types of securities:** 90%-100% in Equities whereas liquid schemes is 0%-10%.
- (v) Appropriate benchmark to compare performance and basis for choice of benchmark:** Nifty 500
- (vi) Indicative tenure or investment horizon:** Recommended time horizon for effective return is minimum 36 months.
- (vii) Risks associated with the investment approach:** Investments in the equity shares of the Companies which are subject to stock market risks. This may have adverse impact on individual securities and consequently on the Net Asset Value of the Portfolio. It is possible that the client may receive zero or negative return (loss of capital) over the Investment period.

### **Option B – Moderate:**

- (i) Investment Objectives:** To generate capital appreciation by creating a portfolio of equity and equity-related securities.
- (ii) Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.:** Equity and equity related instruments and debt schemes of Mutual Funds
- (iii) Basis of selection of such types of securities as part of the investment approach:** Invest in companies with favourable risk reward matrix and could outperform the benchmark index.



- (iv) **Allocation of portfolio across types of securities:** 70%-100% in Equities whereas liquid schemes is 0%-30%.
- (v) **Appropriate benchmark to compare performance and basis for choice of benchmark:**  
Nifty 100
- (vi) **Indicative tenure or investment horizon:** Recommended time horizon for effective return is minimum 24 months.
- (vii) **Risks associated with the investment approach:** Investments in the equity shares of the Companies are subject to stock market risks. This may have adverse impact on individual securities and consequently on the Net Asset Value of the Portfolio.

**Option C - Conservative:**

- (i) **Investment Objectives:** The objective of the investment approach is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities.
- (ii) **Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.:** Equity and equity related instruments Liquid and debt schemes of Mutual Funds
- (iii) **Basis of selection of such types of securities as part of the investment approach:** Invest in a mix of equity and debt securities with singular focus on protection of capital.
- (iv) **Allocation of portfolio across types of securities:** 60%-100% in Equities whereas liquid schemes is 0%-40%.
- (v) **Appropriate benchmark to compare performance and basis for choice of benchmark:**  
Nifty 50
- (vi) **Indicative tenure or investment horizon:** Recommended time horizon for effective return is minimum 24 months.
- (vii) **Risks associated with the investment approach:** Investments in the equity shares of the Companies are subject to stock market risks. This may have adverse impact on individual securities and consequently on the Net Asset Value of the Portfolio.

Currently the minimum investment amount/ securities is Rs. 50 Lacs. The Client may on one or more occasion(s) or on a continual basis, make further placement of Securities and/ or funds under the service.

The Portfolio Manager will not invest any of the funds of the Client in the shares, mutual funds, debt, deposits and other financial instruments of group companies of the Portfolio Manager.

## 6. Risk Factors

- i) Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the investment will be achieved.
- ii) Past performance of the Portfolio Manager does not guarantee the future performance of the same.
- iii) The value of the Portfolio may go up or down depending on the factors and forces affecting stock markets.
- iv) The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro-economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.
- v) The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolio Investment plans.
- vi) The investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- vii) The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines.
- viii) Usage of derivatives will expose the investment plan to certain risks inherent to such derivatives. As and when trades are done in the portfolio accounts, 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 of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. 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 the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- ix) The investment made by the Portfolio Manager is subject to risk arising out of non – diversification, if any.
- x) The investments of the fund and resultant investments are subject to a very wide range of risks which include amongst others inter alia:

- a) Overall economic slowdown, unanticipated bad corporate performance, environmental or political (including changes in tax laws and rates), changes in government policies and regulations with regards to industry and exports.
  - b) Act of state, sovereign action, Acts of God, Acts of war, civil disturbance.
  - c) Delisting or market closure, relatively small number of scrips accounting for a large proportion of trading volume.
  - d) Misjudgment of Portfolio Manager, unsystematic settlement procedures, refusal or delay in registration of securities, non- receipt of interest or dividend etc.
- xi) The Portfolio Manager shall take all reasonable steps to invest the funds in a prudent manner. Such decisions may not always prove to be profitable or correct. Consequently, any loss arising from such decisions shall be a risk assumed by the client.
  - xii) Limited liquidity in the market, settlement risk, impeding readjustment of portfolio composition, highly volatile stocks money markets in India. There is also risk of total loss of value of an Asset, possibilities of recovery of loss in investments only through expensive legal process. Such loss could arise due to factors which by way of illustration, include, default or non-performance of a third party, company's refusal to register a security due to legal stay or otherwise, disputes raised by third parties. Thus the investment in Indian Capital Money Market involves above average risk for investors compared with other types of investment opportunities. Investments will be of a longer duration compared to trading in securities. There is a possibility of the value of investment and the income there from falling as well as rising depending upon the market situation.
  - xiii) The Portfolio Manager is not guaranteeing or assuring any return on investment.

