

Date:- April 25, 2019

To,  
Securities and Exchange Board of India  
SEBI Bhavan, 4<sup>th</sup> Floor B Wing  
Plot No. C4-A, "G" Block  
Bandra Kurla Complex,  
Bandra (East)  
Mumbai – 400 051

Dear Sir,

**Sub: Submission of Disclosure Documents**  
**SEBI Registration No. INP000000340**

With reference to above, we are enclosing herewith Disclosure Documents, Form No. C and C. A Certificate for your record.

Kindly acknowledge the same.

Thanking you,

Yours faithfully,  
For Khandwala Securities Ltd- PMS



\_\_\_\_\_  
[Principal Officer]



**CERTIFICATE**

We have verified the Disclosure Document ("the Document") for Portfolio Management Services prepared by **KHANDWALA SECURITIES LIMITED** (the Company) dated April 24, 2019, having its Registered Office at Ground Floor, Vikas Building, Green Street, Fort, Mumbai- 400023.

The disclosure made in the document is made on the model disclosure document as stated in Schedule V of Regulation 14 of Security and Exchange Board of India (Portfolio Managers) Regulations 1993.

Our certification is based on the audited Balance sheet of the Company as on 31<sup>st</sup> March 2018 audited by Statutory Auditors, M/s. **Aniket Kulkarni & Associates, Chartered Accountants** and examination of other records, data made available and information & explanations provided to us.

Based on such examination we certify that:

- a. The Disclosure made in the document is true and fair, and
- b. The information provided in the Disclosure Document is generally adequate to enable the investors to make well-informed decisions.

The enclosed document is stamped and initialed / signed by us for the purpose of identification.

For Shah & Ramaiya  
Chartered Accountants  
FRNo.: 126489W

CA Shardul Shah  
Partner  
M No.: 118394



Place: Mumbai  
Date: April 25, 2019

**FORM C**  
**SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS)**  
**REGULATION, 1993 (Regulation 14)**

We confirm that:

- i) The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time;
- ii) The disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to **KHANDWALA SECURITIES LIMITED** in its Portfolio Management Product;
- iii) The Disclosure Document has been duly certified by an independent chartered accountant on 24/04/2019.

Name of CA Firm : Shah & Ramaiya  
Chartered Accountants

Address : Plot No. 36/227, RDP 10  
Sector VI, Charkop, Kandivali (W),  
Mumbai - 400067

Phone : (+91) 8108111531 / 9869265949

Registration Number : 126489W

(Copy of Chartered Accountant's Certificate enclosed)

**For Khandwala Securities Ltd.**



**Paresh J. Khandwala**  
**Principal Officer**

Date : 25/04/2019  
Place : Mumbai



**Khandwala Securities Limited**



**Portfolio Management Services (PMS)**

**Disclosure Document (DD)**

**Of**

**Khandwala Securities Limited**

**Portfolio Management (PMS)**

**(Reg. No. INP000000340)**





## DECLARATION

- (i) The Disclosure Document has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.
- (ii) The purpose of the Disclosure Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- (iii) The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing. The investor is advised to carefully read this entire document before making investment decision and to retain it for future reference.
- (iv) The Principal Officer designated by the Portfolio Manager is:

<b>Name</b>	Mr. Paresh Khandwala
<b>Address</b>	Vikas Building, Ground Floor, Green Street, Fort, Mumbai- 400023
<b>Telephone No.:</b>	91-22-40767373
<b>Fax No.:</b>	91-22-40767377
<b>Email ID</b>	pkhandwala@kslindia.com



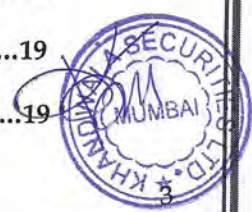




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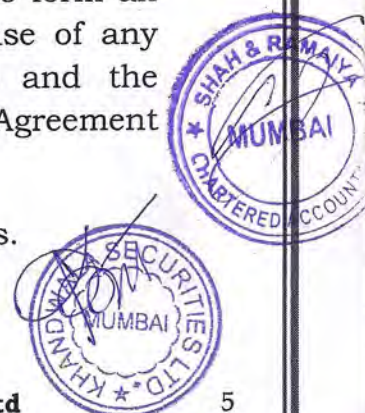
**1. DISCLAIMER**

This Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Manager) Regulations 1993 India (SEBI), as amended from time to time and filed with Securities and Exchange Board of India. 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:

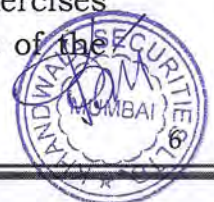
- i) **"ACT"** means the Securities and Exchange Board of India Act, 1992.
- ii) **"AGREEMENT"** means the agreement executed between the Portfolio Manager and its clients and shall include all modifications, alterations or deletions thereto made in writing upon mutual consent of the parties there to, in terms of Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time issued by the Securities and Exchange Board of India.
- iii) **"APPLICATION"** means the application made by the Client to the Portfolio Manager to place the monies and/or securities therein mentioned with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- iv) **"ASSETS"** means (i) the Portfolio and/or (ii) the Funds.







- v) **“BANK ACCOUNT”** means one or more accounts opened, maintained and operated by the Portfolio Manager in the name of the Clients or in the name of the portfolio manager, as the case may be, maintained in terms of the Power Of Attorney given by the Clients for the purpose of managing funds on behalf of the investors with any of the Scheduled Commercial Banks.
- vi) **“KHANDWALA SECURITIES LIMITED”** or **“Portfolio Manager”** or **“Company”** or **“KSL”** means a company incorporated under the Companies Act, 1956 and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations, 1993 *vide* Registration No. INP000000340 dated 3<sup>rd</sup> September 1999.
- vii) **“BOARD”** means the Securities and Exchange Board of India.
- viii) **“BODY CORPORATE”** shall have the meaning assigned to it or under clause (7) of section 2 of the Companies Act, 2013.
- ix) **“CLIENT”** or **“INVESTOR”** means any person who registers with the Portfolio Manager for availing portfolio management services.
- x) **“DEPOSITORY ACCOUNT”** means one or more account or accounts opened, maintained and operated by the Portfolio Manager in the name of the Clients or in the name of portfolio manager, as the case may be, maintained in terms of the Power Of Attorney given by the Clients for the purpose of managing custody on behalf of the investors with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.
- xi) **“DISCLOSURE DOCUMENT”** means a document issued by Khandwala Securities Limited for offering portfolio management services, prepared in terms of Schedule V of the SEBI (Portfolio Managers) Regulations 1993.
- xii) **“DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES”** means the portfolio management services rendered to the client, by the Portfolio Manager on the terms and conditions contained in the agreement, where under the Portfolio Manager exercises any degree of discretion in investments or management of the

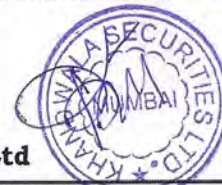
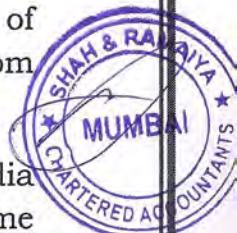






assets of the client.

- xiii) **"FUNDS"** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the application, the proceeds of the 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.
- xiv) **"INVESTMENT AMOUNT"** shall mean the funds deployed/securities introduced by the Client for investment in Securities by the Portfolio Manager in accordance with the provisions of the Agreement.
- xv) **"NRI"** means Non-Resident Indian or Persons of Indian Origin.
- xvi) **"NRO"** means Non-Resident Ordinary Account.
- xvii) **"PARTIES"** means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.
- xviii) **"PERSON"** includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
- xix) **"PORTFOLIO"** means the total holdings of all investments, securities and funds belonging to the client.
- xx) **"PORTFOLIO MANAGER"** shall mean Khandwala Securities Limited or short name as KSL.
- xxi) **"PORTFOLIO MANAGEMENT FEES"** shall have the meaning attributed thereto in Clause 4.7.2 below.
- xxii) **"RBI"** means Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
- xxiii) **"REGULATIONS"** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended from time to time.
- xxiv) **"RULES"** means Securities and Exchange Board of India (Portfolio Managers) Rules, 1993, as may be amended from time to time.







- xxv) **“PRODUCT”** means any of the current investments product or such product that may be introduced at any time in the future by the Portfolio Manager.
- xxvi) **“SCHEDULED COMMERCIAL BANK”** means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934), as amended from time to time.
- xxvii) **“SEBI”** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992, as amended from time to time.
- xxviii) **“SECURITIES”** means security as defined under section 2(h) the Securities Contracts (Regulation) Act, 1956;

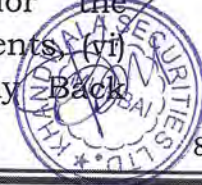
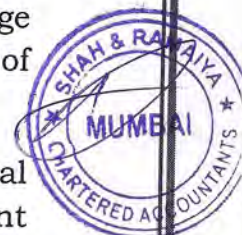
Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

### **3. COMPANY DESCRIPTION:**

#### **3.1 HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER:**

The company has been promoted by Mr. Paresh J. Khandwala on February 9, 1993 as a Private Limited Company. The company later on July 1, 1995 became a deemed Public Limited Company under provisions of Section 43(1A) of the Companies Act, 1956. Subsequently the company was converted into a Public Limited Company on December 7, 1995 and the certificate of name change pursuant to conversion was obtained from the Registrar of Companies, Mumbai, Maharashtra.

