PURNARTHA INVESTMENT ADVISERS PRIVATE LIMITED

DISCLOSURE DOCUMENT
PORTFOLIO MANAGEMENT SERVICES

DISCLOSURE DOCUMENT

[As required under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020]

---

1. The Document has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

2. 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 decisions for engaging Purnartha Investment Advisers Private Limited (hereinafter referred as the "Portfolio Manager") as a Portfolio Manager.

3. The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure Document. Investors should carefully read the entire document before making a decision and should retain it for future reference.

4. Mr. Rahul Rathi, shall be the Principal Officer as designated by the Portfolio Manager is, details of whom are as under:

Principal Officer	
Name	Mr. Rahul Rathi
Address	33, Rachna, Ground & 2nd Floor, Bharati Niwas Society, Dr.Ketkar Road, Off Karve Road, Erandwane, Pune - 411 004
Phone	020 4912 7140
E-Mail	rahul@purnartha.com

PORTFOLIO MANAGEMENT SERVICES - DISCLOSURE DOCUMENT

TABLE OF CONTENTS

1. DISCLAIMER CLAUSE

The particulars of Disclosure Document have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended till date and filed with Securities and Exchange Board of India ("SEBI"). This document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the document.

2. DEFINITIONS

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

i. "Agreement" or "Portfolio Management Services Agreement" or "PMS Agreement" means the agreement executed between the Portfolio Manager and its Clients in terms of Regulation 22 and Schedule IV of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

ii. "Activation Date" means the date on which the portfolio account of the client is activated in system.

iii. "Advisory Services" means non-binding and non-discretionary advisory services and/ or such other related services provided to a Client by Portfolio Manager in terms of agreement executed with the Client in terms of SEBI (PMS) Regulations, 2020 and such circulars and/ or guidelines issued by SEBI from time to time.

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

v. "Custodian" means a custodian of securities, duly holding a certificate of registration under the SEBI (Custodian of Securities) Regulations, 1996 (as amended or reenacted from time to time);

vi. "Discretionary Portfolio Management Services" or "Portfolio Management Services" shall mean the management, including investment or sale of the Portfolio of the Client, as the case may be, by the Portfolio Manager at its complete and unfettered discretion, subject to any specific restrictions mentioned under the Client Mandate forming part of the Agreement or given by the Client in the prescribed format, at a later date(s);

vii. "Disclosure Document" or "Document" means this document prepared pursuant to Regulation 22(3) and in accordance with Schedule V of the Regulations disclosing inter-alia following: (i) performance of the Portfolio Manager; (ii) portfolio risks; (iii) the quantum and manner of payment of fees payable by a Client; (iv) disclosures in relation to the business and disciplinary history of the Portfolio Manager as well as the terms and conditions on which any advisory services are being offered and affiliations with other intermediaries etc.

viii. "Direct on-boarding" means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.

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

x. "Emotional Capital at Risk" is that part of the contribution/corpus from client arrived at based on the "Proprietary Model of Emotional Capital at Risk" of the Purnartha Investment Advisers Pvt. Ltd. (the Portfolio Manager).

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

xii. "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.

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

xiv. "Initial Corpus" means the value of the funds and / or the market value of securities brought in by the Client at the time of registering as client with Portfolio Management Services and accepted by the portfolio manager.

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

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

xvii. "Portfolio" means Securities and/or Funds managed by the Portfolio Manager on behalf of the Client pursuant to the PMS Agreement and includes any Securities and/or Funds mentioned in the account opening form, any further Securities and/or funds placed by the Client with the Portfolio Manager for being managed pursuant to the PMS Agreement, Securities or other realization of the portfolio acquired by the Portfolio Manager through investment of Funds and bonus, dividends or other receipts and rights in respect of Securities forming part of the portfolio, so long as the same is managed by the Portfolio Manager under the PMS Agreement.

xviii. "Portfolio Manager" means Purnartha Investment Advisers Private Limited, a Company incorporated under the Companies Act, 1956 and registered with the Securities and Exchange Board of India as a Portfolio Manager vide registration certificate no. PM/INP000007021 under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

xix. "Principal Officer" means an employee of the portfolio manager who has been designated as such by the portfolio manager and is responsible for: - (i) the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and (ii) all other operations of the portfolio manager

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

xxi. "Related party" shall have the same meaning as defined in Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

xxii. “SEBI” means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

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

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

3. DESCRIPTION

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

Purnartha started out with the simple intention of bridging the gap between what was and what could be. The company was formally incorporated on March 28, 2011 as Capmetrics Technology Solutions Private Limited. Later, the name of the company was changed to Capmetrics Investment Advisers Private Limited on July 2015. Name of the company was suitably changed to the present name Purnartha Investment Advisers Private Limited on September, 2017. The Object Clause and other clauses of Memorandum & Articles of association were amended to include Portfolio Management Services in the year 2020. The name and change in the object clauses are w.e.f. January 31, 2020.
On 24th September 2020, Purnartha Global Investments Pte. Ltd., a wholly owned subsidiary of Purnartha Investment Advisers Pvt. Ltd was incorporated in Singapore.
Purnartha Investment Advisers Private Limited is acting as ‘Investment Manager’ and ‘Sponsor’ for ‘Purnartha AIF Series 1’, is a close-ended Category III Alternative Investment Fund scheme of the Purnartha Trust. ‘Purnartha Trust’ is organised as a contributory, determinate trust, settled in India by the Settlor under the provisions of the Indian Trusts Act, 1882, pursuant to an Indenture entered into between the Settlor and the Trustee and registered under the provisions of Registration Act, 1908. The Trust is registered with Securities Exchange Board of India [SEBI] as a Category III AIF bearing registration no. IN/AIF3/21-22/0893.

Purnartha Investment Advisers Private Limited is registered with Securities Exchange Board of India as ‘Investment Advisors’ since December 2013 with registration number INA000000672. Purnartha is engaged in the business of wealth creation for its clients. The journey that connected opportunities with confidence. The essence of all human endeavor is the desire to forge milestones where no paths existed before. The journey of transcending the 'What if?' to achieve the 'What could be' has defined every formidable human achievement. A simple goal that has created and nurtured a unique equity

investment advisory ecosystem, backed by the timeless concepts of trust, transparency and quality relationships. Introducing the team that passionately roots out the best the market has to offer.
Skin in the Game: Purnartha, its directors & employees have full conviction in its investment philosophy and invest in the same securities that are recommended for the clients.

(ii) Promoters of the Portfolio Manager, Directors And their Background as on 31st March 2022

Promoters & Directors:

1. Rahul Rathi - Promoter Director
Rahul Rathi is the Chairman and Promoter Director at Purnartha Investment Advisers (Purnartha) Private Limited. He has over 15 years of research and portfolio risk management experience gained from working with global financial institutions in New York, London and Asia.

Since 2009, Rahul has designed and driven the Purnartha Investment philosophy of long-term wealth generation and has an audited, stellar performance track record. The sustained performance is largely attributed to Rahul’s experience and investment in people, processes and data which he has built from ground up.

He began his career as a risk analyst with a global hedge fund. His interest and passion in the area of portfolio risk analytics led him to form Capmetrics – a research & portfolio risk analytics services provider to global hedge funds and fund of funds in 2002. Using extensive data mining and analytics, Capmetrics was responsible for analyzing and communicating the Portfolio level risk to Fund Managers and the concerned stakeholders.
Over these years, Rahul groomed a qualified and experienced research team comprising of PhDs from Ivy League Schools, Masters in Computational Finance, Chartered Accountants, Chartered Financial Analysts, MBAs and domain experts with experience in markets.

Rahul skillfully applied his experience in his family business to build a unique on-ground team at Purnartha which not only met company management but also its suppliers, clients, distributors. These inputs to Purnartha model helped in creating robust and realistic analyses.

Rahul has a Master’s degree in Industrial Administration from the Carnegie Mellon University and a Bachelor’s degree in Polymer Engineering from the University of Pune.

2. Hemant Ashok Vispute - Promoter Director

Hemant brings over 20 years of experience in consulting, strategic planning and operations. The brain and heart of Purnartha, he has been an integral part of the journey from the very beginning. His leadership, vision, and discipline have infused our teams with strategic guidance, helping conceptualize blueprints related to business development and expansion aspects.

3. Devendra Arvind Phadke - Director

A Chartered Accountant and a commerce graduate from Pune University. Devendra Phadke has over 18 years of experience in Equity Research. He is a proficient analyst with more than a decade of experience in buy-side equity research spanning emerging and developed markets such as India, China, Brazil and US and Europe. Devendra is the Principal Officer for Purnartha's Investment Advisory.

4. Rangarajan Karakurichi Sundaram - Director

An IIM Ahmedabad graduate with a PhD from Cornell University, Rangarajan aka “Raghu” Sundaram is a Dean at New York University's Stern School of Business. He has worked with major Wall Street firms and possesses an incomparable background in derivatives and credit research, providing finesse to the equity research at Purnartha. He has been the recipient of prestigious awards and has led the launch of several programs at the University. Raghu is the author of two books and has been an extensive contributor to various prestigious publications.

(iii) Top 10 Group Companies/ Firms of the Portfolio Manager as on 31st March 2023.

A. As on 31st March 2022 as per the Audited Financials of the Portfolio Manager :

Sr. No.	Name of the Companies
1	Capital Metrics And Risk Solutions Private Limited
2	Purnartha Global Investments Pte. Ltd.