## 7. Client Representation

### i) Details of client's accounts (as on 31/03/2021):

Category of Clients	No. of Clients	Funds Managed (Rs. Lakhs)	Discretionary/ Non Discretionary
<b>Associates/Group Companies:</b>			
2018-2019	NIL	NIL	N.A.
2019-2020	NIL	NIL	N.A.
2020-2021	NIL	NIL	N.A.
<b>Others:</b>			
2018-2019	NIL	NIL	N.A.
2019-2020	NIL	NIL	N.A.
2020-2021	NIL	NIL	N.A.

### ii) Related Party Disclosure:

Related Party disclosure as reportable under Accounting Standard – 18 issued by The Institute of Chartered Accountants of India and as disclosed in the Audited Financial Statements for the year ended 31<sup>st</sup> March 2021 of the company is as under:

**(I) List of related parties**

**a) Holding company/entity:**

- Nandkishore Gupta (HUF) (w.e.f. 23<sup>rd</sup> February, 2021)
- Fednav International Limited, Mauritius (till 23<sup>rd</sup> February, 2021)

**b) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company:**

- Mr. Nandkishore Gupta (Managing Director)

**c) Key managerial personnel / Shareholder:**

- Mrs. Maya Gandhi (Wholetime Director)
- Mr. Jayechund Jingree (Non Executive Director)
- Mr. Ramesh Gupta (Independent Director)
- Mr. Ashok Kukreja (Independent Director)
- Mr. Diamond Dand (Chief Financial Officer)
- Mrs. Harshita Kochar (Company Secretary) (Till 15<sup>th</sup> January, 2021)
- Mr. Siddheshwar Thorat (Company Secretary) (From 16<sup>th</sup> January, 2021)
- Mrs. Karuna Gupta

**d) Companies in which Directors and/or their relatives have significant influence:**

- HKG Capital Services Pvt. Ltd.

**e) Relatives:**

- Mr. Chirag Gupta
- Mr. Tushar Gupta
- Mrs. Akshata Gupta

**(II) Transactions and balances with related parties:**

*(Amt. in Lacs)*

	Individuals exercising significant influence	Key managerial personnel / Share holder	Relatives	Total
<b>Nature of Transaction:</b>				
<b>- Remuneration</b>				
• Mr. Nandkishore Gupta	59.62 (34.57)	- -	- -	59.62 (34.57)
• Mrs. Maya Gandhi	-	11.10 (5.10)	-	11.10 (5.10)
• Mr. Diamond Dand	-	48.46 (31.90)	-	48.46 (31.90)
• Ms. Harshita Kochar	-	6.40 (8.47)	-	6.40 (8.47)
• Mr. Siddheshwar Thorat	-	2.73 -	-	2.73 -

	Individuals exercising significant influence	Key managerial personnel / Share holder	Relatives	Total
<b>Director Sitting Fees</b>				
• Mr. Ramesh Gupta	-	0.50	-	0.50
	-	(0.50)	-	(0.50)
• Mr. Ashok Kukreja	-	0.50	-	0.50
	-	(0.50)	-	(0.50)
<b>Professional Fees</b>				
• Mrs. Akshata Gupta	-	-	18.00	18.00
	-	-	-	-
<b>Broking &amp; Depository services</b>				
• Karuna Gupta	-	1.75	-	1.75
	-	(0.52)	-	(0.52)
• Mr. Chirag Gupta	-	-	1.40	1.40
	-	-	-	-
• Mr. Tushar Gupta	-	-	1.45	1.45
	-	-	(0.04)	(0.04)
• Mrs. Akshata Gupta	-	-	0.90	0.90
	-	-	-	-
<b>Outstanding balances:</b>				
- Trade payables	-	0.04	0.03	0.07
	-	(0.03)	(0.01)	(0.04)
- Trade receivables	-	-	1.77	1.77
	-	-	-	-

**Note:** Name of the Related Parties have been given in cases where the amount of transaction exceeds 10% of the total related party transaction of the same type. Figures in bracket represent previous year figure.