The company has been actively involved in niche areas of Capital Market segments of Corporate Advisory Services and Investment Banking, which includes Portfolio Management. The company presently carries out businesses related to (i) Equity & Debt Market Broking (ii) Public and Rights Issue Management, (iii) Investment Banking, (iv) Underwriting and Standby Support for the Public/Rights Issues, (v) Management of Takeover Assignments, (vi) Portfolio Management Services, (vii) Management of Buy Back







Assignments, (viii) Equity Research. (ix) Investment Advisory Services  
(x) Corporate Finance.

### **Why Khandwala Securities Limited?**

- Part of a Financial Services Group with over 7 Decades expertise.
- Management with combined experience of several decades in Financial Markets.
- Philosophy of value based, long term wealth creation and investment.
- Corporate member of BSE & NSE – Capital Markets, Futures & Options, WDM, NSE Forex.
- Corporate member of NCDEX – Through a group company.
- SEBI registered Portfolio Manager & Category – I Merchant Banker since inception
- Empanelment with: Indian & Foreign Financial Institution, FIIs, Banks, Insurance Cos, Mutual Funds, Corporates, Non- Resident HNIs.

### **3.2 PROMOTERS OF THE KSL, DIRECTORS AND THEIR BACKGROUND:**

#### **3.2.1 PROMOTERS:**

Mr. Paresh J. Khandwala along with his relatives are holding 60.32% of the equity share capital of the Company as on March 31, 2019, form of promoter and promoter group of the Company.

#### **3.2.2 DIRECTORS AND THEIR BACKGROUND:**

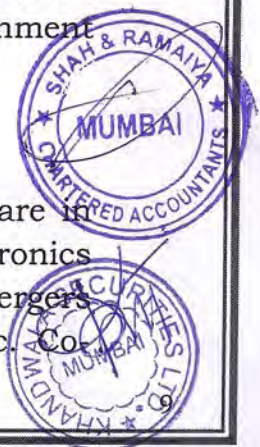
KSL is steered by a highly talented and motivated team. KSL is committed to customer fulfillment in an extremely professional, transparent and ethical environment. Our highly professional and trained personnel are devoted to their customers and are readily available for personalized attention.

##### **a. MR. PARESH J. KHANDWALA**

Mr. Paresh J. Khandwala has over 43 years of experience in the Financial Services Industry including Investment Banking, Third party financial product sales, Private Equity, Large Ticket Debt Syndication, Asset Management, Institutional Broking, Green Field venture build ups, and closely associated with Government and Nodal agencies.

##### **b. MR. ROHITASAVA CHAND**

Mr. Rohitasava Chand started his career developing software in USA; later moved to India to Head IT division of Computronics India. Later on through a series of acquisitions and mergers created IIS Infotech Ltd; IIS was bought by FI Group Plc. Co.







founded Infinity Venture Fund. Mr. Chand is recipient of IIT Delhi Alumni award for outstanding contribution to national development.

**c. MR. PRANAV P. KHANDWALA**

Mr. Pranav P. Khandwala, has completed his graduation from Mumbai University and has done two year global Masters Programme from renowned universities in UK. He has around 13 years of experience in Investment Sector covering varied areas viz. Wealth Management, Equity Advisory to Corporate & HNIs, Relationship Management, Investment Banking & Corporate Finance, Retail Broking and E-Broking, strategic planning & MIS development. He has worked with M/s. Khandwala Securities Limited, Promoter of the M/s. Trumonee Financial Limited Company for around 8 years and with Adroit Financial Services Private Limited at controlling company operations, in particular, customer management & relationship management.

**d. MR. HOMIAR N. VAKIL**

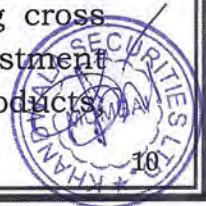
Mr. Vakil is an advocate from the University of Bombay. He is also qualified as a Solicitor from Bombay and London. Having work experience of more than 27 years in Civil and Criminal Litigations, Arbitration, Constitutional matters, Writ Petitions, Indirect Taxes, and Public Interest Litigations. He has advised several large Public & Private sectors, foreign banks and individual in respect of litigation as well as property cases. He specializes in the area of Conveyancing, Title Investigation, drafting contracts, preparing and vetting International Banking documents.

He is presently partner of Messrs. Mulla & Mulla & Craigie Blunt & Caroe, Advocates, Solicitors & Notaries. He is also member of Law, Review, Reforms & Rationalisation committee 2011-12 of Indian Merchants Chamber, Mumbai.

**e. MRS. BHAGYASHREE KHANDWALA**

Mrs. Bhagyashree Khandwala has completed her MBA (in finance) from IES and then she went on to with Citibank NA through campus placement for 2.5 years.

There she was responsible for handling the investments of High Networth Individuals of the Bank. Her Key role was being cross selling and updating the clients regularly on different investment opportunities into Mutual Funds, Insurance, Structured Products.







etc. to enable them to have a well balanced diversified portfolio. After Citibank, she moved to UK and worked for One year with Northumbrian Water and was responsible for taking approvals from various council officers for getting work executed.

**3.3 TOP 10 GROUP COMPANIES INFORMATION / FIRMS OF THE PORTFOLIO MANAGER ON TURNOVER BASIS (LATEST AUDITED ACCOUNTS MAY BE USED FOR THIS PURPOSE)**

Sr. No.	Name of the Group Company
1.	Bentley Investment Pvt. Ltd.
2.	Piggero Investment Pvt. Ltd.
3.	Khandwala Commodity and Derivatives Pvt. Ltd.
4.	Trumonee Financial Ltd

**3.4 TRANSACTIONS WITH RELATED PARTIES:**

Related Party Disclosures as per IND-AS of ICAI for the year ended 31<sup>st</sup> March, 2018 (Forming a Part of Annual Accounts)

**3.4.1 LIST OF RELATED PARTIES WITH WHOM TRANSACTIONS HAVE TAKEN PLACE AND RELATIONSHIP**

Name of the Related Party	Relationship
Trumonee Financial Ltd.	Associate Company
Jayantilal Khandwala & Sons	Enterprise in which Key Managerial Personnel exercise significant influence
Piggero Investments Pvt. Ltd.	Enterprise controlled by the relatives of Key Managerial Personnel
Bentley Investments Pvt. Ltd.	Enterprise controlled by the relatives of Key Managerial Personnel
Khandwala Commodity & Derivatives Pvt. Ltd.	Enterprise controlled by the relatives of Key Managerial Personnel
Mr. Paresh J Khandwala	Managing Director (Key Managerial Personnel)
Mr. Pranav P. Khandwala	Director
Mrs. Bhagyashree P. Khandwala	Director/CFO (Key Managerial Personnel)
Paresh J. Khandwala HUF	HUF
Mrs. Daxa P. Khandwala	Relatives of Key Managerial Personnel
Mr. Pratik P. Khandwala	Relatives of Key Managerial Personnel
Mrs. Tulsi P. Khandwala	Relatives of Key Managerial Personnel
Mrs. Brinda P. Khandwala	Relatives of Key Managerial Personnel







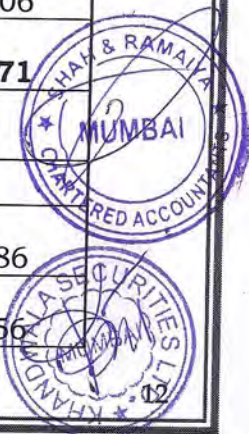
### 3.4.2 Transactions made with Related Parties as on 31<sup>st</sup> March 2018

Sr. No	Transaction	(Rs. In Lakh)
		Amount
1	Brokerage Received	1.72
2	Remuneration Paid	34.75
3	Advisory Fees Paid	0.19
4	Lease rent received	-
5	Investment in associate company	337.50
6	<u>Outstanding Balance</u>	
	Sundry Debtors	180.53
	Sundry Creditors	21.09

### 3.5 FINANCIAL PERFORMANCE OF KHANDWALA SECURITIES LIMITED

#### 3.5.1 BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2018

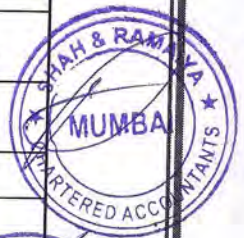
	PARTICULARS	As At 31st	As At 31st
		March 2018	March 2017
		(In Rs.)	(In Rs.)
<b>A</b>	<b>ASSETS</b>		
(1)	Non Current Assets		
	(a) Property, Plant and Equipment	66,989,925	69,523,101
	(b) Intangible assets	66,267	48,751
	<b>Total</b>	<b>67,056,191</b>	<b>69,571,851</b>
	(c) Financial Assets		
	(i) Investments	33,755,000	33,755,000
	(ii) Loans	99,409,809	81,570,274
	(iii) Others	21,668,641	21,668,641
	(d) Deferred tax assets (net)	907,734	777,951
	(e) Other non-current assets	17,052,219	32,570,906
		<b>172,793,403</b>	<b>170,342,771</b>
(2)	Current Assets		
	(a) Financial Assets		
	(i) Investments	270,704	265,286
	(ii) Trade receivables	91,390,214	98,138,756







	(iii) Cash and cash equivalents	759,990	546,698
	(iv) Bank balances other than (iii) above	43,711,639	41,297,398
	(v) Loans	31,769,037	10,884,920
	(vi) Other current assets	787,714	1,077,936
		<b>168,689,298</b>	<b>152,210,994</b>
	<b>Total Assets</b>	<b>408,538,893</b>	<b>392,125,616</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
(1)	Equity		
	(a) Equity Share Capital	139,390,000	139,390,000
	(b) Other Equity	137,842,309	145,262,129
	<b>Total Equity</b>	<b>277,232,309</b>	<b>284,652,129</b>
(2)	Non Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	28,429,826	29,208,306
	(b) Provisions	1,004,561	1,035,184
	(c) Other non-current liabilities	310,282	10,219,651
	<b>Total Non Current Liabilities</b>	<b>29,744,669</b>	<b>40,463,141</b>
(3)	Current Liabilities		
	(a) Financial Liabilities		
	(i) Trade payables	96,932,249	62,711,260
	(b) Other current liabilities	4,629,666	4,299,087
		<b>101,561,915</b>	<b>67,010,347</b>
	<b>Total Equity And Liabilities</b>	<b>408,538,893</b>	<b>392,125,616</b>

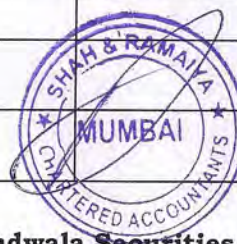






### 3.5.2 STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

		For the year ended 31st March 2018	For the year ended 31st March 2017
		(In Rs.)	(In Rs.)
I	Revenue from Operations	35,400,671	37,073,989
II	Other Income	2,967,208	12,461,749
<b>III</b>	<b>Total Income</b>	<b>38,367,879</b>	<b>49,535,739</b>
IV	Expenses		
	Cost of materials consumed	-	-
	Purchases of Stock-in-Trade	-	-
	Changes in inventories of finished goods	6,950	4,581
	Stock-in -Trade and work-in-progress	-	-
	Employee benefits expense	19,668,130	19,473,095
	Finance costs	2,773,238	3,456,881
	Depreciation and amortization expense	2,900,588	2,966,775
	Other expenses	20,658,909	29,628,324
	<b>Total Expenses</b>	<b>46,007,815</b>	<b>55,529,657</b>
V	Profit/(Loss) before Tax and prior period items	(7,639,936)	(5,993,918)
VI	Exceptional Items	-	-
VII	Profit/(Loss) before Extraordinary items and tax ( V - VI )	(7,639,936)	(5,993,918)
VIII	Extraordinary items	-	-
IX	Profit/(Loss) before Tax ( VII - VIII )	(7,639,936)	(5,993,918)
X	Tax Expense		
	(1) Current Tax	-	-
	(2) MAT Tax	-	-



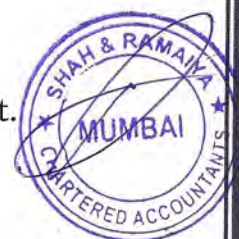




	(3) Deferred Tax (Credited)/ Charged	(129,783)	101,554
XI	Profit / (Loss) for the period from Continuing Operations	(7,510,153)	(6,095,472)
XII	Profit / (Loss) from Discounting Operations	-	-
XIII	Tax Expense of Discounting Operations	-	-
XIV	Profit / (Loss) from Discounting Operations (after tax ) ( XII -XIII )	-	-
XV	Profit (Loss) for the period (XI +XIV )	(7,510,153)	(6,095,472)
XVI	Other Comprehensive Income		
	A (i) Items that will not be reclassified to profit or loss	90,333	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-
	B (i) Items that will be reclassified to profit or loss	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
<b>XVII</b>	<b>Total Comprehensive Income for the period (XIII+XIV)</b>	<b>(7,419,820)</b>	<b>(6,095,472)</b>
	(Comprising Profit (Loss) and Other Comprehensive Income for the period)		
XVIII	Earnings Per Share of - Basic (Rs.)		
	- Basic (Rs.)	(0.63)	(0.51)
	- Diluted (Rs.)	(0.63)	(0.51)

**Notes:**

- Above figures are based on audited financial Statements
- The audited financial statement shall be available on request.

**3.6 PENALTIES, PENDING LITIGATIONS ETC:**

Penalties, Pending Litigations or Proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority:



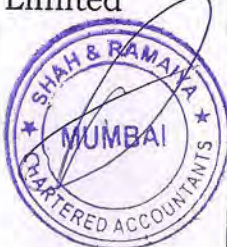





1.	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made there under.	Refer Annexure - 1 below
2.	The nature of the penalty/direction.	Refer Annexure - 1 below
3.	Penalties imposed for any economic offence and/ or for violation of any securities laws.	None
4.	Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	None
5.	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	None
6.	Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made there under..	Refer Annexure - 1 below

### Annexure - 1

Except as mentioned in Annexure I there are no pending litigation against the Company/or filed by the Company

Sr. No	Nature of Dispute	Name of Company	Pending/S ettled
1	SEBI vide its Order No. WTM/RKA/EFD/DRA-11/45/2015 dated 13 <sup>th</sup> May, 2015 had suspended the Certificate of Registration of the Company as a Stock Broker at National Stock Exchange of India Limited (SEBI Registration No. INB230600030) for a period of one month. The Company challenged the aforesaid Order and filed an appeal before Securities Appellate Tribunal (SAT) on May 22, 2015.	Shree Rama Multitech Limited 	Pending with Supreme Court 





<p>On 08<sup>th</sup> March, 2017, the SAT passed the order in respect of our appeal no. 283 of 2015 and dismissed the appeal filed by the Company challenging the aforesaid SEBI Order. The SAT has also granted a stay of four weeks on operation of the Order so as enable the Company to challenge the SAT order before the Hon'ble Supreme Court of India.</p> <p>The Company has filed an appeal before the Hon'ble Supreme Court of India and it has been accepted.</p>		
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#### 4 **DETAILS OF PORTFOLIO MANAGEMENT SERVICES (PM) BEING OFFERED:**

KSL offers both discretionary and non-discretionary Portfolio Management and Investment Counseling with timely advice and execution to meet the overall goal of maximizing yield and capital appreciation within predefined risk parameters.

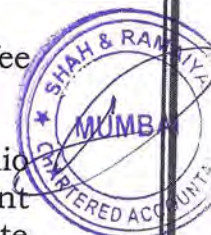
#### **Functions/Responsibilities of the Portfolio Manager includes some or all of the following:**

1. Help determine investment objective and constraints (e.g. return goals, risk tolerance) and develop a Portfolio that is consistent with clients expectations.
2. Diversify Portfolio to eliminate unsystematic risk.
3. Maintain Portfolio diversification within desired risk class while allowing flexibility so that one can shift between alternative investment instruments as desired.
4. Attempt to achieve a risk – adjusted Performance level that is superior to that of relevant benchmark.
5. Administer the account, keep record of costs and transactions, provide timely information for tax purposes and reinvest dividends if desired.
6. Maintain ethical standards of behavior at all times.

The above responsibilities shall be performed for an agreed fee structure and the portfolio management shall be at client's risk.

In the discharge of above duties and responsibilities, the portfolio manager shall act in a fiduciary capacity with regard to the client account. The portfolio Manager shall have the sole and absolute discretion to invest client's funds and securities in a manner as he deems fit in accordance with the terms of the agreement for the benefit of the client.

The Portfolio manager shall exercise due care and diligence for due adherence to the relevant Acts, Rules and Regulations, guidelines and







notifications in force from time to time. The choice and timing of investment decisions will rest solely with the portfolio manager. The portfolio managers' decision ( taken in good faith ) in deployment of the Clients' account 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.

The current service offering of the Portfolio Manager is

- Discretionary Portfolio Management Services
- Non Discretionary Portfolio Management Services
- Advisory Services

**4.1 PORTFOLIO MANAGER'S ROLE & SERVICE STANDARDS:**

- Discretionary management of the portfolio.
- Valuation Report (NAV Report) would be sent on monthly basis.
- Transaction Statement would be sent every month.
- Depository & Bank Statements would be sent every month.
- Meetings with clients once in six months.

**4.2 MINIMUM INVESTMENT AMOUNT:**

The minimum amount to be invested under portfolio management is Rs. 25,00,000/- (Rupees Twenty Five Lacs Only). However the minimum amount varies under different investment options.

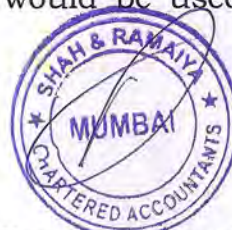
**4.3 TYPE OF SERVICES / PRODUCT OFFERED**

Khandwala Securities Limited portfolio management services shall provide services under two products, viz. High Risk High Return Product and Value Based Product, besides only Advisory Services.

**High Risk High Return Product:**

- This product will be ideal for Investors looking at higher return with high-risk appetite.
- Investors looking to earn regular returns irrespective of market volatility and desirous of taking advantage of short to medium term rallies would find this Product interesting.
- The Investment Strategy will be to take advantage of triggers like news flow, momentum, financial results, etc. and profit from it.
- As a result, stock selection in this Product will be largely on bottom-up research and technical would be used to time stock selection.

**Value Based Product:**







- This product will be ideal for Investors looking at Low Risk and relatively stable returns on investment.
- The stock portfolio would consist of a mix of large and mid-cap companies with strong competitive advantages and growth potential over medium to long term.
- Investment decisions will be driven by in-depth and independent fundamental research with a focus to identify under valued or under prized fundamentally strong companies.
- Consequently stock selection will be done through a mix of top-down and bottom-up research.

**4.4 INVESTMENT OBJECTIVE:**

The present investment objectives policies including the types of securities in which Portfolio Manager generally invests/ will generally invest

**A) High Risk High Return Fund:**

- This Product will invest in equities with high growth prospects over Short to Medium term, which may or may not be under Khandwala Securities Limited's research coverage.
- The stock portfolio would consist of a mix of large, mid and small-cap companies with strong competitive advantages.
- Since stock selection in this Product would be of a Short to Medium term duration, the Product will aim to book profits regularly and will not hesitate to sit on cash/quasi-cash instruments in anticipation for a good opportunity.