B. As on December 31, 2022 the Companies in which the Promoter/ Director is a Director:

Sr. No.	Name of the Companies
1	Capital Metrics And Risk Solutions Private Limited
2	Plastiblends India Limited
3	Onward Technologies Limited
4	Rathi Techservices Private Limited
5	Satya Panana Corporation Llp
6	Suyash Hotels Pvt Ltd

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

A. <u>Discretionary Services</u>

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

Under the Discretionary Portfolio Management Services offered to the Client, the Portfolio Manager may design financial products or invest in any one or a combination of financial instruments such as equity, bonds, debentures, mutual fund units, fixed deposits, derivatives instruments, etc. to meet specific requirements of the Clients. (Structured Products)

These products would be managed in accordance with the product specifications provided by the Portfolio Manager to the Client. The amount invested by the clients under the structured products may be subject to lock in period. Every structured product shall have separate term sheet and risk factors that would be read and signed by the Client before investment.

B. Non-Discretionary Services

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

C. Advisory Services

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

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

(v) The limits 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:

As per SEBI (Portfolio Managers) Regulations, 2020, the limits applicable for investment in the securities of associates/related parties of Portfolio Manager are as under:

Security	Limit for investment in single associate/ related party (as percentage of client's AUM)	Limit for investment across multiple associates/ related parties (as percentage of client's AUM)
Equity	15%	25%
Debt and hybrid securities	15%	25%
Equity + Debt + Hybrid securities	30%	

The client may choose not to invest in the securities of associates/ related parties of the Portfolio Manager. Further, the client may choose a limit lower than the limits prescribed at para above.

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

A. 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.
None

B. The nature of penalty / direction.
None

C. Penalties/ fines imposed for any economic offence and/or for violation of any securities laws.

None

D. Any pending material litigation/legal proceedings against the portfolio manager /key personnel with separate disclosure regarding pending criminal cases, if any.
None

E. Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency.
None

F. Any enquiry/adjudication proceedings initiated by SEBI 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 SEBI Act, 1992 or Rules or Regulations made thereunder.

<u>For Portfolio Manager</u>
None

<u>For any person directly or indirectly connected with the Portfolio Manager or its 3directors, principal officer or employee</u>
None

5. SERVICES OFFERED

(i) The Portfolio Manager offers Discretionary Portfolio Management Services, Advisory Services and Non-Discretionary Portfolio Management Services as per Portfolio Management Services Agreement executed with each Client.

The Portfolio Manager under its Discretionary Portfolio Management Services offers various Portfolios Approaches 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, investment Policy and Investment Approaches of the Portfolio Manager at the time of Investment.

A. <u>Investment approach – I – Purnartha Vision Strategy (formerly known as Focused Equity)</u>

I. Investment Objective:
Long term Equity investment in selected companies with high growth.

II. Description of types of securities for Investment Approach:
The Portfolio Manager shall invest predominantly in the Equity and Equity Related securities specified in the Investment Approach description. These will include all the type of securities mentioned and defined under the Securities Contract Regulation Act and Rules thereunder. However, at the time of investment in equity, a single company exposure, at the time of Investment would not exceed 10% the total Assets Under Management (AUM).

Client’s funds may be invested in any of the Equity Instruments, debt and money market instruments and other securities, as specified by SEBI from time to time and allowed under the Regulations which will, inter-alia, include but not limited to:

- Equity & Equity Related Instruments including:
    1. Equity and Equity related instruments including convertible bonds, convertible debentures, warrants, convertible preference shares, etc.;
    2. Debt instruments linked to Equities or other asset class;
    3. Subscription to Initial Public Offers (IPO), Pre-IPO Placements, Follow on public offer (FPO), Offer for sale (OFS), Rights Offers and other Corporate Action Subscription;
    4. To be listed Equity Instruments, Unlisted Equity Instruments.

- Debt & Money Market Instruments:
    1. Certificate of Deposits (CDs)
    2. Commercial Paper (CPs)
    3. Tri-party Repo or in an alternative investment as may be provided by RBI
    4. Government Securities / Treasury Bills
    5. Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies
    6. Floating rate debt instruments
    7. Securitised Debt including Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS) and Pass Through Certificate (PTC)
    8. Bills Rediscounting
    9. Cash Management Bills issued by Government of India
    10. Debt derivative instruments including Interest Rate Swaps and Forward Rate Agreement
    11. Bonds

- Units of schemes of mutual fund registered with SEBI including Liquid, Money Market Schemes of Mutual Funds.

- Deposits with Scheduled Commercial Banks.

- Gold ETF / Gold Bonds / Mutual funds investing in gold

- Presently, the discretionary portfolio manager shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients.

- The securities enumerated above would be subject to permissions/restrictions, if any, relating to the nature and the limits as specified by the Regulations from time to time.

III. Strategy : Equity.

IV. Benchmark Index: S&P BSE 500 TRI

V. Basis of selection of such types of securities as part of the Investment Approach

Our basis of selection of equity securities being part of our Investment Policy is to look for choosing companies, which are poised to reap long-term gains and *inter -alia*, satisfy the following qualities:

History: We would look at operating history that shows performance including positive cash flows across business cycles.
Business Model: We would analyse why the company does not depend upon large borrowing to grow its business (excluding BFSI sector).
Volume Growth: We would also articulate what are the structural drivers for the volume growth of the company for the next few years.
Management Interaction and Channel Checks: Good history and the reason why the company is poised to grow is the output of the business owners thought process and interest. We would identify the person responsible for the company's future & find out if his interests are aligned for future growth.
Valuation: We will build a portfolio that is suitable, based on internal valuation matrix.

VI. Allocation of portfolio across types of securities

1. For the Investment Approach, allocation of Portfolio would be predominantly Equity and Equity Related Securities, so however that, till the funds are fully deployed or as a part of specific investment strategy, we would invest in Debt and Money Market instruments, including corresponding Units of Mutual Funds particularly Liquid Mutual Funds.

   Our Investment Approaches would be broad based Portfolio of selected Equities of Companies based on Investment Policy is summarized as below:

   - Companies that are likely to show volume growth typically across all cycles
   - Companies having owners' skin in the game
   - Companies that have strong balance sheet

   Since we are market cap agnostic and sector agnostic, we typically create "Multi-Asset Portfolio".

Portfolio allocation pattern can be altered and changed for a short to medium term period based on the market conditions and defensive considerations as per the Portfolio Managers.

2. Single company exposure not to exceed 10% of AUM at the time of investment

   a) At the time of investment in equity, a single company exposure would not exceed 10% of the total portfolio value at that time. i.e. Assets Under Management (AUM)
   b) Post investment in the equity instruments of the company, Portfolio Manager has complete discretion to rebalance / exit the stock based on the current exposure. (i.e. no cap on the current value exposure).
   c) Restriction of a single company exposure of 10% would apply at the company level and not at the Industry Sector level in which the company operates.
   d) Portfolio Manager would have complete discretion to invest in companies operating a particular sector.

VII. Performance Benchmark and Basis Of selection

Performance Benchmark for the Investment Approach would be S&P BSE 500 TRI.
The S&P BSE 500 TRI index is designed to be a broad representation of the Indian market. Consisting of the top 500 companies listed at BSE Ltd., the index covers all major industries in the Indian economy.
The performance of the Portfolio may not be strictly comparable with the performance of the benchmark indices, due to inherent differences in the construction of the portfolios within Investment Approaches. The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark or related to composition of the benchmark, whenever it deems necessary.

VIII. Indicative Tenure or investment horizon

Our basis of selection of equity securities being part of our Investment Policy is to invest for long-term gains, indicative tenure for such Scrip level investment would be more than 3 years. However, if there is material change in the fundamentals, circumstances, ownership, external and internal environment etc, or any other relevant factor in which company operates, we may take exit call from such investment before 3 years as well.

IX. Risks associated with the Investment Approach

a. Short Term turbulences are not considered in the investment approach and approach does not have stop loss or target price or specific rules on price correction as trigger to book profit / loss in any of the securities.
b. The portfolio runs a risk due to portfolio manager adhering to philosophy while selection of security does not perform in line with the philosophy prospectively.
c. The selected securities meeting philosophy might be expensive in terms of multiple and in an event of derating of multiple of the security the returns can be delayed in time, which can negatively impact the return of the portfolio.

X. Other Salient Features

i. Our Investment Approach would be portfolio of Equity Securities of Companies/ cash positions having determined percentages for each such company in the portfolio.
ii. Each such exposures would be reviewed periodically by the Investment Team.
iii. As a part of Investment execution methodology for the given Investment Approach, Portfolio of the Investor would be rebalanced based on exit call, if any, of the selected Equity in the Portfolio and is at the sole discretion of the portfolio manager and might not be consistent across portfolios.
iv. Scrip level weights would be different as Portfolio would be constructed considering buy/hold strategy at the time of entry/exit of the Investors Corpus, Scrip level weights would therefore, could be different for different investors as per time of entry/withdrawal of the investor to Purnartha Family.
v. An indicative table of the charges that may be levied by the Portfolio Manager for Investment Approach is given hereunder.

Nature of Fees	Particulars
Fixed Management Fee	Upto 5.00% per annum on daily closing AUM of the Portfolio
Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.

For detailed nature of expenses, kindly refer to section 11 of the disclosure document.

B. Investment approach – II – Purnartha Pratham Strategy (formerly known as 'Long Term Equity with Concentrated Portfolio')

I. Investment Objective:

Concentrated Portfolio of Companies with High Growth and Long-Term Approach.

II. Description of types of securities for Investment Approach:

The Portfolio Manager shall invest predominantly in the Equity and Equity Related securities specified in the Investment Approach description.

However, the Client's funds may be invested in any of the Equity Instruments, debt and money market instruments and other securities, as specified by SEBI from time to time and allowed under the Regulations which will, inter-alia, include but not limited to:

- Equity & Equity Related Instruments:
  i. Equity and Equity related instruments including convertible bonds, convertible debentures, warrants, convertible preference shares, etc.;
  ii. Debt instruments linked to Equities or other asset class;
  iii. Subscription to Initial Public Offers (IPO), Pre IPO-Placements, Follow on public offer (FPO), Offer for sale (OFS), Rights Offers and other Corporate Action Subscription;

iv. To be listed Equity Instruments, Unlisted Equity Instruments

- Debt & Money Market Instruments:
  1. Certificate of Deposits (CDs)
  2. Commercial Paper (CPs)
  3. Tri-party Repo or in an alternative investment as may be provided by RBI
  4. Government Securities / Treasury Bills
  5. Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies
  6. Floating rate debt instruments
  7. Securitised Debt including Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS) and Pass Through Certificate (PTC)
  8. Bills Rediscounting
  9. Cash Management Bills issued by Government of India
  10. Debt derivative instruments including Interest Rate Swaps and Forward Rate Agreement
  11. Bonds

- Units of schemes of mutual fund registered with SEBI including Liquid, Money Market or such SEBI permitted Schemes of Mutual Funds.

- Deposits with Scheduled Commercial Banks

- Gold ETF / Gold Bonds / Mutual funds investing in gold

- Presently, the discretionary portfolio manager shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients.

- The securities enumerated above would be subject to permissions/restrictions, if any, relating to the nature and the limits as specified by the Regulations from time to time.

III. Strategy : Equity.

IV. Benchmark Index: S&P BSE 500 TRI

V. Basis of selection of such types of securities as part of the Investment Approach

Our basis of selection of equity securities being part of our Investment Policy is to look for choosing companies, which are poised to reap long-term gains and *inter -alia*, satisfy the following qualities:

History: We would look at operating history that shows performance including positive cash flows across business cycles.
Business Model: We analyse why the company does not depend upon large borrowing to grow its business (excluding BFSI sector).
Volume Growth: We also articulate what are the structural drivers for the volume growth of the company for the next few years.
Management Interaction and Channel Checks: Good history and the reason why the company is poised to grow is the output of the business owners thought process and interest. We identify the person responsible for the company's future & find out if his interests are aligned for future growth.
Valuation: We will build a portfolio that is suitable, based on internal valuation matrix.

VI. Allocation of portfolio across types of securities

1. For the Investment Approach, allocation of Portfolio would be predominantly Equity and Equity Related Securities, so however that, till the funds are fully deployed or as a part of specific investment strategy we would invest in Debt and Money Market instruments, including corresponding Units of Mutual Funds particularly Liquid Mutual Funds.

   Our Investment Approaches would be Broad Based Portfolio of selected Equities of Companies based on Investment Policy is summarized as below:
   - Companies that are likely to show volume growth typically across all cycles
   - Companies having owners' skin in the game
   - Companies that have strong balance sheet

   Since we are market cap agnostic and sector agnostic, we typically create "Multi-Asset Portfolio".

   Portfolio allocation pattern can be altered and changed for a short to medium term period based on the market conditions and defensive considerations as per the Portfolio Managers
2. Single Company exposure would be above 10% of the AUM at the time of Investment, for Minimum Two Companies in the Portfolio and other features.

   This Investment Approach would construct a concentrated portfolio, since we have high conviction.

a) At the time of investment in equity, Single company level exposure would be above 10% of the total portfolio value at that time. i.e. Assets Under Management (AUM), so however that, that minimum 2 companies in the portfolio would have such exposure of above 10% of AUM.

b) Single Company Level exposure at 2 Companies would be at minimum level, meaning thereby, more than 2 companies and maximum upto all companies level exposure could be above 10% of the total portfolio value, AUM at that time.

c) Post investment in the equity instruments of the company, Portfolio Manager has complete discretion to rebalance / exit the stock based on the current exposure. (i.e. no cap on the current value exposure).

d) Restriction of a single company exposure would not apply at the company level and also would not apply at the Industry Sector level in which the company operates.

e) Portfolio Manager would have complete discretion to invest in companies operating a particular sector.

VII. Performance Benchmark and Basis Of selection

Performance Benchmark for the Investment Approach would be S&P BSE 500 TRI.

The S&P BSE 500 TRI index is designed to be a broad representation of the Indian market. Consisting of the top 500 companies listed at BSE Ltd., the index covers all major industries in the Indian economy.
The performance of the Portfolio may not be strictly comparable with the performance of the benchmark indices, due to inherent differences in the construction of the portfolios within Investment Approaches. The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark or related to composition of the benchmark, whenever it deems necessary.

VIII. Indicative Tenure or investment horizon

Our basis of selection of equity securities being part of our Investment Policy is to invest for long-term gains, indicative tenure for such Scrip level investment would be more than 3 years. However, if there is material change in the fundamentals, circumstances, ownership, external and internal environment etc, or any other relevant factor in which company operates, we may take exit call from such investment before 3 years as well.

IX. Risks associated with the Investment Approach

a. Being a Concentrated portfolio, the portfolio correction can be much higher with increased volatility, when such a selected security with much higher exposure underperforms.
b. Short Term turbulences are not considered in the investment approach and approach does not have stop loss or price targets or specific rules on price correction as trigger to book profit / loss in any of the securities
c. Being a concentrated portfolio, it runs a risk of higher correction in portfolio value when specific selected security underperforms due to inability of the security to meet the Investment Philosophy due to changes in sectoral trends, consumer behaviour, inability of the management to deliver quarterly numbers in line with expectations.
d. The portfolio runs a risk due to portfolio manager adhering to philosophy while selection of security does not perform in line with the philosophy prospectively.
e. The selected securities meeting philosophy might be expensive in terms of multiple and in an event of derating of multiple of the security the returns can be delayed in time, which can negatively impact the return of the portfolio.

X. Other Salient Features

i. Our Investment Approach would be concentrated portfolio of Equity Securities of Companies/ cash positions having determined percentages for each such company in the portfolio.
ii. Each such exposures would be reviewed periodically by the Investment Team
iii. As a part of Investment execution methodology for the given Investment Approach, Portfolio of the Investor would be rebalanced based on exit call, if any, of the selected Equity in the Portfolio and is at the sole discretion of the portfolio manager and might not be consistent across portfolios.
iv. Scrip level weights would be different as Portfolio would be constructed considering buy/hold strategy at the time of entry/exit of the Investors Corpus, Scrip level weights would therefore, could be different for different investors as per time of entry/withdrawal of the investor to Purnartha Family
v. An indicative table of the charges that may be levied by the Portfolio Manager for Investment Approach is given hereunder.

Nature of Fees	Particulars
Fixed Management Fee	Upto 5.00% per annum on daily closing AUM of the Portfolio
Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.

For detailed nature of expenses, kindly refer to section 11 of the disclosure document.

C. Investment approach – III – Purnartha Dynamic Midcap Strategy

I. Investment Objective:

A well-diversified, sector agnostic portfolio of equity & equity related instruments based on a predefined qualitative and quantitative model which selects stocks with strong fundamentals, better value & prospective analysis that offers opportunities for delivering better returns

II. Description of types of securities for Investment Approach:

The Portfolio Manager shall invest predominantly in the Equity and Equity Related securities specified in the Investment Approach description.

Client's funds may be invested in any of the Equity Instruments, debt and money market instruments and other securities, as specified by SEBI from time to time and allowed under the Regulations which will, inter-alia, include but not limited to:

- Equity & Equity Related Instruments including:
  1. Equity and Equity related instruments including convertible bonds, convertible debentures, warrants, convertible preference shares, etc.;
  2. Debt instruments linked to Equities or other asset class;

3. Subscription to Initial Public Offers (IPO), Pre-IPO Placements, Follow on public offer (FPO), Offer for sale (OFS), Rights Offers and other Corporate Action Subscription;
4. To be listed Equity Instruments, Unlisted Equity Instruments.

- Debt & Money Market Instruments:
  1. Certificate of Deposits (CDs)
  2. Commercial Paper (CPs)
  3. Tri-party Repo or in an alternative investment as may be provided by RBI
  4. Government Securities / Treasury Bills
  5. Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies
  6. Floating rate debt instruments
  7. Securitised Debt including Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS) and Pass Through Certificate (PTC)
  8. Bills Rediscounting
  9. Cash Management Bills issued by Government of India
  10. Debt derivative instruments including Interest Rate Swaps and Forward Rate Agreement
  11. Bonds

- Units of schemes of mutual fund registered with SEBI including Liquid, Money Market, Index Funds or any SEBI permitted Schemes of Mutual Funds.

- Deposits with Scheduled Commercial Banks.

- Gold ETF / Gold Bonds / Mutual funds investing in gold

- Presently, the discretionary portfolio manager shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients.

- The securities enumerated above would be subject to permissions/restrictions, if any, relating to the nature and the limits as specified by the Regulations from time to time.

III. Strategy : Equity.

IV. Benchmark Index: S&P BSE 500 TRI

V. Basis of selection of such types of securities as part of the Investment Approach

Investment approach to stock selection is based on strong fundamental principals combining diversified investing styles and a proprietary model to put together a portfolio that aims at outperforming the benchmark.

1. Stocks that meet the guidelines of Purnartha's robust and selective proprietary model that endeavors to select stocks that display a balance of good returns with an acceptable level of risk.
2. Companies that have shown strong fundamentals and have potential to witness robust growth in revenue or companies that display margin expansion and net profit growth.
3. Companies that are showring good prospective forecasts

VI. Allocation of portfolio across types of securities

The portfolio will be actively managed with universe consisting of combination of predominantly mid-cap market securities and large cap market securities, but may consist of small cap securities or even other equity related instruments as per the analysis of market and discretion of portfolio manager based on research inputs. Weightages allocated to different scripts or asset classes may vary based on fundamental research, prospective forecasts and analytical data inputs.

Portfolio allocation pattern can be altered and changed for a short to medium term period on based on the market conditions and defensive considerations as per the Portfolio Managers.

VII. Performance Benchmark and Basis Of selection

Performance Benchmark for the Investment Approach would be S&P BSE 500 TRI. The S&P BSE 500 TRI index is designed to be a broad representation of the Indian market. Consisting of the top 500 companies listed at BSE Ltd., the index covers all major industries in the Indian economy.

The performance of the Portfolio may not be strictly comparable with the performance of the benchmark indices, due to inherent differences in the construction of the portfolios within Investment Approaches. The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark or related to composition of the benchmark, whenever it deems necessary.

VIII. Indicative Tenure or investment horizon

Our basis of selection of equity securities being part of our Investment Policy is to invest for long-term gains, indicative tenure for such Scrip level investment would be more than 9 to 18 months. However, if there is material change in the fundamentals, circumstances, ownership, external and internal environment etc, or any other relevant factor in which company operates, or any other reasons based on the decision at the discretion of the Portfolio Manager, Portfolio Manager may take exit call from such investment before prescribed years as well.

IX. Risks associated with the Investment Approach

a. Short Term turbulences are not considered in the investment approach and approach does not have stop loss or target price or specific rules on price correction as trigger to book profit / loss in any of the securities.
b. The portfolio runs a risk due to portfolio manager adhering to philosophy while selection of security does not perform in line with the philosophy prospectively.
c. The selected securities meeting philosophy might be expensive in terms of multiple and in an event of derating of multiple of the security the returns can be delayed in time, which can negatively impact the return of the portfolio.

X. Other Salient Features

i. Our Investment Approach would be portfolio of Equity Securities of Companies/ cash positions having determined percentages for each such company in the portfolio.

ii. Each such exposures would be reviewed periodically by the Investment Team.

iii. As a part of Investment execution methodology for the given Investment Approach, Portfolio of the Investor would be rebalanced based on exit call, if any, of the selected Equity in the Portfolio and is at the sole discretion of the portfolio manager and might not be consistent across portfolios.

iv. Scrip level weights would be different as Portfolio would be constructed considering buy/hold strategy at the time of entry/exit of the Investors Corpus, Scrip level weights would therefore, could be different for different investors as per time of entry/withdrawal of the investor to Purnartha Family.

v. An indicative table of the charges that may be levied by the Portfolio Manager for Investment Approach is given hereunder.

Nature of Fees	Particulars
Fixed Management Fee	Upto 2.50% per annum on daily closing AUM of the Portfolio
Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.

For detailed nature of expenses, kindly refer to section 11 of the disclosure document.

D. Investment approach – IV – Purnartha One Strategy

I. Investment Objective:

Portfolio investment in multiple growth strategic funds, Securities and various asset classes with objective of long-term capital creation, protection and preservation of capital with diversified risk-return profile.

II. Description of types of securities for Investment Approach:

The Portfolio Manager shall invest predominantly in the equity, equity related instruments, debentures, mutual fund units, ETFs, REITs, INVITs, fixed deposits, derivatives instruments, real estate instruments, other financial instruments permitted by SEBI.

However, the Client's funds may be invested in any of the Equity Instruments, debt and money market instruments and other securities, as specified by SEBI from time to time and allowed under the Regulations which will, inter-alia, include but not limited to:

- Equity & Equity Related Instruments:
  i. Equity and Equity related instruments including convertible bonds, convertible debentures, warrants, convertible preference shares, etc.;
  ii. Debt instruments linked to Equities or other asset class;
  iii. Subscription to Initial Public Offers (IPO), Pre IPO-Placements, Follow on public offer (FPO), Offer for sale (OFS), Rights Offers and other Corporate Action Subscription;
  iv. To be listed Equity Instruments, Unlisted Equity Instruments

- Debt & Money Market Instruments:
  1. Certificate of Deposits (CDs)
  2. Commercial Paper (CPs)
  3. Tri-party Repo or in an alternative investment as may be provided by RBI
  4. Government Securities / Treasury Bills
  5. Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies
  6. Floating rate debt instruments
  7. Securitised Debt including Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS) and Pass Through Certificate (PTC)
  8. Bills Rediscounting
  9. Cash Management Bills issued by Government of India
  10. Debt derivative instruments including Interest Rate Swaps and Forward Rate Agreement
  11. Bonds

- Units of schemes of mutual fund registered with SEBI including Equity, Fund of fund, Index Funds, Liquid, Money Market Funds, REITs (Real Estate Investment Trusts), InvITs (Infrastructure Investment Trust) or such other SEBI permitted Funds or Schemes of Mutual Funds or Trusts.

- Deposits with Scheduled Commercial Banks

- Gold ETF/ Silver ETF / Sovereign Gold Bonds / Mutual funds investing in gold

- Presently, the discretionary portfolio manager shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients.

- The securities enumerated above would be subject to permissions/restrictions, if any, relating to the nature and the limits as specified by the Regulations from time to time.

III. Strategy : Multi-Asset

IV. Benchmark Index: NSE Multi Asset Index 2
Composition: 50% NIFTY 500, 20% NIFTY Medium Duration Index, 20% NIFTY Arbitrage index, 10% INVIT/REIT

V. Basis of selection of such types of securities as part of the Investment Approach

Portfolio is created through combination of various financial instruments including any one or many and not limited to equity, bonds, debentures, mutual fund units, ETFs, REITs, INVITs, fixed deposits, derivatives instruments, real estate instruments, other financial instruments traded on listed financial markets etc., strategies of Purnartha's other investment approaches and or cash, with diversified risk-return profile.

VI. Allocation of portfolio across types of securities

Parameters	Categories (if any)	Allocation as % of Investible Funds (at the time of investment)
Investment in type of securities	Direct Equity – selected from other investment approaches of Portfolio manager	20-70%
	Equity Mutual Fund (any type including ETFs)	20-55%
	Other Mutual Fund (including any type of ETFs)	0-10%
	Time/Demand or Fixed Deposits with Scheduled Banks or NBFCs, Government or Corporate Debt Instruments, Debt Mutual Fund/Real Estate or related financial instruments (including REIT/InvIT)	10-25%
	Cash, Cash equivalents & Liquid Mutual Funds	0-15%
Maximum exposure of the Fund to various positions adopted by the Fund (e.g. long only/short only)	-	0-100%

Since we are market cap agnostic and sector agnostic, we typically create "Multi-Cap & Multi-asset Portfolio".

a) Portfolio Manager has complete discretion to rebalance / exit the investment based on the current exposure. (i.e. no cap on the current value exposure).

b) Restriction of a single company/fund/instrument exposure would not apply at the company level and would not apply at the Industry Sector level in which the company operates.

c) Portfolio Manager would have complete discretion to invest in any asset/asset-class or companies operating a particular sector.

d) Portfolio allocation pattern can be altered and changed for a short to medium term period based on the market conditions and considerations as per the Portfolio Managers.

e) Portfolio Manager will deploy Client's funds in a reasonable timeframe.

VII. Performance Benchmark and Basis Of selection

Performance Benchmark for the Investment Approach would be NSE Multi Asset Index 2. The NSE Multi Asset Index 2 is designed to be a broad representation of the Indian market and the mentioned investment approach. Composition of the Benchmark is as follows: 50% NIFTY 500, 20% NIFTY Medium Duration Index, 20% NIFTY Arbitrage index, 10% INVIT/REIT

The performance of the Portfolio may not be strictly comparable with the performance of the benchmark indices, due to inherent differences in the construction of the portfolios within Investment Approaches. The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark or related to composition of the benchmark, whenever it deems necessary.

VIII. Indicative Tenure or investment horizon

Our basis of selection of investment securities being part of our Investment Policy is to invest for long-term gains, indicative tenure for such investments would be typically more than 1 year. However, if there is material change in the fundamentals, circumstances, ownership, external and internal environment etc, or any other relevant factors, we may take exit call from such investment before 1 year as well.

IX. Risks associated with the Investment Approach

a. Short Term turbulences are not considered in the investment approach and approach does not have stop loss or price targets or specific rules on price correction as trigger to book profit / loss in any of the securities
b. The portfolio runs a risk due to portfolio manager adhering to philosophy while selection of security does not perform in line with the philosophy prospectively.
c. The selected securities meeting philosophy might be expensive in terms of multiple and in an event of derating of multiple of the security the returns can be delayed in time, which can negatively impact the return of the portfolio.

X. Other Salient Features

a. Our Investment Approach would be portfolio of various financial instruments including any one or many and not limited to equity, bonds, debentures, mutual fund units, ETFs, REITs, INVITs, fixed deposits, derivatives instruments, real estate instruments, other financial instruments traded on listed financial markets etc., strategies of Purnartha's other investment approaches and or cash. There may be one or more above mentioned securities (not necessary all) in the portfolio.
b. Each such exposures would be reviewed periodically by the Investment Team
c. As a part of Investment execution methodology for the given Investment Approach, Portfolio of the Investor would be rebalanced based on exit call, if any, of the selected security in the Portfolio and is at the sole discretion of the portfolio manager and might not be consistent across portfolios.
d. Security level weights would be different as Portfolio would be constructed considering buy/hold strategy at the time of entry/exit of the Investors Corpus, Security level

weights would therefore, could be different for different investors as per time of entry/withdrawal of the investor to Purnartha Family.

e. An indicative table of the charges that may be levied by the Portfolio Manager for Investment Approach is given hereunder.

Nature of Fees	Particulars
Fixed Management Fee	Upto 2.50% per annum on daily closing AUM of the Portfolio
Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.

For detailed nature of expenses, kindly refer to section 11 of the disclosure document.

Note: Investment approach named “Purnartha Wealth Approach” is discontinued effective June 2022

(ii) Minimum Investment Amount -

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

(iii) Direct on boarding of client -

The Portfolio Manager provides the facility to the Client for Direct on-boarding with us without any involvement of a broker/distributor/agent engaged in distribution services. The Client can sign up for our services by writing to us at - servicedesk@purnartha.com

6. RISK FACTORS

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

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

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

6.3.1 Risk associated with Equity and Equity Related Instruments:

Equity and Equity Related Instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of Equity and Equity Related Instruments may fluctuate due to factors affecting the securities markets such as act of God, War, act of terrorism, pandemic, epidemic, volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the Government, taxation laws, political, economic or other developments, which may have an adverse impact on individual securities, a specific sector or all sectors. Consequently, the Value of the Client Portfolio may be adversely affected.

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

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

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

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

6.3.2 Risk associated with Debt and Money Market Securities:

Interest - Rate Risk

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

Credit Risk

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

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

Liquidity or Marketability Risk

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

Re-investment Risk

This refers to the interest rate risk at which the intermediate cash flows received from the securities in the Portfolio including maturity proceeds are reinvested. Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

6.3.4 Risks associated with Investing in Securitised Debt

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

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

6.3.5 Risks associated with Investing in Derivatives

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

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

6.3.6 Risks associated with investments in Mutual Funds

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

6.3.7 Structured Products / Capital Protection Portfolios

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

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

6.4. Risk arising out of non-diversification

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

6.5. The Portfolio Manager has received registration as a Portfolio Manager, under the SEBI (Portfolio Managers) Regulations, 2020 in July 2020. The Portfolio Manager has no previous experience/track record in the field of portfolio management services.

6.6. Conflict of interest:

The Portfolio Manager and its respective directors, officers, key employees and senior personnel may give advice or take action in performing their duties towards other clients, or may carry out trades on their own accounts in accordance with ‘Employee Code of Conduct and Insider Trading Policy’ of Purnartha Investment Advisers Pvt. Ltd., that may at times differ from the advice given to a certain client or actions taken for a certain client. Further, the Portfolio Manager is not obligated to recommend for its clients any security that any other investment advisor may recommend for any client or for its own proprietary trading activities. This document does not limit or restrict the Portfolio Manager and its respective directors, officers, key employees and senior personnel in any way from buying, selling or trading in any security or other investments on their own accounts in accordance with ‘Employee Code of Conduct and Insider Trading Policy’ of Purnartha Investment Advisers Pvt. Ltd.

6.7. The Portfolio Manager has received registration as a Portfolio Manager, under the SEBI (Portfolio Managers) Regulations, 2020 in July 2020. Therefore, there are no transactions, other than the one’s specified below, of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations having conflict of interest with the transactions in any of the client’s portfolio.

S. No.	Date of the Transaction	Particulars of the Transactions	Disclosure/(s)

1.	19.04.2022 and 20.04.2022	Mr. Rahul Rathi, Chairman of Purnartha Investment Advisors Pvt. Ltd. Has liquidated a small portion of his portfolio for certain personal reasons (including philanthropic purposes). Details of these stocks are: 1. Tata Consumer Products Ltd 2. Bajaj Finance Ltd The aforementioned stocks coincided with the stocks that were being recommended by Purnartha. Therefore, Purnartha, with due intimation to all its clients, withheld conveying any buy/sell/hold recommendations for the said stocks from 30th March 2022 until the last week of April 2022. Purnartha emphasizes that the sale transaction undertaken by Mr. Rathi as discussed above, does not in any way impact the investment philosophy of Purnartha which remains unchanged. Purnartha will continue to abide by the investment portfolio decisions made for its clients and will continue to keep the interest of all clients as a priority. Purnartha strives to provide unbiased and transparent services to its clients at all times.	Disclosure made to all portfolio management clients in the form of a letter of intimation dated 11th April 2022.

6.8. There are no transactions giving rise to conflict of interest related to services offered by group companies or associates of the portfolio manager.

7. CLIENT REPRESENTATION

(i) Client Representation (**Excluding Clients under Advisory Services)*:

The Portfolio Manager has received registration as a Portfolio Manager, under the SEBI (Portfolio Managers) Regulations, 2020 in July 2020.

Category of Clients	No. of Clients	Funds Managed (Rs. in Crores)	Discretionary / Non-Discretionary Services*
Associates/Group Company			
As at July 31, 2023	Nil	Nil	Not Applicable
As at March 31, 2023	Nil	Nil	Not Applicable
As at March 31, 2022	Nil	Nil	Not Applicable
As at March 31, 2021	Nil	Nil	Not Applicable
As at March 31, 2020	Nil	Nil	Not Applicable
Others			

As at July 31, 2023	1296	1395.7308	Discretionary
As at July 31, 2023	Nil	Nil	Non - Discretionary
As at March 31, 2023	1155	1098.8969	Discretionary
As at March 31, 2023	Nil	Nil	Non - Discretionary
As at March 31, 2022	702	872.5921	Discretionary
As at March 31, 2022	Nil	Nil	Non - Discretionary
As at March 31, 2021	55	106.4814	Discretionary
As at March 31, 2021	Nil	Nil	Non - Discretionary
As at March 31, 2020	NA	NA	Discretionary
As at March 31, 2020	NA	NA	Non - Discretionary

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

This disclosure is extracted from the information provided in the audited accounts of Purnartha Investment Advisers Pvt Ltd as on 31st March, 2022 (FY 2021-22)

Sr. No.	Party name	Relation with the Company
1	Capital Metrics and Risk Solutions Pvt Ltd	Associate company with common key management personnel
2	Ramkumar Rathi (HUF)	HUF entity of Rahul Rathi's father
3	Purnartha Global Investments Pte Ltd (Singapore)	Wholly owned Subsidiary of Purnartha Investment Advisers Pvt Ltd
4	Rangarajan Sundaram	Share holder of the company

Key Management Personnel (KMP)

a) Rahul Ramkumar Rathi
b) Hemant Ashok Vispute
c) Devendra Phadke (From – 09th July 2021)

Transactions during the year (FY 2021-22) and closing balance as on reporting date with related parties.

(Amount in Rs. Lakhs)

Sr. no.	Nature of Transactions	Group Subsidiary Company	KMP
1	Ramkumar Rathi (HUF)		
	Office rent	29.16	
		(29.72	
	Debit Balance outstanding as at year end	-	
		(0.00)	
2	Capital Metrics & Risk Solutions Pvt Ltd		
	Reimbursement of expenses	1.19	

		1.21	
	Credit Balance outstanding as at year end	5.24	
		36.96	
3	Purnartha Global Investments Pte Ltd		
	Towards allotment of shares	-	
		0.06	
	Credit Balance outstanding as at year end	0.06	
		0.06	
4	Rahul Ramkumar Rathi		
	Salary & Bonus		240.78
			359.78
5	Hemant Ashok Vispute		
	Salary & Bonus		245.14
			190.47
6	Devendra Phadke		
	Salary & Bonus		67.43
7	Adesh Gokhale**		
	Salary & Bonus		-
			62.75
8	Dilip Apte**		
	Salary & Bonus		-
			8.56
9	Padmini Subramaniam (mother of Rangarajan Sundaram)		
	Rent & maintenance charges	*5.64*	
			-

* previous year amounts are shown in italics and bracket.

** up to 09th December 2020

8. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER

Following table captures key financial performance of Purnartha Investment Advisers Private Limited based on audited financial statements for the following period (Rs in crores):

a) Capital Structure:

Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
(a) Paid up Capital	1.56	1.56	1.56
(b) Free Reserves	34.26	17.92	11.31
(excluding revaluation reserve)	0.00	0.00	0.00
Total (a+b)	35.82	19.48	12.87

b) Net-worth Details

Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
Net Worth	35.82	19.48	12.87

c) Deployment of Resources

Sr. No	Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
I	Non-Current Assets			
a)	Fixed Assets	2.31	1.66	2.60
b)	Non-Current Investments	34.67	29.72	23.51
c)	Deferred Tax assets (Net)	0.81	0.80	0.73
II	Current Assets			
a)	Current Investments	33.71	77.14	27.39
b)	Trade Receivables	5.36	5.38	6.39
c)	Cash and Cash Equivalents	1.22	13.37	3.41
d)	Other Current Assets			
	Total	86.99	133.87	71.71

d) Details of Profitability

Sr. No	Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
I	Total Income	84.99	93.21	74.29
II	Profit / (Loss) Before Tax	22.74	9.26	9.65
III	Profit/ (Loss) After Tax	16.34	6.61	7.45

9. PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER

The Portfolio Manager has received registration as a Portfolio Manager, under the SEBI (Portfolio Managers) Regulations, 2020 in July 2020.

Portfolio manager shall ensure compliance with computation of performance of portfolio in terms of SEBI (PMS) Regulations, 2020 and SEBI Circular no. SEBI/HO/IMD/DF1/P/2020/26 dated February 13, 2020.

Note: Below TWRR returns are as of financial year end date of respective year.

FY - 2020-2021		% ROR
Period		TWRR
03/03/2021 to 31/03/2021	Purnartha Vision Strategy (formerly known as ‘Focused Equity’)	-3.86
	NIFTY500	-1.64

17/09/2020 to 31/03/2021	Purnartha Pratham Strategy (formerly known as 'Long Term Equity with Concentrated Portfolio')	7.36
	NIFTY500	27.83
18/02/2021 to 31/03/2021	Purnartha Wealth Approach	-5.57
	NIFTY500	-2.25

•

FY - 2021-2022		% ROR
Period		TWRR
01/04/2021 to 31/03/2022	Purnartha Vision Strategy (formerly known as 'Focused Equity')	15.96
	NIFTY500	20.96
01/04/2021 to 31/03/2022	Purnartha Pratham Strategy (formerly known as 'Long Term Equity with Concentrated Portfolio')	12.87
	NIFTY500	20.96
01/04/2021 to 31/03/2022	Purnartha Wealth Approach	-84.64
	NIFTY500	20.96

• Note: Below TWRR returns are as of period from April 1, 2022 to March 31, 2023.

Period April 1, 2022 – March 31, 2023		% ROR
Period		TWRR
01/04/2022 to 31/03/2023	Purnartha Vision Strategy (formerly known as 'Focused Equity')	-5.3931
	NIFTY500	-2.2602
01/04/2022 to 31/03/2023	Purnartha Pratham Strategy (formerly known as 'Long Term Equity with Concentrated Portfolio')	-8.5565
	NIFTY500	-2.2602
01/04/2022 to 31/03/2023	Purnartha Wealth Approach	NA(Closed)
16/01/2023 to 31/03/2023	Purnartha Dynamic Midcap Strategy	NA
	NIFTY500	NA

Period April 1, 2023 - July 31, 2023		% ROR
Period		TWRR
01/04/2023 to 31/07/2023,	Purnartha Vision Strategy (formerly known as 'Focused Equity')	13.90
	S&P BSE 500 TRI	17.65
01/04/2023 to 31/07/2023,	Purnartha Pratham Strategy (formerly known as 'Long Term Equity with Concentrated Portfolio')	20.73
	S&P BSE 500 TRI	17.65

01/04/2023 to 31/07/2023,	Purnartha Dynamic Midcap Strategy	12.57
	S&P BSE 500 TRI	17.65

- Purnartha Dynamic Midcap Strategy was launched wef 16/01/2023.
- Purnartha Constellation Strategy was launched wef 16/01/2023 and closed. No clients were onboarded in this strategy.
- S&P BSE 500 TRI Benchmark will be applicable from April 2023 onwards. (SEBI Circular Reference: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 December 16, 2022 APMI Circular Reference: APMI Circular No. APMI/2022-23/02: Dated, 23rd March' 2023 addressing the Performance Benchmarking part and revised Annexure on March 31, 2023 by APMI)

10. AUDIT OBSERVATIONS

Audit observations for FY 2021-22

Portfolio Manager has received SEBI registration in July 2020. There are No Adverse audit observations in relation to portfolio management activities in terms of SEBI (PMS) Regulations, 20202 as on year ending 31st March 2022.

Audit observations for FY 2020-21

Portfolio Manager has received SEBI registration in July 2020. The audit observations in relation to portfolio management activities in terms of SEBI (PMS) Regulations, 20202 as on year ending 31st March 2021 are as follows:

Observations:

1. Re: Holding of securities belonging to Portfolio Account in its own name.

Background: Regulation 24(15) of SEBI (Portfolio Manager) Regulations, 2020, states that, 'The portfolio manager shall not hold the securities belonging to the portfolio account, in its own name on behalf of its clients either by virtue of contract with clients or otherwise'.

Observation: On review of Portfolio Manager's compliance with the said regulations, it was observed that mutual units of SBI Premier Liquid Fund-Direct Plan-GR were held by the Portfolio Manager in its own name upto 26th March 2021.

Management Response: In this regard, we hereby inform you that due to an inadvertent process error mutual fund units purchased on behalf of our clients for temporary parking purposes till funds were fully deployed remained under the name of Purnartha Investment Advisers Pvt. Ltd. However, on realizing the oversight, we have immediately allocated the units to individual client accounts. We have strengthened our systems and processes with a view to avoid such oversights in future.

2. Re: Obtaining Self Declarations from Distributors.

Background: Paragraph 16 (vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020, the Portfolio Manager shall, within 15 days from the end of every financial year obtain a self-certification from distributors with regards to compliance with Code of conduct.

Observation: On review we noticed that, in case of one distributor, i.e IIFL Wealth Finance Limited, the self - certification with regards to compliance with Code of conduct was received on 11th May 2021. There was a delay of 26 days in obtaining the said certification.

Management Response: Delay in submission of self-certification by distributors is due to the challenges caused by the ongoing COVID -19 Pandemic.

11. NATURE OF EXPENSES

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

A. Investment Management and advisory fees

(i) Portfolio Management Fees

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

1. The fees are charged upon exceeding a hurdle rate or a benchmark rate as specified in the PMS agreement.
2. The fee shall be computed on the basis of high-water mark principle over the life of the investment.
3. High water mark shall be the highest value that the Portfolio has reached. Value of Portfolio for the computation of high-water mark shall be taken to be the value on the date on which performance fees are charged.
4. Performance based fee would be only on increase in Portfolio value in excess of the previously achieved high water mark.

(ii) An indicative table of the charges that may be levied by the Portfolio Manager for Investment Approaches is as given below:

Sr No.	Investment Approach	Fixed Management Fee	Performance Linked Management Fee
1	Purnartha Vision Strategy (formerly known as 'Focused Equity')	Upto 5.00% per annum on daily closing AUM of the Portfolio	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.
2	Purnartha Pratham Strategy (formerly known as 'Long Term Equity with Concentrated Portfolio')	Upto 5.00% per annum on daily closing AUM of the Portfolio	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.
3	Purnartha Dynamic Strategy	Upto 2.50% per annum on daily closing AUM of the Portfolio	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.
4	Purnartha One Strategy	Upto 2.50% per annum on daily closing AUM of the Portfolio	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement.

The actual fees charged by the Portfolio Manager for each Client shall be determined separately and the fees may vary from Client to Client. Further, the fees chargeable for new portfolio introduced by the Portfolio Manager shall be given separately.

(iii) Goods and Services tax and statutory levies would be levied separately as per the prevailing rates from time to time.

B. Other Expenses

Apart from Portfolio Management Fees, the following are the general costs and expenses to be borne by the Client availing the Portfolio Management Services of the Portfolio Manager on actual basis, which shall not exceed the limits prescribed in the SEBI Regulations.

(i) Custodian / Depository fees
The charges relate to opening and operation of depository accounts, custody and transfer charges for securities, dematerialization and re-materialisation, fund accounting services and other charges in connection with the operation and management of the depository accounts.

(ii) Registrar and Transfer Agent fees
Charges payable to registrars and transfer agents in connection with transfer of securities including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges and other related charges would be recovered.

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

(iv) Audit Fees, Certification and professional charges
Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc. would be recovered.

(v) Early Termination Charges – Exit Load
Upon early termination of Portfolio Management Services, the Portfolio Manager shall be entitled to charge the client an Exit Load as mentioned in the Agreement executed between Client and Portfolio Manager.
The exact quantum of exit load relating to such early termination shall be annexed to the Agreement executed between the Client and the Portfolio Manager. The exit load charged may vary from Client to Client.
The exit load charged shall not exceed SEBI permissible limits. Present permissible exit load vide SEBI Circular no. SEBI/HO/IMD/DF1/P/2020/26 dated February 13, 2020 is;

- If redeemed in full or part in the first year, maximum of 3% of the amount redeemed.
- If redeemed in full or part in the second year, maximum of 2% of the amount redeemed.
- If redeemed in full or part in the third year, maximum of 1% of the amount redeemed.
- If redeemed in full or part after a period of three years from the date of investment, no exit load.

(vi) Any other incidental and ancillary charges

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.

(vii) Direct Onboarding Charges.

The Portfolio Manager provides an option to the clients to be on-boarded directly, without intermediation of persons engaged in distribution services.
At the time of on-boarding of clients directly, no charges except statutory charges shall be levied by the Portfolio Manager.

(viii) Operating Expenses Limit.

Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed limit as prescribed by SEBI from time to time. Presently SEBI has prescribed limit of 0.50% per annum of the client's average daily Assets under Management (AUM) vide SEBI Circular no. SEBI/HO/IMD/DF1/P/2020/26 dated February 13, 2020

12. TAXATION

TAX IMPLICATIONS FOR CLIENTS.

The information set out below outlines the tax implications based on relevant provisions of the Indian Income-tax Act, 1961 ('the Act') as amended by the Finance Act, 2023 and Chapter VII of the Finance (No. 2) Act, 2004 ('Securities Transactions Tax Act'/'STT').

12.1 General

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

A Portfolio of client may have:

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

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

All the Tax Rates contained in this clause are applicable for the financial year 2023-24, in accordance with Finance Act, 2023.

12.2 Resident and Non- Resident Taxation

12.2.1 Resident Taxation

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

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

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

12.2.2 Non-resident Taxation

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

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

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

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

12.3 Tax deduction at source

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

In the case of Non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard. Non-residents without PAN or tax residency certificate (TRC) of the country of his residence are currently subjected to a higher rate of TDS.

The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

12.4 Linking of PAN and Aadhar

The due date of linking PAN and Aadhaar was 31 March 2023; however in order to grant some more time for the taxpayers, a window of opportunity has been provided to the taxpayers upto 30 June 2023 to link their Aadhaar to the PAN without facing repercussions, subject to the payment of nominal fees.If the PAN is not linked with Aadhaar, then PAN will become inoperative. After the expiry of the extended due date i.e. 30 June 2023, the clients will not be able to conduct financial transactions where quoting of PAN is mandatory. From 1 July 2023, the PAN of taxpayers who have failed to intimate their Aadhaar, as required, shall become inoperative and the consequences during the period that PAN remains inoperative will be as follows:

i. no refund shall be made against such PANs;
ii. interest shall not be payable on such refund for the period during which PAN remains inoperative; and
iii. TDS and TCS shall be deducted /collected at higher rate, as provided in the Act.

12.5 Advance tax installment obligations

It shall be the Client's responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Act. The provisions related to payment of advance tax shall not apply to an individual resident in India, who does not have any income chargeable under the head “Profit and gains of business or profession”; and is of the age of sixty years or more at any time during the relevant financial year.

In case of any shortfall in the advance tax instalment or the failure to pay the same on time is on account of capital gains and dividend (other than deemed dividend), no interest shall be charged provided the client has paid full tax in subsequent advance tax instalments.

12.6 Securities Transaction Tax

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

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

Taxable securities transaction	STT Rate	Person responsible to pay STT	Value on which STT is required to be paid
Delivery based purchase and sell of equity share	0.1%	Purchaser/Seller	Price at which equity share is purchased/sold
Delivery based sale of a unit of oriented mutual fund	0.001%	Seller	Price at which unit is sold
Sale of equity share or unit of equity oriented mutual fund in recognised stock exchange otherwise than by actual delivery ortransfer and intra day traded shares	0.025%	Seller	Price at which equity share or unit is sold
Derivative – Sale of an option in securities	0.062%	Seller	Option premium
Derivative – Sale of an option in securities where option isexercised	0.125%	Purchaser	Settlement Price
Derivative – Sale of futures in securities	0.0125%	Seller	Price at which such futures is traded
Sale of unit of an equity oriented fund to the Mutual Fund – ETFs and sale or surrender or redemption of units of equity oriented fund to an insurance company on maturity or partial withdrawal with respect of ULIP issued on or after 1 February 2021	0.001%	Seller	Price at which unit is sold
Sale of unlisted shares under an offer for sale to public included in IPO and where such shares are subsequently listed in stock exchanges or with effect from 1 June 2015, sale of unlisted units of business trust by a unitholder which were acquired in consideration of a transfer referred to in Section 47(xvii)	0.2%	Seller	Price at which such shares aresold

12.7 Characterization of Income on transfer of securities of companies.

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

Based on the earlier circulars issued by the Central Board of Direct Taxes ('CBDT') and judicial decisions, following are the key factors and principles which need to be considered while determining the nature of assets as above

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

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

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

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

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

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

12.8 TAX ON DIVIDEND AND INCOME FROM UNITS OF MUTUAL FUNDS

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

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

12.9 BUY BACK TAXATION

The unlisted and listed domestic companies are required to pay tax on distributed income included in the buyback of shares at the rate of 20% on such distributed income. Consequently, the amount received by the shareholders on buy back of shares will be exempt under section 10(34A) of the Act in the hands of the shareholder.

12.10 LONG TERM CAPITAL GAINS

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

12.10.1 Period of Holding

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

Sr. No	Securities	Period of Holding	Characterization
1	Listed Securities (other than Units) and units of equity oriented Mutual Funds, units of UTI, Zero Coupon Bonds	More than twelve (12) months	Long-term Capital Asset
		Twelve (12) months or less	Short-term Capital Asset
2	Unlisted shares of a company	More than twenty-four (24) months	Long-term Capital Asset
		Twenty-four (24) or less	Short-term Capital Asset
3	Other securities (other than Market linked debentures acquired on or after 1 April 2023)	More than Thirty-six (36) months	Long-term Capital Asset
		Thirty-six (36) months or less	Short-term Capital Asset
4	Market linked debentures acquired on or after 1 April 2023	Any period	Short-term Capital Asset

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

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

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

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

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

Specifically in case of long term capital gains arising on sale of shares or units acquired originally as unlisted shares/units upto 31 January 2018, COA is substituted with the "indexed COA" (instead of FMV) where sale consideration is higher than the indexed COA. Where sale value is higher than the COA but not higher than the indexed COA, the sale value is deemed as the COA. This benefit is available only in the case of equity shares or units, not listed as on 31 January 2018 but listed on the date of transfer; and equity shares/units listed on the date of transfer but acquired in consideration of shares/units not listed on 31 January 2018 through tax neutral modes of transfer under section 47 (e.g. amalgamation, demerger).

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

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

12.10.3 <u>For other capital assets in the hands of Resident of India</u>

Long-term Capital Gains in respect of capital asset (other than listed securities and units of equity oriented mutual funds) will be chargeable to tax at the rate of 20% plus applicable surcharge and education cess, as applicable. Capital gains would be computed after taking into account cost of acquisition as adjusted by Cost Inflation Index notified by the Central Government and expenditure incurred wholly & exclusively in connection with such transfer.

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

12.10.4 <u>For capital assets in the hands of Foreign Portfolio Investors (FPIs)</u>

Long term capital gains, arising on sale of debt securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by Offshore Funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the Act. Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

Long term capital gains, arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 10% as mentioned in para 12.10.2 above.

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

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

12.11 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 or units of a business trust entered on 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. However, the above shall not be applicable to transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. The Market linked debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the Act. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

Short Term Capital Gains in respect of other capital assets are chargeable to tax as per the relevant slab rates or fixed rate, as the case may be.

12.12 PROFITS AND GAINS OF BUSINESS OR PROFESSION

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

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

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

12.13 TAX RATES

12.13.1 Individuals, HUF, AOP & BOI:

The Finance Minister introduced new tax regime in Finance Act , 2020 wherein an option for individuals and HUF (Hindu Undivided Family) to pay taxes at lower rates without claiming deductions under various sections. This new tax regime has now been extended to Association of Person (AOP)(other than Co-Op Society) and Body of Individual (BOI) by the Finance Act, 2023. The option for new tax regime can be exercised only once by specified persons having business/professional income and once exercised it will remain same for the subsequent years as well. Income Tax slab rates notified in newtax regime and old tax regime for the Financial Year 2023-24 are as under:

Income Tax Slab (INR)	Tax rates as per new regime	Tax rates as per old regime
0 - 2,50,000	Nil	Nil
2,50,001 – 3,00,000	Nil	5%
3,00,001 - 5,00,000	5%	INR 2,500+5% of total income exceeding INR 3,00,000
5,00,001 – 6,00,000	INR 10,000 + 5% of total income exceeding INR 5,00,000	INR 12,500 + 20% of total income exceeding INR 5,00,000
6,00,001 - 7,50,000	INR 15,000 + 10% of total income exceeding INR 6,00,000	INR 32,500 + 20% of total income exceeding INR 6,00,000
7,50,001 - 9,00,000	INR 30,000 + 10% of total income exceeding INR 7,50,000	INR 62,500 + 20% of total income exceeding INR 7,50,000
9,00,001 – 10,00,000	INR 45,000 + 15% of total income exceeding INR 9,00,000	INR 92,500 + 20% of total income exceeding INR 7,50,000
10,00,001 - 12,00,000	INR 60,000 + 15% of totalincome exceeding INR 10,00,000	INR 1,12,500 + 30% of total income exceeding INR 10,00,000
12,00,001 - 15,00,000	INR 90,000 + 20% of totalincome exceeding INR 12,00,000	INR 1,72,500 + 30% of total income exceeding INR 12,50,000
Above 15,00,000	INR 1,50,000 + 30% of total income exceeding INR 15,00,000	INR 2,62,500 + 30% of total income exceeding INR 15,00,000

Tax rates as per old tax regime for Resident Individual whose age is 60 years or more but less than 80 years and Resident Individual whose age is 80 years or more for Financial Year 2023-24 are as under:

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

Surcharge for the Financial Year 2023-24 are as under:

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

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

12.13.2 Partnership Firm (Including LLP's):

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

12.13.3 Domestic Company/Foreign Company:

Tax Rates for domestic companies for Financial Year 2023-24 are as under:

Particulars	Tax rates as perOld regime	Tax rates asper New regime
Gross turnover up to INR 400 crore in the FY 2020-21	25%	NA
Domestic Co other than above	30%	22%
Domestic Co engaged in manufacturing and set up and registered on or after 01.10.2019 till 31.03.2024	25% or 30%	15%
MAT tax rate	15%	NA

Tax Rates for Foreign companies for Financial Year 2023-24 :

Foreign companies are liable to tax at 40% on total income.

Surcharge for domestic companies and foreign companies for FY 2023-24 is as under:

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

12.13.4 Health and Education Cess

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

12.13 LOSSES UNDER THE HEAD CAPITAL GAINS/BUSINESS INCOME

In terms of section 70 read with section 74 of the Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

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

12.14 DIVIDEND STRIPPING

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

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

12.15 BONUS STRIPPING

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

12.16 DEEMED GIFT

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

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

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

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

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

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

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

12.19 SEGREGATED PORTFOLIOS

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

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

13. ACCOUNTING POLICIES

The Portfolio Manager shall maintain a separate Portfolio record in the name of the Client in its book for accounting the assets of the Client and any receipt, income in connection therewith as provided under SEBI (Portfolio Managers) Regulations, 2020

For every Client Portfolio, the Portfolio Manager shall keep and maintain proper books of accounts, records and documents, for the Client, on mercantile system of accounting, so as to explain its transactions and to disclose at any point of time the financial position of the Client’s Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.

Below Accounting policies to be followed for maintaining books of accounts & records of the Client:

1. Accounting policies of investments:

   i. The Books of Account of the Client is maintained on an historical cost basis.

   ii. In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed. In case of long-term capital gain /loss, gain loss will be computed on basis of prevailing income tax act.

   iii. For derivatives/futures and options, unrealized gains and losses will be calculated by marking all the open positions to market.

iv. Unrealized gains/losses are the differences between the current market values / NAV's and the historical cost of the securities/price at which securities are valued on the date of admitting as a Corpus/ purchase date.

v. All income will be accounted on accrual basis.

vi. All expenses will be accounted on due basis.

vii. Purchase and Sale transactions are accounted for on contract date basis.

viii. Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.

ix. Brokerage and transaction cost at actuals will be charged as expense. Purchases are accounted for at cost of acquisition excluding brokerage and transaction charges. Sales are accounted based on proceeds excluding brokerage and transaction charges. Securities Transaction Tax, Demat charges and Custodian fees on purchase/ sale transaction and any other expenses / taxes applicable as per regulations would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.

x. Bonus shares shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis

xi. Dividend income earned shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on a stock exchange, dividend income shall be recognized on the date of receipt.

xii. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

xiii. Tax deducted at source (TDS) on interest on Fixed Deposits / TDS for NRI clients is considered as withdrawal of Portfolio and debited accordingly.

2. Valuation of Investments:

i. Investments in Equities, will be valued at the closing price of the exchanges (closing price of NSE or BSE as the case may be and BSE or NSE as the case may be). Primary Exchange would be NSE. If Price is not available on primary exchange than price of secondary exchange will be considered. If Price is not available on secondary exchange than previous day price will be considered.

ii. Mutual Funds will be valued at the at NAV available on AMFI

iii. Debt Instruments will be valued at the market value of the debt instrument.

iv. For derivatives including futures and options, unrealized gains and losses will be calculated by marking to market the open positions.

v. Valuation of Unlisted Shares, Valuation of Suspended/Non traded Share/debt: Unlisted Shares: Unlisted shares would be valued at cost of acquisition till the shares get listed on a recognized stock exchange.

vi. Valuation of Suspended/Non traded Share: If a listed share is suspended for a certain period, then last traded price would be used for valuation and after 30 days the valuation methodology would be decided on a case to case basis and approved by the valuation committee.

vii. Shares awaiting listing due to IPO would be valued at allotment price. Valuation of Non-traded debt: Non-traded fixed income instruments will be valued at cost.

viii. In case of demerger 1) if both the companies are traded than market price of both will be considered 2) If one company is traded, then the traded company's share will be valued at traded price. For non-traded share, Market value to be derived based on market value of the original traded share on one trading day prior to the ex-date of demerger minus market value of demerger traded share on ex-date.

ix. Valuation of Unlisted Equity securities -

a. Unlisted Equity will be either valued at cost or marked up/ down basis secondary market trades in the security or basis last funding round in the company.
b. Independent valuation frequency of Unlisted Equity portfolio will be semi-annual in line with the proposed valuation guidelines for AIFs.
c. The valuation principles for valuing Unlisted Equity securities shall be in line with the SEBI Consultation Paper titled "Consultation Paper on standardised approach to valuation of investment portfolio of Alternative Investment Funds" published on January 6, 2023 ("Consultation Paper"). The Consultation Paper recommends that AIFs adopt International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines) for valuing their portfolio companies.
d. IPEV guidelines specify that valuer to use one or more of following methodology to value the securities:

A. Market Approach,
- Multiple of earnings or revenue
- Industry Valuation Benchmarks
- Market Prices available for instruments quoted on an active market

B. Income Approach, based on Discounted Cash Flows

C. Replacement Cost Approach, based on Net Asset Valuation techniques

x. Valuation of debt and money market securities- Valuation of debt and money market securities to be done by following valuation agencies for providing security level prices.

a. NSE Indices Limited
b. ICRA Analytics Limited
c. CRISIL Limited

xi. The above valuation policy is subject to changes as per the Regulatory requirements and might change from time to time, based on the regulatory requirements, including the changes in the valuation agencies.

xii. The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.

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

14. INVESTOR SERVICES

(i) Contact Information

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

Name	Deepak Soman
Address	33,Rachna, Ground & 2nd Floor, Bharati Niwas Society, Dr.Ketkar Road, Off Karve Road, Erandwane, Pune - 411 004
Telephone	020 6901 7100
Email	dsoman@purnartha.com / servicedesk@purnartha.com

(ii) Grievance Redressal and Dispute Settlement Mechanism

We follow the standard practice of resolving all customer queries and grievances with a robust process.

- We have systems in place to address, monitor and suggest improvements based on feedback received from clients.
- Clients can record their issues/ grievances by sending email to either servicedesk@purnartha.com or grievances@purnartha.com or even by calling our toll-free number 9011055553. Clients can also contact the relationship managers or any concerned employee in team.
- In response to such queries, a ticket is created in our Customer Relationship Management (CRM) tool, and is assigned to concerned person based on type of query.
- Each ticket must be closed in prescribed TAT (turn-around time) and if not closed satisfactorily, then the same gets escalated to higher authorities, which monitor the performance of the CRM data constantly over a dashboard.

We ensure that all queries raised by clients are resolved with satisfaction and also get the feedback from client after closure of the ticket.

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives including any dispute regarding fees & charges shall be settled in accordance with the provision of The Arbitration and Conciliation Act, 1996 or any statutory requirement, modification or re-enactment thereof for the time being in force. Such arbitration proceedings shall be held at Mumbai or such other place as the portfolio manager thinks fit.

15. INVESTMENTS IN THE SECURITIES OF ASSOCIATES/RELATED PARTIES OF PORTFOLIO MANAGER

Sr. No.	Investment Approach, if any	Name of the associate/ related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	percentage of total AUM as on last day of the previous calendar quarter
1	Not applicable	Not applicable	NIL	NIL	NIL

16. DETAILS OF DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER

The Portfolio Manager invests in a well-diversified, sector agnostic portfolio of equity & other securities as permitted under the Securities Contract Regulation Act and Rules thereunder, including but not limited to Money Market instruments, Mutual Funds as per the discretion and decision of the Portfolio Manager.

Name and signature of at least two Directors of Portfolio Manager

Name of the Directors	Signature
1. Rahul Rathi	R. L. Rathi Date: 02.09.2023 Place: Pune
2. Hemant Vispute	Date: 02.09.2023 Place: Pune

PURNARTHA INVESTMENT ADVISERS PRIVATE LIMITED PUNE

FORM C

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

[Regulation 22]

Portfolio Manager Details	
Name	PURNARTHA INVESTMENT ADVISERS PRIVATE LIMITED
Address	33,Rachna, Ground & 2nd Floor, Bharati Niwas Society, Dr.Ketkar Road, Off Karve Road, Erandwane, Pune - 411 004
Phone	020 69017100
E-Mail	servicedesk@purnartha.com

We confirm that:

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

II. the disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Manager.

III. the Disclosure Document has been duly certified by Mr. Sanjay Panse, Senior Partner (Membership No.039281) for S Panse & Co LLP with office address as (Three View Society, Veer Savarkar Marg, Mumbai – 400025, an independent Chartered Accountant

For and on behalf of Purnartha Investment Advisers Private Limited

R.R. Rathi

Mr. Rahul Rathi

(Principal Officer)

PURNARTHA INVESTMENT ADVISERS PRIVATE LIMITED PUNE

Date : 02.09.2023

Place : Pune

Address: 33, Rachna, Ground & 2nd Floor, Bharati Niwas Society, Dr. Ketkar Road, Off Karve Road, Erandwane, Pune - 411 004

S Panse & Co LLP
"formerly S. Panse& Co."
Chartered Accountants

9, Three View Society, Veer Savarkar Marg, Mumbai - 400 025. India. Tel / Fax : 2437 0483 / 84 Email: admin@panse.in

CERTIFICATE

In the matter of: **Purnartha Investment Advisers Pvt Ltd**
33, Rachna, Ground & 2nd Floor
Bharati Niwas Society, Dr.Ketkar Road,
Erandwane, Pune - 411004

On the basis of verification of Disclosure Document as required by the SEBI (Portfolio Managers) Regulations, 2020 and other documents, records, audited Financial Statements as on March 31, 2022 of Purnartha Investment Advisers Private Limited and the information and explanation given to us, it is confirmed that:

The disclosure made in the Disclosure Document dated September 02, 2023, copy attached herewith, as required by the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and the directives issued by SEBI from time to time are true, fair and adequate to enable the investors to make a well-informed decision.

For S. Panse & Co LLP
Chartered Accountants

Pradnya Shende
Partner
M.No: 172845
FRN: 113470W/W100591
UDIN: 23172845BGVBNH8527

Place : Mumbai
Date : September 02, 2023