## 8. Financial Performance

(Amt. in Lacs)

Particulars (Based on Audited Financial Statements)	2020-21	2019-20	2018-19
Profit before exceptional item, depreciation and tax	99.85	294.71	594.65
<b>Less:</b>			
Depreciation	9.14	11.35	12.62
Taxation	26.27	66.12	169.41
Exceptional Item	-	-	-
<b>Net profit after exceptional item, depreciation and tax</b>	<b>64.44</b>	<b>217.24</b>	<b>412.62</b>

## 9. Performance of Portfolio Manager

Performance of Portfolio Manager and in case of discretionary portfolio manager disclosure of performance indicators will be calculated using “time weighted average” method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations:

### 1) Option A - Aggressive:

Particulars	01/04/21-31/07/21	2020-21	2019-20	2018-19
PMS Returns	NIL*	NIL*	NIL*	NIL*
Nifty 500	10.97%	75.99%	-27.60%	8.43%

### 2) Option B – Moderate:

Particulars	01/04/21-31/07/21	2020-21	2019-20	2018-19
PMS Returns	NIL*	NIL*	NIL*	NIL*
Nifty 100	8.32%	69.59%	-25.94%	12.51%

### 3) Option C - Conservative:

Particulars	01/04/21-31/07/21	2020-21	2019-20	2018-19
PMS Returns	NIL*	NIL*	NIL*	NIL*
Nifty 50	7.30%	70.87%	-26.03%	14.93%

*Note: Performance indicators represent the Absolute return of the indexes*

*\* - As there are no clients since March 2012 return are being shown as Nil*

*# - Data Source - NSE website (<https://www.nseindia.com>)*

## 10. Audit Observations of the preceding 3 years

The books of account of the Portfolio Manager relating to the Client’s Fund/ transactions shall be audited by an independent Chartered Accountant appointed by the Portfolio Manager and a copy of the certificate/ report issued by the chartered accountant shall be forwarded by the Portfolio Manager to the Client. The Client may appoint a chartered accountant of its choice at his own cost and expense to audit the books and accounts of the Portfolio Manager, relating to his transactions. The Portfolio Manager shall co-operate with such chartered accountant in course of the audit.

No Audit Observations have been issued by the auditors in their audit report during the preceding 3 years.

## 11. Nature of Expenses

### i) Investment management and advisory fees

The Investment management and advisory fees may be charged as a fixed fee or a percentage of the quantum of funds managed and may be return based or a combination of any of these, as agreed in the Portfolio Management agreement and will range from 1% to 2% per annum. The Fees may be charged at the end of a specified tenure as agreed between the Client and the Portfolio Manager.

**ii) Custodian Fees**

These charges relate to the opening and maintenance of Depository Accounts and/ or custody and transfer charges paid to the Custodian and/ or Depository Participant, dematerialization, rematerialization and other charges in connection with the operation and management of the depository accounts. The fees and other charges levied to the clients are subject to actuals as charged by the respective Custodians and DPs.

**iii) 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, etc.

**iv) Brokerage and transaction cost**

The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 2.5% of contract value. In addition to the brokerage, amounts payable to the broker for opening of an account, execution of transactions on the stock exchange or otherwise for the transfer of Securities and may inter-alia include service charges, transaction costs, turnover tax, exit and entry loads as may be mutually agreed between client and member, stamp duty costs, Goods and Services Tax (including cesses, if any), Securities Transaction Tax, (including cesses, if any), foreign transaction charges (if any) and any other levies thereon, as may be applicable from time to time.

**v) Legal costs and professional fees**

Costs incurred for documentation, certifications, attestation and instituting or defending legal suits, audit fees and other similar charges.

**vi) Incidental expenses**

Charges in connection with day to day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account or any other out of pocket expenses as may be incurred by the Portfolio Manager in the course of discharging his duties to the Client.

Investors may note that, the fees/ expenses that may be charged to Clients mentioned above are indicative only. The same will vary depending upon the exact nature of the services to be provided to investors.