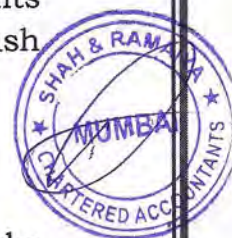
**B) Value Based Fund:**

- The product will attempt to identify upcoming sectors / stocks early so as to benefit from price appreciation.
- The Product may therefore invest in stock currently out-of-favor and/or likely to be re-rated due to improving prospects.
- Investment objectives and policies will be subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the Agreement.

**4.5 POLICY ON INVESTMENTS IN ASSOCIATION / GROUP COMPANIES OF KSL**

Portfolio Manager will not invest in the equity shares, mutual funds, debt, deposits and other financial instruments, wherever applicable, of associate and group companies.

**4.6 CLIENTS REPRESENTATION**







Category of Clients	No. of Clients	Funds Managed (Rs.)	Discretionary/ Non Discretionary, If any.
<b>Associate/Group Companies</b>			
March 31, 2016	Nil	Nil	Nil
March 31, 2017	Nil	Nil	Nil
March 31, 2018	Nil	Nil	Nil
<b>Others</b>			
March 31, 2016	3	26,74,505/-	Discretionary
March 31, 2017	3	24,64,659/-	Discretionary
March 31, 2018	Nil	Nil	Nil

#### 4.6. 1. PAST PERFORMANCE REPORT

##### RETURNS GENERATED IN PREVIOUS YEARS.

Portfolio Management Performance of the Portfolio Manager for the Last three years

Year	Corpus	Total value of Portfolio (Pervious Year)	Total value of Portfolio (Current Year)	Returns	% Returns	% of Benchmark
March 31, 2016	32,48,306	30,01,070	26,74,505	-3,26,565	-10.88	-9.36
March 31, 2017	32,48,306	26,74,505	24,64,659	-2,09,846	-7.85	16.88
March 31, 2018	Nil	Nil	Nil	Nil	Nil	Nil

#### 4.7 PRODUCTS OFFERED OR TYPES OF PORTFOLIO OFFERED:

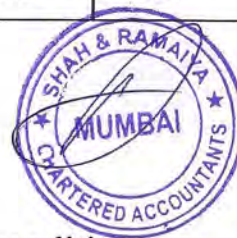
##### 4.7.1 Product 1 - KSL Equity Opportunity Portfolio

##### Objective

- To generate steady returns in volatile and changing market conditions.
- To invest in stocks with short-medium term perspective, for a minimum 15-20% price movement and an upward bias.

##### Investment Philosophy

- The investment philosophy is to find "Momentum in Value Stocks".
- KSL is known for its very strong in-house Equity Research capabilities. The portfolio will leverage upon this knowledge to create investment opportunities that offer attractive returns to the investor.
- The portfolio will provide capital appreciation by investing primarily in equity instruments using multiple investment strategies.







- Identifying the right Sector and right Company with a scalable business managed by competent professionals.
- To look out for companies with Transparency, Execution Capability and Management Bandwidth.
- The investments are made with predefined price targets and portfolio follows an active process of Profit Booking.
- In absence of investment opportunities, funds are temporarily parked in the safety of liquid mutual funds or exchange traded Liquid funds.

**Investment Strategy**

- The portfolio is created keeping a close watch on the dynamic conditions of the market.
- The portfolio will employ a combination of judicious investment strategies to provide optimum returns to investors.
- The composition of the portfolio will aim to reflect the contemporary market sentiments at any given point of time.
- The portfolio aims to deliver higher returns in Short to Medium term by investing in fundamentally strong stocks with momentum approach, coupled with active profit booking.
- The portfolio may take aggressive cash calls and increase its cash level to 100% when the view on the markets is negative.
- Portfolio may also aim to use futures and options to hedge the investment.
- Our investment approach would be to identify stocks that have potential to generate returns of 75% in the mid-cap category and 20% out of performance over Nifty in the large-cap category.

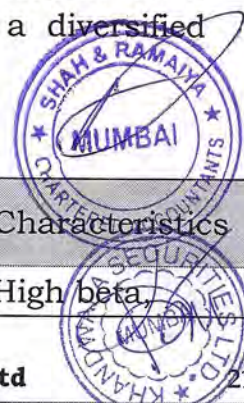
**Bullish scenario:** The portfolio will predominantly consist of High Growth Stocks and will have a focused investment in identified 10-20 stocks

**Bearish Scenario:** The portfolio will predominantly consist of Value Stocks and will have a diversified investment in 20-35 stocks

**Range bound Scenario:** The portfolio will predominantly consist of a judicious blend of Growth and Value Stocks and will have a diversified portfolio of 15-25 stocks

**Portfolio Characteristics**

Market Scenario	Investment Strategy	Portfolio	Turnover	Characteristics
Bullish	Aggressive	Concentrated	Low	High beta







				High P/E, High Earnings growth
Bearish	Defensive	Diversified	Low	Low beta, Low P/E, High Earnings growth
Range Bound	Trading	Diversified	High	Market beta, Average P/E, Average Earnings growth

### Options and Examples

#### Product - 1

1. Minimum Corpus Rs 25 lacs and in multiples of Rs. 5 Lacs thereafter
2. 2.5% p.a. Management Fees of NAV – 0.625% chargeable at the end of every quarter on weighted average NAV (see Example 1 below).
3. Additional Performance Fee (Profit Sharing) of 20% on profits with a hurdle rate of 15% charged as at the end of every Six Month and end of 12 Month year reckoned from the date of registration as a PMS client. i.e. Performance Fee will be charged only if profits are more than 15%. Performance based management fees are charged only on incremental profits (High Watermarking concept) and not on all profits (see Example 2 below).
4. Brokerage charged to clients for its Portfolio Management Services would be in the range of 0.10% to 0.55% of the contract value.
5. POA for Bank and DP accounts in favor of Portfolio Manager is mandatory.
6. All other expenses will be charged on actual basis.
7. All statutory charges and taxes will levied at actual as per applicable laws in force.
8. The securities may be held and transactions may be executed in the name of the Client or in the name of the Portfolio Manager on behalf of the Client.

#### Example 1 – Management Fee

Date (Quarterly)	Corpus (Rs.)	NAV (Rs.)	Management Fees (%)	Management Fees (Rs)
01-Apr-12	2,500,000	2,500,000	0.625	15,625
01-Jul-12	2,500,000	2,000,000	0.625	12,500
01-Oct-12	2,500,000	2,800,000	0.625	17,500
01-Jan-13	2,500,000	3,000,000	0.625	18,750



**Example 2 - Performance Fee**

Year	1	2	3	4
Opening NAV	2,500,000	2,975,000	2,200,000	3,676,250
Closing NAV	3,000,000	2,200,000	3,740,000	4,661,800
Absolute Returns (Rs)	500,000	-775,000	1,540,000	985,550
Incremental Returns for performance fee (Rs)	500,000	0	765,000	985,550
Hurdle rate (%)	15.00%	15.00%	15.00%	15.00%
Net returns for profit sharing (Rs)	125,000	0	318,750	434,113
PMS Profit share (20% of above)	25,000	0	63,750	86,822
High Watermark (Rs)	2,975,000	2,975,000	3,676,250	4,574,978

Note:

- The above calculations are exemplary and hence for the sake of simplicity are excluding service tax and cess thereon.
- Absolute return is calculated as a difference between Closing NAV and Opening NAV. Incremental Returns for Performance Fee (Incremental Returns for Performance Fee) is calculated as a difference between Closing NAV and the High Watermark as at the end of the previous year. High Watermarking is arrived at after deducting performance-based fees from the closing NAV.

**Product 2 - KSL Value / Midcap Portfolio****Objective**

- To invest in growth oriented companies with sustainable business models backed by strong management capabilities
- Emphasis on smaller capitalized companies with a market capitalization not exceeding Rs. 2500 crore at the time of investment.

**Investment Philosophy**

- The investment philosophy is to invest in stocks that are available at reasonable valuations and promise above average growth.
- The portfolio would aim to identify emerging themes.
- The Portfolio would attempt to identify emerging themes early and exit when they are fairly discounted.
- High Growth Story - Sector and Companies that promise above average growth.
- Reasonable Valuation - Invest in high growth companies at reasonable price / value.
- Emerging Themes - Focus on Identifying Emerging Stocks / Sectors.





- Buy and Hold Strategy - The Portfolio shall focus on above philosophies and hold them till it realizes its true market potential.

### **Investment Strategy**

- Buy and Hold a basket of 15-25 companies with a medium to long term horizon
- De-risked strategy through diversification
- Target companies in quest of growth in any market environment
- Endeavour shall be to focus on emerging businesses at a nascent stage or matured businesses at attractive valuations
- Stocks that may offer trigger events creating potential for unlocking of latent valuation over longer term
- The portfolio shall constitute of companies with market capitalization in the range from Rs 100 Cr to 2500 Cr.
- The portfolio composition shall be optimized in market capitalization mix as well as sectoral exposure
- The Portfolio would target to invest in Small and Mid Cap Opportunities that have the potential of delivering above-average growth over the next 2-3 years.

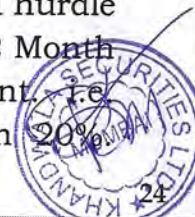
### **Portfolio Characteristics**

- Investments in Small and Mid-cap Stocks
- Bottom Up Stock Picking Approach
- Focused Theme Portfolio
- Investment Horizon - Long term (2 to 3 Yrs)
- Benchmark: - CNX Mid Cap
- Buy and Hold Philosophy – low portfolio churn
- Open Ended Portfolio with Exit Fee
- Quarterly Disclosure Of Portfolio

### **Options and Examples**

#### **Product 2**

1. Minimum Corpus Rs 25 lacs and in multiples of Rs. 5 Lacs thereafter
2. 2.5% p.a. Management Fees of NAV – 0.625% chargeable at the end of every quarter on weighted average NAV (see Example below).
3. Additional Performance Fee (Profit Sharing) of 20% on profits with a hurdle rate of 20% charged as at the end of every Six Month and end of 12 Month year reckoned from the date of registration as a PMS client. i.e. Performance Fee will be charged only if profits are more than 20%.







Performance based management fees are charged only on incremental profits (High Watermarking concept) and not on all profits.

4. Brokerage charged to clients for its Portfolio Management Services would be in the range of 0.25% to 0.55% of the contract value.
5. POA for Bank and DP accounts in favor of Portfolio Manager is mandatory.
6. DP Charges are included in the management fees. All other expenses will be charged on actual.
7. All statutory charges and taxes will be levied at actual as per applicable laws in force.
8. The securities may be held and transactions may be executed in the name of the Client or in the name of the Portfolio Manager on behalf of the Client.

**Example – Management Fee**

Date (Quarterly)	Corpus (Rs.)	NAV (Rs.)	Management Fees (%)	Management Fees (Rs)
01-Apr-12	2,500,000	2,500,000	0.625	15,625
01-Jul-12	2,500,000	2,000,000	0.625	12,500
01-Oct-12	2,500,000	2,800,000	0.625	17,500
01-Jan-13	2,500,000	3,000,000	0.625	18,750

Note:

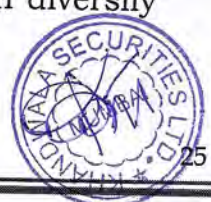
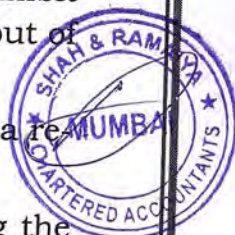
The above calculations are exemplary and hence for the sake of simplicity are excluding service tax and cess thereon.

**Product 3 - KSL Wealthbuilder Portfolio**

**Objective**

- The portfolio strives for long-term capital growth as well as offer capital protection through the use of a quantitative risk model.
- To invest in stocks that can benefit from growth in earnings and a higher P/E or higher valuation of assets.
- To invest in fundamentally sound companies that can benefit from a re-rating.
- To increase the prospects for out performance, the portfolio will exhibit a preference for companies that may have been overlooked or are out of favors.
- The strategy aims to identify investment opportunities that exhibit a re-rating potential over 2 years period.
- The strategy follows a concentrated portfolio approach, by limiting the number of stocks in the portfolio to 10.
- The underlying principle is to pick the best ideas rather than diversify over larger pool of equities.

**Investment Philosophy**







- The portfolio follows a bottom-up stock selection approach with an investment horizon of 2 years.
- The aim is to identify best candidates for a re-rating potential.
- The underlying philosophy of the portfolio is to Buy and Hold until the stocks realize their re-rating potential.

### **Investment Strategy**

- Asset allocation would be based on CPPI model.
- CPPI is designed to give the investor the ability to limit the downside risk while allowing some participation in the upside markets. It allows the investor to recover, at maturity, a given percentage of their initial capital, in particular in falling markets.
- Intends to capture some upside on the equity market if and when they occur
- Invests across shares and fixed income products, moving from shares into fixed interest investments when the fund's value drops below a predetermined "floor". When markets start to move up, the product increases its holdings in shares, tapping into these growth opportunities
- Exposure: Equity: 0-100%; Debt: 0-100%
- The debt portion will be invested in debt oriented products of mutual funds, Gilt products, Liquid products, money market instruments, Government securities, Corporate Bonds and deposits, securitised instruments and / or any other instruments permitted by SEBI.
- The equity portion would be primarily invested in large cap stocks with high liquidity and closely follows the BSE Sensex movement.

### **Portfolio Characteristics**

- Bottom-up stock selection
- Investment in stocks with re-rating potential
- Out of Favour Stocks
- Concentrated portfolio
- Investment horizon: long term (two years)
- Risk: high
- Performance Fee will be charged at end of 2 years
- Buy and hold philosophy - low portfolio churn

The portfolio aims to identify companies that exhibit the following Characteristics:

- Companies whose earnings are likely to do better than market opinion
- Companies benefiting from internal fundamental changes or restructuring







- New management team or new product launch
- Cost-cutting initiatives or improved pricing
- Merger or acquisition
- Companies benefiting from changes in business environment
- Consolidation or reduction in industry capacity leading to improved pricing
- Shift in consumption patterns or demographic trends
- Out of favor companies (Less-fancied stocks)
- Fundamentally sound companies that have underperformed for temporary reasons
- Companies with lower valuation as compared to sector or peers in the market

**Options and Examples**

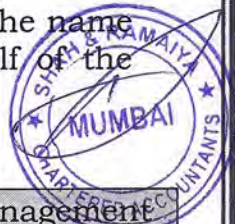
**Product 3**

1. Corpus less than Rs 50 lacs but not below Rs. 5 Lacs and in multiples of Rs. 5 Lacs thereafter.
2. 2.5% p.a. Management Fees of NAV-0.625% chargeable at the end of every quarter on weighted average NAV (see Example below).
3. Additional Performance Fee (Profit Sharing) of 20% on profits with a hurdle rate of 12% charged as at the end of 24 Month year reckoned from the date of registration as a PMS client. I.e. Performance Fee will be charged only if profits are more than 12%. Performance based management fees are charged only on incremental profits (High Watermarking concept) and not on all profits.
4. Brokerage charged to clients for its Portfolio Management Services would be in the range of 0.01% to 0.55% of the contract value.
5. POA for Bank and DP accounts in favor of Portfolio Manager is mandatory.
6. DP Charges are included in the management fees. All other expenses will be charged on actual.
7. All statutory charges and taxes will be levied at actual as per applicable laws in force.
8. The securities may be held and transactions may be executed in the name of the Client or in the name of the Portfolio Manager on behalf of the Client.

**Example - Management Fee**

Date (Quarterly)	Corpus (Rs.)	NAV (Rs.)	Management Fees (%)	Management Fees (Rs)
01-Apr-12	1,000,000	1,000,000	0.625	6,250
01-Jul-12	1,000,000	800,000	0.625	5,000
01-Oct-12	1,000,000	1,120,000	0.625	7,000
01-Jan-13	1,000,000	1,200,000	0.625	7,500

**Note:**







The above calculations are exemplary and hence for the sake of simplicity are excluding service tax and cess thereon.

**Product 4 - KSL Liquid**

LIQUID - This option is suitable for those investors who are seeking capital preservation, and liquidity.

OBJECTIVE	STRATEGY	INSTRUMENTS
Maximize current while preserving capital and providing liquidity	Actively manage a diversified portfolio of high quality short maturity fixed income instruments  Include instruments with moderately longer maturities than typical money market instruments to provide additional potential for attractive returns	T-bills Commercial Paper Certificates of Deposit CBLO Market Government (Centre and State) Securities with short duration Corporate Bonds with short duration

**Options and Examples**

**Product 4**

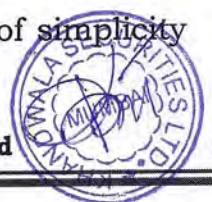
1. Minimum Corpus Rs 5 crores and in multiples of Rs. 10 Lacs thereafter
2. 1% p.a. Management Fees of NAV -0.25% chargeable at the end of every quarter on weighted average NAV (see Example below).
3. No Performance Fee / No Profit Sharing
4. All other expenses will be charged on actual.
5. All statutory charges and taxes will levied at actual as per applicable laws in force.
6. The securities may be held and transactions may be executed in the name of the Client or in the name of the Portfolio Manager on behalf of the Client.

**Example - Management Fee**

Date (Quarterly)	Corpus (Rs.)	NAV (Rs.)	Management Fees (%)	Management Fees (Rs)
01-Apr-12	2,500,000	2,500,000	0.25	6,250
01-Jul-12	2,500,000	2,000,000	0.25	5,000
01-Oct-12	2,500,000	2,800,000	0.25	7,000
01-Jan-13	2,500,000	3,000,000	0.25	7,500

Note:

The above calculations are exemplary and hence for the sake of simplicity are excluding service tax and cess thereon.







### Product 5- KSL Capital Oriented

**LONG DURATION** - This option is suitable for investors seeking to maximize risk adjusted total return.

OBJECTIVE	STRATEGY	INSTRUMENTS
Maximize risk adjusted total return	Primarily invest in long term corporate bonds with the option of taking exposures to low duration fixed income securities to maximize returns	High quality Corporate Bonds with tenor >1 year Government (Centre and State) Securities with tenor >1 year Low Duration fixed income securities (including money market instruments)

- Portfolio Credit Risk can be tailored according to client requirements, balancing target return expectations and capital preservation
- Option to pre-define sector/company exposure limits
- Option to pre-define liquidity profile of portfolio by marking minimum investments in low duration fixed income securities
- Quickly move in and out of Money markets or Cash depending on investment opportunities and interest rate outlook
- Investment horizon : >3years
- Option to withdraw funds at anytime
- Premature or accelerated exit may be adversely impact returns
- Further, the time required for portfolio liquidation will be dependant on market condition

### Options and Examples

#### Product 5

1. Minimum Corpus Rs 1 crore and in multiples of Rs. 10 Lacs thereafter
2. 1% p.a. Management Fees of NAV – 0.25% chargeable at the end of every quarter on weighted average NAV (see Example below).
3. Additional Performance Fee (Profit Sharing) on profits with a hurdle rate of One Year + SBI Bank Fixed Deposit Rate (%) charged as at the end of 12 Month year reckoned from the date of registration as a PMS client. i.e. Performance Fee will be charged only if profits are more than the FD Rate %. Performance based management fees are charged only on incremental profits (High Watermarking concept) and not on all profits (see Example below).
4. All other expenses will be charged on actual.







5. All statutory charges and taxes will levied at actual as per applicable laws in force.
6. The securities may be held and transactions may be executed in the name of the Client or in the name of the Portfolio Manager on behalf of the Client.

**Example - Management Fee**

Date (Quarterly)	Corpus (Rs.)	NAV (Rs.)	Management Fees (%)	Management Fees (Rs)
01-Apr-12	2,500,000	2,500,000	0.25	6,250
01-Jul-12	2,500,000	2,000,000	0.25	5,000
01-Oct-12	2,500,000	2,800,000	0.25	7,000
01-Jan-13	2,500,000	3,000,000	0.25	7,500

Note:

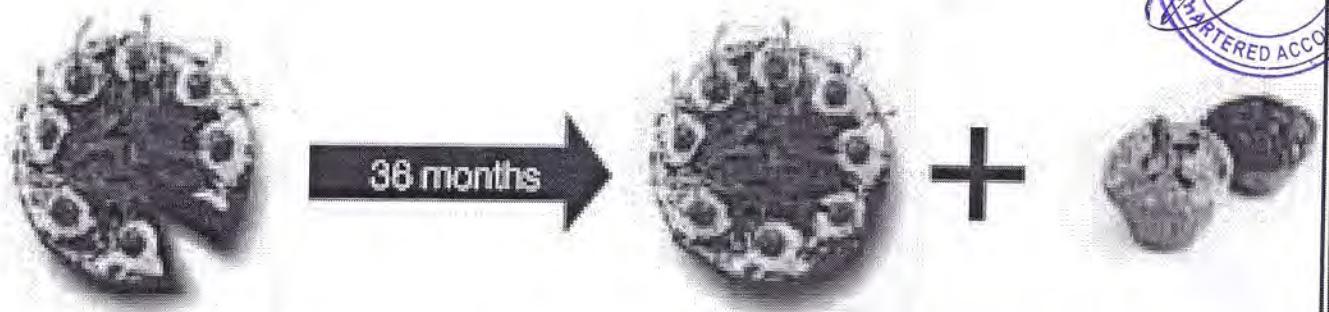
The above calculations are exemplary and hence for the sake of simplicity are excluding service tax and cess thereon.

**Product 6 - KSL Capital Protector**

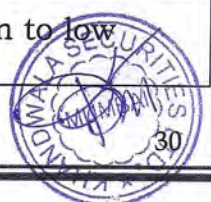
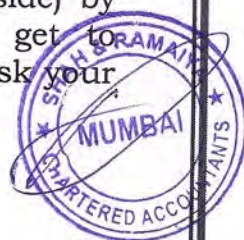
**CAPITAL PROTECTION** – This option is suitable for investors who endeavor to protect the capital invested on product’s maturity

This product seeks to provide capital appreciation linked to equity market with downside protection at the end of tenure:

- Product expects to achieve down side protection by investing in debt securities with tenure comparable with the tenure of the Plan, subject to the credit risk.
- Product expects to achieve the market-linked appreciation (upside) by investing in shares of reputed Indian companies. So, you get to participate in equity growth, in a small way without having to risk your entire investment.



Instrument	Asset Allocation (% of Net Assets)	Risk Profile
Debt & debt related instruments & money	74% -100%	Medium to low







market instruments		
Equity and equity related instruments including derivatives	0% - 26%	High

Illustration: Assume an initial investment of ₹100 for 832 days. Assuming interest rate of similar tenure AAA rated papers as 9.25%, one would need to deploy about ₹82 in AAA rated instruments so that it grows to ₹100 at the end of 832 days, assuming no tenor mismatch between investments and the tenure of the product.

The remaining ₹15 (after providing ₹3 for expense for 832 days) can be used to buy equity shares which could provide market linked returns.

The actual allocation & performance would depend upon prevailing market conditions. Within the specified limits, the actual expense ratio could be higher or lower than the assumption above.

There is no assurance of any capital protection or capital guarantee for investors in this Product. The Product offered is "oriented towards protection of capital" and "not with guaranteed returns". The orientation towards protection of the capital originates from the portfolio structure of the product and not from any bank guarantee, insurance cover, etc.

**Options and Examples**

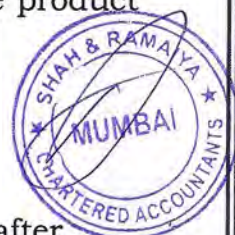
**Product 6**

1. Minimum Corpus Rs 1 crore and in multiples of Rs. 10 Lacs thereafter
2. 2.5% p.a. Management Fees of NAV – 0.625% chargeable at the end of every quarter on weighted average NAV (see Example below).
3. No Performance Fee / No Profit Sharing
4. All other expenses will be charged on actual.
5. All statutory charges and taxes will levied at actual as per applicable laws in force.
6. The securities may be held and transactions may be executed in the name of the Client or in the name of the Portfolio Manager on behalf of the Client.

**Example - Management Fee**

Date (Quarterly)	Corpus (Rs.)	NAV (Rs.)	Management Fees (%)	Management Fees (Rs)
01-Apr-12	2,500,000	2,500,000	0.625	15,625
01-Jul-12	2,500,000	2,000,000	0.625	12,500
01-Oct-12	2,500,000	2,800,000	0.625	17,500
01-Jan-13	2,500,000	3,000,000	0.625	18,750

Note: The above calculations are exemplary and hence for the sake of simplicity are excluding service tax and cess thereon.







#### 4.7.2 NATURE OF EXPENSES

Fees/expenses mentioned below are the general cost and expenses for clients availing Portfolio Management Services. However, the exact nature of expenses relating to each of the following services shall be annexed to the Portfolio Management Agreement in respect of each of the services availed at the time of execution of such Agreement.

Sr. No.	Fees and Expenses Payable	Nature
A.	Investment Management & Advisory Fees	Six structures for management fees are available to clients that are detailed in options & examples given above.
B.	Custody fees and Depository Participants Charges	Depository Participant charges primarily include to opening and operation of Demat account, dematerialization and rematerialisation of security etc
C.	Registrar & Transfer Agent Fees	Fees payable to the Registrar and Transfer Agents in connection with effecting transfer of any or all securities and bonds including stamp duty cost of affidavits, notary charges, postage stamp and courier charges.
D.	Brokerage & Transaction Cost	For all Products the Brokerage charged to clients for Discretionary Portfolio Management Services would be in the range of 0.01% to 0.55% of the contract value. In addition to the brokerage any transaction cost, stamp duty, transaction costs, turnover tax, Securities transaction tax or any other tax levied by statutory authorities foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker
E.	Service Tax	As applicable from time to time.
F.	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.
G.	Incidental expenses	Any charges incidental in connection to day to day operations like courier expenses, postal, telegraphic, opening and operation of bank account or any other



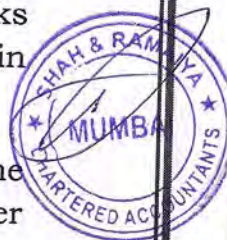


Sr. No.	Fees and Expenses Payable	Nature
		out of pocket expenses as may be incurred by the Portfolio Manager.

**5. RISK FACTOR:**

The risk factors, as perceived by management, in respect of the portfolio management services offered are enlisted below:

- Investment in equities, derivatives and mutual funds are subject to market risks.
- There is no assurance or guarantee on the achievement of objectives of the products and appreciation of the value of or return on the investments made. There may be depreciation of such value of investments or return thereon to an unpredictable extent.
- The Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.
- The Portfolio Management service is subject to risk arising from investment objective, investment strategy and asset allocation.
- NAV of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- The performance of the products may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- Liquidity of the Portfolio's investments is inherently restricted by trading volumes in the securities in which it invests.
- Any act of omission or commission by the Portfolio Manager under this agreement will be solely at the risk of the client and the portfolio manager will not be liable for any act of omission or commission or





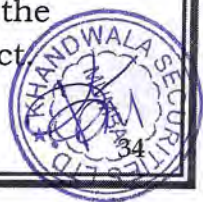
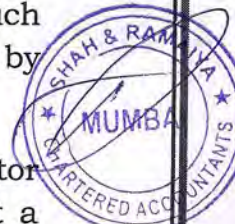


failure to act save and except in cases of gross negligence, willful default and or/fraud of the Portfolio Manager.

- All risks arising out of refusal by a company or corporation for whatever reasons, to register or transfer of any securities so purchased and refused to be transferred in the name of the client or the Portfolio Manager by the company or corporation concerned, may be sold by Portfolio Manager, at the best available market rate, will be at the risk and responsibility of the client concerned.
- The names of the products are not indicative or assertive in any manner whatsoever of their prospects or returns.
- The product may invest in non-publicly offered unlisted equities. This may expose the product to liquidity risks. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- Past performance of the portfolio manager does not indicate the future performance of the same product in future or any other future products of the portfolio manager.
- Above referred products are the first product launched by the Portfolio Manager.
- This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. The Portfolio Manager will attempt to maintain a diversified Portfolio in order to minimize this risk.

**Risks attached with the use of derivatives:**

- Derivatives/futures and options being highly leveraged instruments are affected by risks different from those associated with stocks and bonds. High degree of skill, diligence, expertise, investment techniques and risk analysis is required for investing in such instruments. The value of derivative instruments is affected even by a small price movement of the underlying security.
- Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly.
- There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract.







Other risks in using derivatives include the risk of mis pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**Trading in derivatives**

- SEBI in terms of Securities and Exchange Board of India (Portfolio Managers) Amendment Regulations, 2002, has permitted all the Portfolio Managers to participate in the derivatives trading subject to observance of guidelines issued by SEBI in this behalf. Pursuant to this, the Portfolio Managers may use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance the Clients' interest.
- Accordingly, the Portfolio Manager may use derivatives instruments like Stock Index Futures, Options on Stocks and Stock Indices or other such derivative instruments as may be introduced from time to time, as permitted by SEBI.

**Key Risk factors for High Risk and High Return Product**

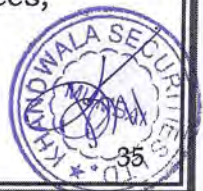
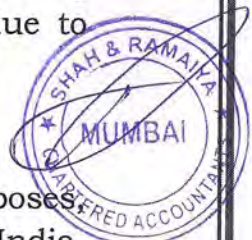
Apart from risks occurring on account of accuracy of our calls, delay in occurrence of the expected trigger in the stock can also have an adverse impact on stock price and thereby on Product performance. Short-term market volatility due to external factors can significantly affect performance of the Product.

**Key Risk factors for Value Based Fund Product**

Change in business fundamentals due to factors like currency, interest rates, material price volatility, etc. can impact medium-term profitability of companies and therefore can have an adverse bearing on the Product's performance. Short-term market volatility due to external factors can affect performance of the Product.

**6. TAXATION:**

Tax implications are detailed in this document for general purposes which are based on the law and practice currently in force in India. Client should be aware that the fiscal rules and their interpretation may change. There can be no guarantee that the tax position or the proceed tax position prevailing at the time of investment in the portfolio will endure indefinitely in view of Individual nature of tax consequences, each client is advised to consult his /her own professional advisor.







## **TAX IMPLICATIONS TO THE DIFFERENT CATEGORIES OF INVESTORS**

### **General**

- Investment in securities is subject to the provisions of the Indian Income Tax Act, 1961, particularly provisions with regard to Capital Gain under section 45-50 is of special relevance, and the incomes earned out of the securities investment are subject to deduction of tax at source.
- In view of the individual nature of tax consequences on the income, capital gains or otherwise, arising from investments under the product, the client are advised to consult their tax advisors with respect to the specific tax liabilities/exemptions applicable, as a result of participation in the products.
- Income to clients either in the form of gains from investments or interests or dividends shall be subject to applicable rates of tax under the Income Tax Act, 1961, in force from time to time
- Portfolio Manager shall not be responsible for assisting in, or completing the fulfillment of the clients' tax obligations.

### **Tax deduction at source**

- Presently, tax is withheld at source for non-residents and residents. If any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard.

### **Advance tax installment obligations**

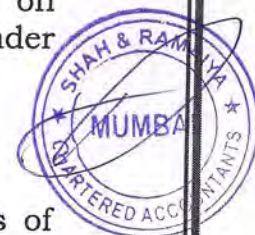
- It shall be the clients' responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Income tax Act, 1961.

### **Securities Transaction Tax:**

- Securities Transaction Tax ("STT") is applicable on transactions of purchase or sale of equity shares in a company or a derivative or units of Mutual Funds or Exchange Traded Funds (ETFs) entered into on a recognized stock

### **Tax Implication where Transaction in Securities is in nature of trade or business:**

Income arising from purchase and sale of shares (for the sake of brevity, the term "shares" has been used below as an illustration but the same







includes other types of securities) can give rise to business income or capital gains in the hands of the investor.

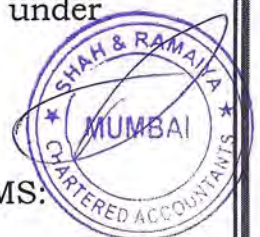
The issue of income characterization as above is essentially a question of fact and dependent on whether the shares are held as Business/Trading assets or on Capital Account. Based on judicial decisions, all of the following factors and principles need to be considered while determining the nature of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

- Motive for the purchase of shares.
- Frequency of transactions and the length of period of holding of the shares.
- Treatment of the shares and profit or loss on their sale in the accounts of the assessee.
- Source of funds out of which the shares were acquired – borrowed or own.
- Existence of an objects clause permitting trading in shares - relevant only in the case of corporate.
- Acquisition of the shares – from primary market or secondary market.
- Infrastructure employed for the share transactions by the client including the appointment of managers, etc.
- Any single factor discussed above in isolation cannot be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously. Further, the background of the investor (Professional vs. a trader in shares) would also be a relevant factor in determining the nature of the shares.
- Considering 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.

**Profit and Gains of Business or Profession:**

Various income streams that may arise from securities held under PMS:

- Profit/Gains on sale of securities
- Dividend income on shares income distribution on units
- Interest income on debt securities







- a) 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.
- b) Dividend from securities referred to in section 115-O, will be exempt under section 10(34) of the Act. Dividends other than that referred to in section 115-O and interest income will be taxable as Income from Other Sources.
- c) Income from units of Mutual Funds specified under clause 10(23D) is exempt from tax under section 10(35) of the Act. Further, it has been clarified that income arising from transfer of units of Mutual Fund shall not be exempt under section 10(35).
- d) Finance Act 2005 has inserted proviso (d) to Section 43(5), whereby transactions in respect of trading in derivatives shall not be considered as a Speculative Transaction, provided the transaction is carried out electronically on screen based systems through a stock broker or sub-broker or intermediary registered under SEBI or by banks or mutual funds on a recognized stock exchange and is supported by time stamped contract note.

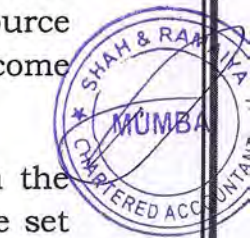
In respect of Foreign Institutional Investors (FIIs) fulfilling conditions laid down under section 115AD of the Act, income (other than the dividend referred to in section 115-O) received in respect of securities (other than units referred to in section 115AB) will be chargeable at the rate as may be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

**Losses under the head business income:**

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

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

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







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

Further, sub-section (8) of Section 94 provides that, where additional units have been issued to any person without any payment, on the basis of existing units held by such person then the loss on sale of original units shall be ignored for the purpose of computing income chargeable to tax, if the original units were acquired within three months prior to the record date fixed for receipt of additional units and sold within nine months from such record date. However, the loss so ignored shall be considered as cost of acquisition of such additional units held on the date of sale by such person.

**Tax Implication where transaction in Securities is in the nature of Investments:**

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

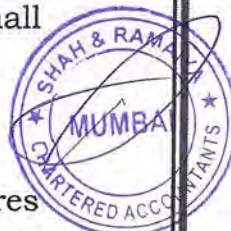
Dividends referred to in section 115-O will be exempt under section 10(34). Dividend other than that referred to in section 115-O and interest income from securities will be taxed under the head Income from Other Sources.

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

**i) Long Term Capital Gains:**

Under Section 10(38), Long Term Capital Gains on sale of Equity Shares in a company or units of Equity Oriented Fund are exempt from income tax provided such transactions are entered into a recognized stock exchange or such units are sold to the Mutual Fund and such transactions are chargeable to STT.

In respect of capital gains not exempted under section 10(38), the provisions for taxation of long-term capital gains for different categories of assesses are explained hereunder:







a) **For Individuals and HUFs**

Long-term Capital Gains in respect of listed security and units of Mutual Fund held for a period of more than 12 months will be chargeable under section 112 of the Act at the rate 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 and exclusively in connection with such transfer. In case, where taxable income as reduced by long term capital gains is below the exemption limit, the long term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the rate as applicable.

In the case of listed securities and units of Mutual Fund, an assessee will have an option to apply concessional rates as applicable, provided the long term capital gains are computed without substituting indexed cost in place of cost of acquisition.

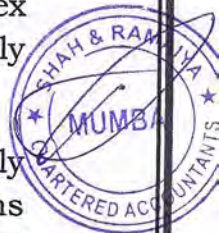
Long-term Capital Gains in respect of shares of an unlisted company held for a period of more than 12 months and any other non-listed security (other than units of Mutual Fund) held for a period of more than 36 months will be chargeable under section 112 of the Act at the rate as applicable.

b) **For Indian Companies**

Long-term Capital Gains in respect of listed securities and units of Mutual Fund held for a period of more than 12 months will be chargeable under section 112 of the Act at the rate as may be 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 and exclusively in connection with such transfer.

It is further provided that an assessee will have an option to apply concessional rate as applicable, provided the long term capital gains are computed without substituting indexed cost in place of cost of acquisition.

Long-term Capital Gains in respect of shares of an unlisted company held for a period of more than 12 months and any other non-listed security (other than units of Mutual Fund) held for a period of more than 36 months will be chargeable under section 112 of the Act at the rate as applicable and cess.







c) **For Non-resident Indians**

Non resident Indians are permitted to be governed by the general provisions of the Act or the special provisions contained under 115 E of the Act.

Under section 115E of the Act for non-resident Indians, income by way of long-term capital gains in respect of specified assets purchased in foreign currency as defined under section 115C (which includes shares, debentures, deposits in an Indian Company and security issued by Central Government) is chargeable at the rate as applicable. Such long-term capital gains would be calculated without indexation of cost of acquisition.

d) **For Foreign Institutional Investors (FIIs) fulfilling conditions laid down under section 115AD**

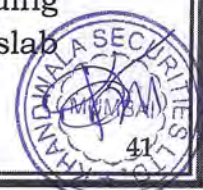
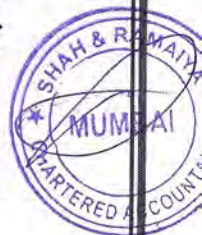
Under section 115AD of the Act, income by way of long-term capital gains (other than the gains exempted under section 10(38)) in respect of securities (other than units referred to in section 115AB) will be chargeable at the rate as may be applicable. Such gains would be calculated without indexation of cost of acquisition.

ii) **Short Term Capital Gains:**

Section 111A of the Act provides that short-term capital gains arising on sale of Equity Shares of a company or units of Equity Oriented Fund entered into a recognized stock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund are chargeable to income tax at a concessional rate as applicable surcharge, provided such transactions are entered on a recognized stock exchange and are chargeable to STT. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

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

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







In respect of FIIs fulfilling conditions under section 115AD of the Act, income by way of short-term capital gains in respect of securities (other than units referred to in section 115AB) will be chargeable at the rate as applicable.

**iii) Capital Loss:**

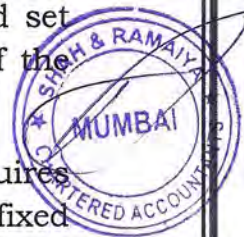
Losses under the head "Capital Gains" cannot be setoff against income under any other head. Further within the head "Capital Gains", losses arising from the transfer of long-term capital assets cannot be adjusted against gains arising from the transfer of a short-term capital asset. However, losses arising from the transfer of short-term capital assets can be adjusted against gains arising from the transfer of a long-term capital asset or a short-term capital asset.

Under Section 10(38) of the Act, Long Term Capital Gains on sale of equity shares in a company and units of Equity Oriented Fund are exempt from income tax provided such transactions are entered on a recognized stock exchange or such units are sold to the Mutual Fund and are chargeable to STT. Hence, losses arising from such transactions of sale of equity shares of a Company and units of Equity Oriented Fund entered into a recognized stock exchange and sale of units of Equity Oriented Fund to the Mutual Fund would not be eligible for set-off against taxable capital gains.

Unabsorbed long-term capital loss (other than that relating to sale of equity shares and units of Equity Oriented Fund as stated in para above) can be carried forward and set off against the long-term capital gains arising in any of the subsequent eight assessment years.

Unabsorbed short-term capital loss can be carried forward and set off against the income under the head Capital Gains in any of the subsequent eight assessment years.

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







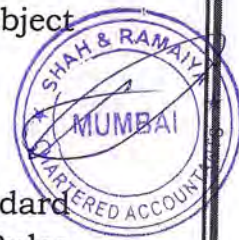
According to section 94(7) of the Act, if any person buys or acquires units within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of nine months from such record date, then capital losses arising 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.

Further, sub-section (8) of Section 94 provides that, where additional units have been issued to any person without any payment, on the basis of existing units held by such person then the loss on sale of original units shall be ignored for the purpose of computing income chargeable to tax, if the original units were acquired within three months prior to the record date fixed for receipt of additional units and sold within nine months from such record date. However, the loss so ignored shall be considered as cost of acquisition of such additional units held on the date of sale by such person.

#### **7. ACCOUNTING POLICIES:**

SEBI (Portfolio Managers) Rules and Regulations do not explicitly lay down detailed accounting policies. The accounting policies followed are as under:

- i. The Portfolio Manager shall keep in safe custody the Funds / Securities of the clients in a separate Bank Account and Depository Account.
- ii. The management and administration of the said accounts are subject to periodical inspection and audit by an independent auditor.
- iii. The Company follows "Accrual" method of accounting.
- iv. All incomes and expenses are accounted as per Accounting Standard as prescribed under the Companies (Accounting Standards) Rules 2006, referred to in section 211(3C) of the Companies Act 1956.
- v. Dividend income earned by the Portfolio shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on the stock exchange, dividend income would be recognized on the date of declaration of dividend (date of annual general meeting)

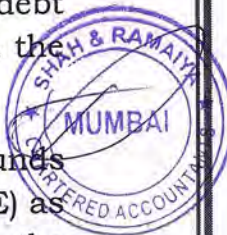






## Khandwala Securities Limited

- vi. In determining the holding cost of investments and the gains or loss on sale of investments, the "First in First Out" method shall be followed for each security.
- vii. 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 are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- viii. Bonus shares to which the portfolio becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the National Stock Exchange on an ex-bonus basis or the Stock Exchange, Mumbai (if the scrip is not traded on the valuation date on the National Stock Exchange) as the case may be. Cost of bonus shares are taken as Zero. Similarly, rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-right basis.
- ix. The cost of investments acquired or purchased shall include grossed-up brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered may be reduced from the cost of the investment.
- x. The Investments in Equity, Mutual Fund and Exchange Traded Funds will be valued at the closing market price of Exchange (NSE or BSE) as they may be or at the Repurchase Net Asset Value declared for the relevant product on the date of the report or any cut off date or the market value of the debt instrument at the cut off date or at the last available price on the exchange or the most recent will be reckoned.
- xi. Profits/Losses on Derivative transactions are accounted in books as "Profit/loss on Derivatives" only on closing of the derivative position. As such margins paid to the broker in respect of open position in derivative margin is reflected as "Margin Money Account" as receivable from broker under current assets till such position remains open.







## Khandwala Securities Limited

- xii. The Portfolio Manager and the clients may adopt any specific norms or methodology for valuation of investments or accounting the same, as may be mutually agreed between them on a case by case basis
- xiii. As far as possible the portfolio Manager is complying with the relevant Accounting Standards issued By ICAI investments are valued in accordance with the accounting standard 2 on Valuation of inventories.
- xiv. Revenue arising from interest and dividends is accounted for in accordance with Accounting Standard 13 on accounting for investments.

### 8. **INVESTORS SERVICES:**

#### **INVESTMENT RELATIONSHIP OFFICER**

The details of Investor Relationship Officer who shall attend to the investor queries and complains are as follows:

Name	Mr. Surendra Juyal
Address	Ground Floor, Vikas Building, Green Street, Fort, Mumbai-400023
Telephone No.	022-40767373
Email id	surendra@kslindia.com

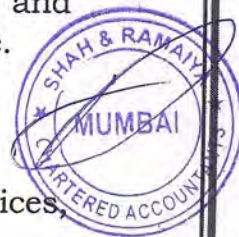
#### **GRIEVANCE REDRESSAL AND DISPUTE SETTLEMENT MECHANISM:**

##### **Grievance Redressal:**

The aforesaid personnel of the Portfolio Manager shall attend to and address any client query or concern as soon as practicably possible.

##### **Dispute Settlement Mechanism:**

1. In the unlikely event that client is not satisfied with our services, client may register their grievances by:
  - a. Sending Email to [kslpmsgrievances@kslindia.com](mailto:kslpmsgrievances@kslindia.com) or
  - b. Calling our Investor Grievance Officer / Branch Manager
  - c. The client can also lodge grievances with SEBI at <http://scores.gov.in>. For any queries, feedback or assistance, the client can also contact SEBI office on toll-free helpline at 1800227575 / 18002667575.
2. In all your communications to us, you are requested to kindly indicate your PMS client code.







3. Portfolio Manager agrees that it shall co-operate in redressing grievances of the client in respect of transaction routed through it under the Portfolio Management Services.
4. For any unresolved grievances client is advised to communicate the same to the Principal Officer Mr. Paresh Khandwala, Khandwala Securities Limited (Portfolio Management Services) Ground Floor, Vikas Building, Fort, Mumbai - 400 023 within 30 days from the date of registration of grievances.
5. If the Portfolio Manager fails to resolve the grievance, the Portfolio Manager/client will take forward the grievances for Arbitration to the Respective Authority or any Senior Authority.
6. Client and the Portfolio Manager agrees to refer any claims and / or disputes to Arbitration as per the Rules, Byelaws and Regulations of the SEBI and circulars issued there under as may in force time to time.
7. Portfolio Manager hereby agrees that it shall ensure faster settlement of any arbitration proceedings, any grievances/disputes arising out of transactions entered into between itself and the client and that he shall be liable to implement the arbitration award made in such proceedings.

All disputes, differences, claims and questions whatsoever, which shall arise either during the subsistence of the agreement with a client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising there from or the interpretation of any provision therein shall be, in the first place settled by mutual discussions, failing which the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration proceedings shall be held in Mumbai and conducted in English.

The agreement with the clients shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a Client or the performance of the agreement by either party of its obligations will be conducted exclusively in courts located within the city of Mumbai in the State of Maharashtra in India.





**APPROVED BY THE DIRECTORS OF KHANDWALA SECURITIES LIMITED**

Sr. No.	Name of the Directors	Signature
1.	Mr. Paresh J. Khandwala	
2.	Mrs. Bhagyashree Khandwala	

Place : MUMBAI

Date : 24/04/2019