**vii) Other Charges**

In case client portfolio is redeemed in part or full, the exit load charged shall be as under:

- a) In the first year of investment, maximum of 3% of the amount redeemed.
- b) In the second year of investment, maximum of 2% of the amount redeemed.
- c) In the third year of investment, maximum of 1% of the amount redeemed.
- d) After a period of three years from the date of investment, no exit load.

Notes:

- All fees except the management and advisory fees, shall be charged at actuals to the clients.
- Portfolio Manager shall not charge any upfront fees to Clients either directly or indirectly, except the specific charges applicable for execution of the agreement and related documents for account opening.
- Portfolio Manager may consider using the broking services of Indsec Securities and Finance Limited and other registered members, who are member of BSE and NSEIL in Cash / Derivative segment.
- Portfolio Manager may consider using the Depository services of Indsec Securities and Finance Limited and other depository participants, who are a member of NSDL / CDSL.

## 12. Taxation

It may be noted that the information given hereinafter is only for general information purposes and is based on the Portfolio Manager's understanding regarding the Tax laws and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change, or it may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment will be accepted by the tax authorities or will continue to be accepted by them indefinitely.

In view of the individual nature of tax consequences, 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 products.

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

### **Income Tax:**

Under the portfolio management service, responsibility of the income tax payment on the income earned from PMS activities is on the investors. The Portfolio Manager will provide adequate statements required for the accounting purpose.

### **Securities Transaction Tax:**

Securities Transaction Tax (STT) at the rate of 0.10% is applicable on delivery-based trade in equity shares or units of an equity-oriented fund entered into in a recognized stock exchange. STT paid is eligible for income tax benefit under the provisions of the Income Tax Act, subject to such conditions prescribed therein.

### **Short Term Capital Gain Tax:**

Short-Term Capital Gain Tax is the tax that is levied on the proceeds earned through the sale of shares within one year of purchase date for assets being shares in a company or any other security listed on a recognized stock exchange in India i.e. equity shares, preference shares or debentures, or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero-coupon bonds.



**Long Term Capital Gain Tax:**

Long-Term Capital Gain Tax is the tax that is levied on the proceeds earned through the sale of shares after one year of purchase date for assets being shares in a company or any other security listed on a recognized stock exchange in India i.e. equity shares, preference shares or debentures, or a unit of the Unit Trust of India or a unit of an equity oriented mutual fund or zero-coupon bonds

**Goods and Service Tax (GST):**

GST will be applicable on services provided by the Portfolio Manager to Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee, Audit Fees, Custodian Fees, Fund Accounting Fees, etc.

**Provisions regarding Dividend Income and Bonus:**

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

According to the provisions of Section 94(8) of the Act on Bonus Stripping, if an investor purchases units within 3 months before the record date (for entitlement of bonus) on which bonus units are subsequently announced and sells/ redeems the original units within 9 months after that date, then the capital 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.

**Tax Deduction at Source:**

TDS is deductible on interest / dividend income and would be deducted by the issuer of such security.

**Details under FATCA/ Foreign Tax Laws:**

Tax regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill/ sign off a separate "FATCA declaration form". Applications without this information/ declaration being filled/ signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided/ declaration in the application form may undergo a change on receipt of communication/ guidelines from SEBI.

**13. Accounting Policies**

Following are the key accounting policies.

- i) All Investments will be marked to market on a daily basis.

- ii) Investment in shares will be valued on the basis of Closing Prices of the NSEIL. If securities are not listed on the NSEIL, then the Closing Prices on the BSE or on any other exchange on which the securities are listed will be considered for valuation.
- iii) Investment in units of Mutual Funds will be valued on the basis of closing NAV declared by the respective Mutual Funds.
- iv) Transactions relating to equity instruments will be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during the year are recorded and reflected in the financial statement for that year.
- v) The costs of investments acquired or purchased would include brokerage, transaction charges, accrued interest, stamp charges and any charge customarily included in the brokers' contract note / trade confirmation or levied by any statute except Securities Transaction Tax.
- vi) For derivative transactions unrealized gains and losses on open positions will be calculated by the mark to market method.
- vii) For Corporate Actions Ex date accounting will be followed.
- viii) Interest (if any) shall be accounted on accrual basis.
- ix) Dividend (if any) shall be accounted on receipt basis.
- x) Realised gain and losses will be determined on First in First out (FIFO) Basis.
- xi) Bonus shares shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- xii) Right entitlement shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

Books of accounts would be separately maintained in the name of the client as are necessary to account for the assets and any additions, income, receipts and disbursements in connection therewith as provided under SEBI (Portfolio Managers) Regulations, 1993.

#### 14. Investor Services

- i) Name, address and telephone number of the investor relations officer who shall attend to the client's queries and complaints.**

**Name :** Mr. Siddheshwar Thorat (Company Secretary)

**Address :** 301/302, "215 Atrium", A Wing, Andheri Kurla Road, Chakala Andheri (East), Mumbai – 400 093

**Telephone No.:** (91 22) 6114 6100 (Extn: 6106)

**Email address :** sthorat@indsec.co.in

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

## ii) Grievance redressal and dispute settlement mechanism

A. Investor grievances will be received by investor relations officer at the office of the portfolio manager. All the complaints will be closely followed up to ensure timely redressal and prompt investor service.

- a) On receipt of complaint Portfolio Manager would endeavor to resolve the complaint with 30 days of its receipt, Investor relationship officer would be primary contact for the clients and he/ she would internally work with other team members to get the query resolved.
- b) In case the query remains unresolved for a period of 30 days from its being raised by the clients the next point of escalation would be the Managing Director of the company who can be contacted on the following address:

**Name** : **Mr. Nandkishore H. Gupta**

**Address** : 301/302, "215 Atrium", A Wing, Andheri Kurla Road, Chakala Andheri (East), Mumbai – 400 093

**Telephone No.** : (91 22) 6114 6100 (Extn: 6101 / 6102)

**Email address** : [ngupta@indsec.co.in](mailto:ngupta@indsec.co.in)

- c) In case grievances of the client is not addressed to their satisfaction as per the mechanism given above, the client may lodge the complaint with SEBI's web based complaints redressal system (SCORES) on <http://scores.gov.in>.

B. In case of any dispute or difference, the same shall be referred to arbitration of a sole arbitrator, in accordance with the Arbitration and Conciliation Act, 1996 and the rules framed there under. If the parties do not agree to the appointment of a sole arbitrator, then, each party shall appoint one arbitrator and the two appointed arbitrators shall appoint a third arbitrator who shall act as the presiding arbitrator. The venue for conducting arbitration proceedings shall be Mumbai, India. The language of the arbitration shall be English. The decision of the arbitrators shall be final and binding on the parties.

In the event of dispute by either part, the other party will be entitled to judicial remedy in addition to the Arbitration.

## 15. General

The Portfolio Manager and the client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement.

**FOR INDSEC SECURITIES AND FINANCE LTD.**

Date: 24<sup>th</sup> August, 2021  
Place: Mumbai

**Sd/-**  
**Nandkishore H. Gupta**  
**Managing Director/  
Principle Officer**

**Sd/-**  
**Maya H. Gandhi**  
**Whole Time Director**

**FORM C**  
**Securities and Exchange Board of India**  
**(Portfolio Managers) Regulations, 2020**

**[Regulation 22]**

Name of the Portfolio Manager : Indsec Securities and Finance Limited  
Registered Office Address : 301/302, "215 Atrium", A Wing, Andheri Kurla Road, Chakala, Andheri (East), Mumbai – 400 093  
Telephone No : (91 22) 6114 6100  
(91) 982002 1969  
Fax No. : (91 22) 6114 6180  
Email Id : ngupta@indsec.co.in

We confirm that:

- i) The Disclosure Document forwarded to the Securities & Exchange Board of India (SEBI) is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the SEBI from time to time;
- ii) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us/investment through the Portfolio Manager.
- iii) The Disclosure Document has been duly certified by M/s SCM Associates, (Registration No. 314173E), Chartered Accountants, represented by their partner CA. Sandeep Maheshwari (Membership No. 103293) having their office at 408, Manish Chambers, Sonawala Road, Above post office, Goregaon (East), Mumbai 400063 and telephone number (022) 40028491 on 24<sup>th</sup> August, 2021.

Date: **24<sup>th</sup> August, 2021**  
Place: **Mumbai**

**Sd/-**  
Signature of the Principal Officer  
Name: **Nandkishore H. Gupta**  
Address: 301/302, "215 Atrium",  
A Wing, Andheri Kurla Road, Chakala,  
Andheri (East), Mumbai – 400 093

(Enclosed a copy of the chartered accountant's certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision)