

Form C

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

Name of the Portfolio Manager : Equirus Securities Private Limited  
Registered Office Address : Unit No. 1201, 12<sup>th</sup> Floor, C wing,  
Marathon Futurex, N.M. Joshi Marg,  
Lower Parel, Mumbai 400 013  
Telephone No: 022 43320600  
Fax No: 022 4332 0601  
  
Corporate Office Address : 3<sup>rd</sup> Floor, House No.9, Magnet Corporate Park,  
B/h Intas Pharma, Near Zydus Hospital,  
S.G. Highway, Thaltej,  
Ahmedabad 380 054  
Telephone No: 079 6190 9595  
Fax No: 079 6190 9560  
Email id: pmsops@equirus.com

Ref: SEBI Reg. No. : INP000005216

We confirm that:

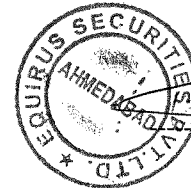
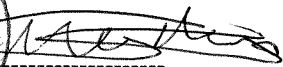
The Disclosure Document forwarded to the Securities and Exchange Board of India ("Board") is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;

The Disclosures made in the documents are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;

The Disclosure Document has been duly certified by an independent chartered accountant M/s Saharsh Gandhi & Co., Address: 2, Chandroday Society, 2<sup>nd</sup> Floor, Sardar Patel Stadium Road, Opp. Golden Triangle, Ahmedabad, Gujarat – 380014, PH. No. - 079-26426612, Membership No. 132615 and Firm Reg. no. 139568W on 23.04.2020 (A copy of certificate for investors is attached with this Disclosure Document)

Date: 23.04.2020

Place: Ahmedabad

Viraj Mehta

Principal Officer



**SAHARSH GANDHI & CO.**  
**(CHARTERED ACCOUNTANTS)**

2, Chandroday Society, 2nd Floor, S P Stadium Road, Opp. Golden Triangle, Ahmedabad-380014.  
(O) 079-26426612 (M) 9712050209 Email : Saharshgandhica@gmail.com

**CERTIFICATE**

I have been requested by **EQUIRUS SECURITIES PRIVATE LIMITED** to certify the Contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020.

I have verified the data from the respective documents provided by the Management. I have relied on various representation made to me by the Management of the Company wherever necessary.

Based on my verification of the records and information provided to me, I certify that the contents and information provided in the Disclosure Document dated April 23, 2020 are true, fair and adequate as required under Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020.

The enclosed document is stamped by us for the purpose of identification.

For,

Saharsh Gandhi & Co.  
Chartered Accountants  
FRN : 139568W



*S.R. Gandhi*

CA Saharsh Gandhi  
Proprietor  
Membership No : 132615  
UDIN : 20132615AAAAAAB7954

Date : 24/04/2020

Place : Ahmedabad

## DISCLOSURE DOCUMENT

[As per the requirement under Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020]

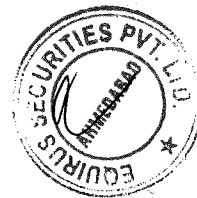
- 1) The Disclosure Document (hereinafter referred to as "the Document") has been filed with the Securities & Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- 2) The purpose of the document is to provide essential information about the portfolio management services (PMS) in a manner to assist and enable the investor in making informed decision for engaging Equirus Securities Private Limited as a Portfolio Manager.
- 3) The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and hence, the investor may be advised to retain the documents for future reference.
- 4) This Document supersedes the Disclosure Document dated 25.10.2019 filed with SEBI.
- 5) The name, phone number, e-mail address of the principal officer so designated by the Portfolio Manager is:

Name : Mr. Viraj Mehta  
Phone : 91 (79) 6190 9585  
E- mail : pmsops@equirus.com  
Address : Equirus Securities Private Limited  
3<sup>rd</sup>Floor, House No. 9  
Magnet Corporate Park,  
B/h Intas Pharma, Near Zydus Hospital,  
S.G. Highway, Thaltej,  
Ahmedabad – 380 054.  
Date : 23.04.2020



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## 1. Disclaimer

The particulars given in this Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended till date and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

## 2. Definitions

i.	<b>Act</b>	The Securities and Exchange Board of India Act, 1992.
ii.	<b>Bank Account</b>	Means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in the name of the Client or pool accounts opened in the name of portfolio manager to keep the funds of all the clients, where the funds of all the client will be separately identified as a sub-account for the purpose of portfolio management services to be provided by the portfolio manager.
iii.	<b>Client</b>	Client means the person who enters into an agreement with the Portfolio Manager for managing its portfolio and/or funds.
iv.	<b>Custodian</b>	Custodian means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
v.	<b>Discretionary Portfolio Manager</b>	A Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercises any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.
vi.	<b>Equirus</b>	Shall mean Equirus Securities Private Limited.
vii.	<b>Foreign Account Tax Compliance Act (FATCA)</b>	Foreign Account Tax Compliance Act that seeks to identify U.S. taxpayers having accounts at Foreign Financial Institutions (FFIs) and attempts to enforce reporting of those accounts through withholding.
viii.	<b>Fund Manager</b>	The individual(s) appointed by the Portfolio Manager who manages, advises or directs or undertakes on behalf of the client (whether as a Discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.
ix.	<b>NAV</b>	NAV shall mean Net Asset Value, which is the price that the investment would ordinarily fetch on sale, in the open market on the relevant date, less any receivables and fees due.
x.	<b>NRI</b>	NRI shall mean Non Resident Indian as defined in Section 2 (30) of the Income Tax Act, 1961.
xi.	<b>PMS Agreement</b>	Includes contract entered between the Portfolio Manager and the client for the management of funds or securities of the client.
xii.	<b>PMLA</b>	Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time
xiii.	<b>Portfolio</b>	Total holdings of securities and/or funds belonging to the client.
xiv.	<b>Portfolio Manager</b>	Equirus Securities Private Limited, who has obtained certificate of registration from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, vide Registration no. INP000005216.

xv.	<b>Principal Officer</b>	Principal Officer means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.
xvi.	<b>PMS</b>	Portfolio Management Services offered by Portfolio Manager.
xvii.	<b>RBI</b>	mean the Reserve Bank of India.
xviii.	<b>Regulations</b>	The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, and as may be amended by SEBI from time to time.
xix.	<b>SEBI/Board</b>	SEBI/Board shall mean the Securities and Exchange Board of India.  'Securities' as per Securities Contracts (Regulation) Act, 1956 as amended from time to time includes: <ul style="list-style-type: none"><li>● Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;</li><li>● Derivatives;</li><li>● Units or any other instrument issued by any collective investment scheme to the investors in such schemes;</li><li>● Security receipts as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;</li></ul>
xx.	<b>Securities</b>	<ul style="list-style-type: none"><li>● Units or any other such instrument issued to the investors under any mutual fund scheme;</li><li>● any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;</li><li>● Government securities;</li><li>● Such other instruments as may be declared by the Central Government to be securities; and</li><li>● Rights or interests in securities.</li></ul>

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 clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meaning assigned to them in regulations governing Portfolio Management Services.

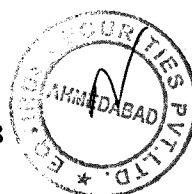
### 3. Description

#### (i). History, present business and background

Equirus Securities Private Limited (subsidiary of Equirus Capital Private Limited) was founded in November, 2007 to provide services in the areas of Equity Research, and Stock broking. Equirus is backed by a team of experienced professionals with domain expertise in several key verticals including Auto, Healthcare, Metals & Chemicals, Building Material & Cement, IT Services , Infrastructure, Banking& Financial Services, Oil & Gas, Consumer Durables, Capital goods, NBFC, FMCG, Mid - Caps.

Equirus is one of the only brokerage house to have set up Institutional Equities business based out of Ahmedabad, Gujarat. Since our inception, we have been strived to cover noteworthy companies based out of Gujarat and over the years, this has become one of our key strengths.

**Equirus is a Equities Brokerage firm and SEBI Registered Research Analyst**



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- Equirus is registered with both BSE Cash Segment INZ000251536 & NSE Capital Market INZ000251536 and Future and Option Segment INZ000251536 as stock broker.
- Equirus is a SEBI Registered Research Analyst having Regn. No. INH000001154
- Equirus is a SEBI Registered Depository Participant having Regn. No. IN-DP-324-2017
- Equirus focuses on providing Research based Strategies to Institutional Investors.
- Servicing both Indian & International clients.

Equirus has also got registration as Depository Participant of CDSL and thereby catering DP services to PMS Clients.

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

### Promoter

#### Equirus Capital Private Limited - Promoter

Equirus Capital Private Limited (holding company of Equirus) was founded in July 2007 as an investment bank and provides services in the areas of Mergers, Acquisitions, Capital Raising, Private Equity and Structured Finance. It was founded by senior banker Mr. Ajay Garg who has significant experience in closing landmark deals.

### Directors

**Mr. Vishad Turakhia:** Mr. Vishad Turakhia is a Designated Director at Equirus Securities Private Limited. He is head of Equity Sales. He has more than 11 years of experience in securities market. He had completed M.M.S in Finance.

**Mr. Nisarg Shah:** Mr. Nisarg Shah is Director at Equirus Securities Private Limited. He is having more than 10 years of experience in securities market. He is qualified Chartered Accountant.

**Mr. Satish Kumar:** Mr. Satish Kumar is Director at Equirus Securities Private Limited. He is having more than 15 years of experience in securities market. He had done PGDM (specialization in finance)

## (i). Top Group Companies of Equirus on turnover basis

Equirus Capital Private Limited

Equirus Wealth Private Limited

Equirus Digital Private Limited

## (III) Details of the services being offered

### Discretionary Portfolio Management

The portfolio account of the client is managed at the full discretion and liberty of the Portfolio Manager. Thus the choice and timing of investment rests solely with the Portfolio Manager. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question or be open to review at any time during the tenure of the agreement or any time thereafter except on ground of malafide, fraud and conflict of interest. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time.

## (i). Portfolio Management Services - Research Approach

Equirus launched Portfolio Management Services (PMS) in October 2016. The product leverages Equirus' capabilities in research. Our research approach is based on the following principles:

- Bottom-up process for stock selection with emphasis on absolute return.
- Focus on stocks that offer meaningful upside.





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- Stocks we select must meet our stringent research criteria of industry attractiveness, growth prospects, company track record, financial disclosure, corporate governance and future growth potential.
- Process driven approach with detailed financial models.

Though the PMS product relies on PMS research to a large extent, the PMS fund manager exercises his own skill and judgment to build and maintain portfolio.

#### (II) Marketing Plan

- Equirus has a good reputation among its clients and because of our reputation, number of HNIs including NRIs have approached us and enquired about the product. Our immediate target are such references.
- We follow up by widening our marketing scope through word of mouth, to our Investment Banking and Private Equity relationships and eventually through other means of marketing.
- We provide simple product and fee structure. Instead of charging clients for trades, we only charge a flat fee.

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

All cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act or Rules or Regulations made thereunder.	None
The nature of the penalty/direction	Not Applicable
Penalties imposed for any economic offense and/or for violation of any securities laws.	None
Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any.	None
Any deficiency in the systems and operations of the portfolio managers observed by the Board or any regulatory agency.	None
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.	None

#### 5. Services offered

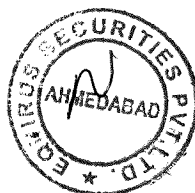
The Portfolio Manager offers Discretionary Portfolio Management Services i.e. the portfolio account of the client is managed at the full discretion and liberty of the Portfolio Manager.

#### Products available /Activities carried on by us:

Currently we have the following PMS product:

##### 1) Equirus Long Horizon Fund - This fund is long term oriented and will have following features:

- Investment in stocks taking at least 24 months but ideally three to Five years perspective.
- Investment in primary issues again from long term perspective.
- Managing market exposure if market appears near any of the extremes - extremely undervalued or extremely overvalued. Exposure will primarily be managed through changing cash level in the portfolio.
- Will exit when stocks have achieved our objectives or if our thesis is no longer working.
- Idle cash is deployed in liquid instruments.





**2. Equirus Multicap Fund - This fund is long term oriented and will have following features:**

- Investment in stocks taking at least 24 months but ideally three to Five years perspective.
- Investment in primary issues again from long term perspective.
- Managing market exposure if market appears near any of the extremes - extremely undervalued or extremely overvalued. Exposure will primarily be managed through changing cash level in the portfolio.
- Will exit when stocks have achieved our objectives or if our thesis is no longer working.
- Idle cash is deployed in liquid instruments.
- At least 65% will be invested in large-cap companies, rest in mid and small-cap companies. Divergence level will be +/- 5%
- Comparatively this fund will have higher liquidity

**3. Equirus Debt Fund - This fund is long term oriented and will have following features**

- To invest directly in debt of corporates/government or debt mutual funds (including but not limited to, liquid, ultrashort/short/medium/long-term, credit risk etc.)
- Process driven approach with detailed financial models that are based on standard template thus limiting room for mechanical errors and resulting in high productivity.

**The present investment objectives and policies**

- Bottom-up process for stock selection with emphasis on absolute return.
- Focus on stocks that offer meaningful upside.
- Stock selection based on our stringent research criteria of industry attractiveness, growth prospects, company track record, financial disclosure, corporate governance and future growth potential.
- Process driven approach with detailed financial models that are based on standard template thus limiting room for mechanical errors and resulting in high productivity.

**6. Risk factors**

- i. The investments made in the Securities are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved. Investment decisions are taken keeping the SEBI rules and SEBI regulations in mind.
- ii. Past performance of the Portfolio Manager does not indicate its future Performance. Investors are not being offered any guaranteed returns.
- iii. The investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- iv. The investments made by the Portfolio Manager are subject to risks arising out of non-diversification etc.
- v. The Portfolio Manager has three years and six months of experience in Portfolio Management Services.



- vi. The investments in equity related instruments of mutual funds are subject to interest rate risks, credit risks, political and geopolitical risks currency risks, country risks, and risks arising from changing business dynamics. This may adversely affect returns.
- vii. At times the performance of the Portfolio would depend on the performance of such companies / industries / sectors of the economy / class of assets. Technology, pharmaceutical stocks and some of the investments in niche sectors run the risk of high volatility, high valuation, obsolescence and low liquidity.
- viii. The Portfolio Manager may invest in non-publicly offered debt securities and/ or unlisted equities. This may expose the portfolio to liquidity risks.
- ix. The various factors which may impact the value of the Portfolios' investments include, but are not limited to, fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- x. Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the Portfolios as the prices of securities generally increase as interest rates declines and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- xi. The investments made are subject to external risks such as war, natural calamities, policy changes of Local / International Markets which affects stock markets.
- xii. Any policy change / technology change / obsolescence of technology would affect the investments made in a particular industry.
- xiii. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.
- xiv. The Portfolio Manager is not guaranteeing or assuring any return on investment.
- xv. Performance of the Portfolios may be impacted as a result of specific investment restrictions provided by the client.
- xvi. In the case of stock lending, risks relate to the defaults from counterparties with regard to securities lent and the corporate benefits accruing thereon. The Portfolio Manager is not responsible for any loss resulting from stock lending.
- xvii. The names of plans do not in any manner indicate their prospectus or returns, or does not guarantee the performance or return of the plan.
- xviii. Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager
- xix. The Client Portfolio may be affected by settlement periods and transfer procedures.

## 7. Client Representation

(i). This is the first scheme launched by the Portfolio Manager in October 2016, performance details are as below:

Category of clients	No. of clients	Funds managed (Amount in Lacs INR)	Discretionary/Non- Discretionary (if available)
Associates/Group Companies	NIL		
Last 3 years		NIL	NIL
<i>Others last 3 years</i>			
2016-17	14	1493.47	Discretionary
2017-18	70	5841.90	Discretionary
2018-19	93	5995.40	Discretionary
2019-20	125	6569.31	Discretionary

(ii). Related Party Disclosure – Please Refer Annexure – I

## 8. Financial Performance of the Portfolio Manager

Particulars (lacs)	As at March 31, 2017	As at March 31, 2018	As at March 31, 2019
Brokerage Income	848.19	1364.30	1589.65
Other Income	270.42	261.86	499.01
<b>Total Income</b>	<b>1118.61</b>	<b>1626.16</b>	<b>2088.66</b>
Profit/(Loss) before Tax	114.51	225.65	357.55
(-) Provision for taxation	98.34	74.56	92.16
Profit/(Loss) after Tax	16.17	151.09	265.39

### Capital Structure

Particulars (lacs)	As at March 31, 2017	As at March 31, 2018	As at March 31, 2019
(a) Paid-up capital	163.72	163.72	154.63
(b) Reserves & Surplus	1280.06	1431.15	1605.63
(c) Total (a) + (b)	1443.78	1594.87	1760.26

## 9. Performance of Portfolio Manager for the last 3 years.

Particulars	As at March 31, 2018	As at March 31, 2019	As at Mar 31, 2020
(a) Resident Individual	30.16%	-2.54%	-35.66%
(b) Corporates	27.60%	-9.62%	-29.17%
(c) NRI	-	-	-35.49%

## 10. Audit Observations of preceding three years

There is no such observation raised by our auditor in last three years.

## 11. Nature of Expenses

The following are the general costs and expenses to be borne by the client availing the services of the Portfolio Manager. However, the exact quantum and nature of expenses relating to each of the following services is annexed to the Portfolio Management Agreement in respect of each of the services provided:

### Portfolio Management Fees

The Portfolio Management Fees is charged for managing the portfolio of the Client. The fee may be a fixed management fees or performance based fee or a combination of both, as agreed by the client in the PMS Agreement. The fee structure may differ from client to client in the same product. The performance fee shall be charged based on High Water Mark Principle. The Fees may be charged at the end of the specified tenure as agreed between the Client and the Portfolio Manager.

### Demat fees

The charges pertaining to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialisation, rematerialisation and other charges in connection with the operation and management of the depository accounts.

### Registrar and Transfer Agent Fee

Charges payable to registrar and transfer agents in connection with effecting transfer of securities, including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges, etc.

### Brokerage and transaction costs

The brokerage charges and other charges like Goods and service tax (GST), securities transaction tax, service charges, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.

### Securities Lending and Borrowing Charges

Charges pertaining to the lending of securities, costs of borrowing, including interest and costs associated with transfer of securities connected with the lending and borrowing operations.

### Exit Fees for early exit

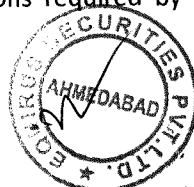
Investors making full/partial withdrawal of stock(s) or fund before completion of three years from the date of commencement shall pay Equirus exit load as detailed in PMS Agreement.

### Custodian/Depository Fees

Custodian/Depository fees relate to the charges relating to opening and operation of dematerialized accounts, custody and transfer charges for securities, dematerialization and other charges in connection with the operation and management of the depository accounts.

### Certification and professional charges

Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarisations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.



### **Any other incidental and ancillary charges**

All incidental and ancillary expenses viz stamp duty, goods and service tax (GST), postal stamps, opening and operation of bank accounts, etc. not recovered above but incurred by the Portfolio Manager on behalf of the client shall be charged to the Client. The Portfolio Manager may, subject to the specific permission from the client, charge such fees from the client for each activity for which service is rendered by the Portfolio Manager directly or indirectly (where such service is outsourced such as custodian services, fund accounting etc). The Portfolio Manager shall deduct directly from the cash account of the client all the fees/costs as specified above.

### **12. Taxation**

THE INFORMATION SO STATED IS BASED ON THE PORTFOLIO MANAGER'S UNDERSTANDING OF SUCH TAX LAWS IN FORCE AS OF THE DATE OF THIS DOCUMENT. PROVISIONS OF INCOME TAX ACT, 1961 UNDERGOES CHANGES FREQUENTLY, AND HENCE EACH INVESTOR IS ADVISED TO CONSULT WITH HIS OR HER OWN TAX CONSULTANT WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING. THE PORTFOLIO MANAGER IS NOT RESPONSIBLE FOR ASSISTING OR COMPLETING THE CLIENT'S TAX OBLIGATION.

#### **A. Dividend**

Income by way of dividends distributed by domestic companies and income received in respect of units of a Mutual Fund registered with SEBI, held in the Portfolio, shall be taxed in the hands of the investors at the applicable tax rates depending upon the status and slab of investors from financial year 2020-21.

#### **Provisions regarding Dividend income and Bonus**

As per sec 94(7) of Income Tax Act, 1961 where any person buys or acquires any securities or unit within a period of three months prior to the record date and such person sells or transfers—

- (i). Such securities within a period of three months after such date; or
- (ii). Such unit within a period of nine months after such date;

and the dividend or income on such securities or unit received or receivable by such person is exempt, then, the loss, if any, arising to him on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of dividend or income received or receivable on such securities or unit, shall be ignored for the purposes of computing his income chargeable to tax.

As per sec 94(8) Where

1. Any person buys or acquires any units within a period of three months prior to the record date;
2. Such person is allotted additional units without any payment on the basis of holding of such units on such date;
3. Such person sells or transfers all or any of the units referred to in clause (a) within a period of nine months after such date, while continuing to hold all or any of the additional units referred to in clause (a), then, the loss, if any, arising to him on account of such purchase and sale of all or any of such units shall be ignored for the purposes of computing his income chargeable to tax and notwithstanding anything contained in any other provision of this Act, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional units referred to in clause (b) as are held by him on the date of such sale or transfer.





## B. Advance tax installment obligations

It shall be the Client's responsibility to meet the advance tax obligation installments payable on the due dates under the Income-tax Act.

## C. Capital Gains

### i. Long term Capital Gains

In case the securities which are sold on a recognized stock exchange in India and on which STT has been paid, after one year from the date of purchase/acquisition, the resultant gains are termed as Long term capital gain. Such Long Term Gains arising on transfer of securities on or after 31<sup>st</sup> January, 2018 will have the benefit of "Grandfathering Clause" and shall be liable to tax at the rate of 10% (plus surcharge & cess if any). For tax on the Long Term Gains, there must be a difference of at least Rs. 1,00,000 between the cost of acquisition and the amount of sale.

In case of unlisted securities, tax would be charged at 20% with indexation benefit (as increased by surcharge and cess, if any).

### ii. Short term Capital Gains

In case Securities in form of Equity shares or Equity Oriented Mutual Funds are sold within one year from the date of purchase/acquisition, the resultant gains are termed as Short term capital gain. For Debt Mutual Funds, the period will be of Three years. Short term Capital gain arising out of transfer of securities are taxed at a concessional rates of 15% (as increased by surcharge and cess, if any), if the securities are sold on a recognized stock exchange in India and on which Securities Transaction Tax has been paid, failing which, they would be taxed at the rate applicable depending upon the status (i.e. individual, HUF, Firm, Corporates etc.) and Income level of client.

## D. Tax deduction at source

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 behalf.

Dividend income distribution on securities and units is not taxable in the hands of receiver. TDS is deductible on interest income and would be deducted by the issuer of such security

## E. Tax on Income from business in securities

For those carrying n business in securities, the profit from such dealings is taxable, though such dealing may be liable to Securities Transaction Tax (STT). STT is deductible while computing business income, for the transactions on which STT is paid.

## F. Special Provisions for Non-Resident Investors

### 1. Exchange Rate Fluctuation

As per the first proviso to section 48 of the Income Tax Act when a non-resident sells shares or debentures of an Indian company, the capital gain thereon shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the sale consideration to the same currency that was initially utilized to purchase the shares or debentures, calculating the gain thereon and re-converting the gain into Indian Rupees for the purpose of taxation. The benefit of adjusting the cost of acquisition with the cost inflation index is not available in this case.

### 2. Benefit of Double Taxation Avoidance Agreement



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As per the provisions of Section 90(2) of the Income Tax Act, the provisions of the Double Taxation Avoidance Agreement ("DTAA") or the Income Tax Act, whichever are more beneficial to the assess hall apply. Accordingly, if the Investor is a resident of a treaty country, the provisions of the DTAA or of the Income Tax Act, whichever are more beneficial to the Investor, shall apply.

#### G. Interest Income

Interest income earned if any on the investments, shall be chargeable to tax at the applicable rates in force.

#### Chapter XIIA benefits

The provisions of Chapter XIIA of the Income Tax Act provide for beneficial tax treatment for investment income of Non-resident Indians, from investment in specified assets purchased in convertible foreign exchange. Specified assets inter alia include:

- a. Shares in an Indian Company
- b. Debentures issued by an Indian Company (other than a private company)
- c. Deposits with an Indian company which is not a private company.
- d. Any security of central Government.
- e. Any other notified Assets (No asset has been notified as yet) Investment Income (other than dividends declared by an Indian company) [as defined] is taxable at 20% (as increased by the applicable surcharge and education cess and Secondary and Higher Education cess) and specified long-term capital gains are chargeable to tax at 10% (as increased by the applicable surcharge and education cess and secondary and higher education cess).

The Investor has the option to be governed either by the provisions of Chapter XIIA or the normal provisions of the Income Tax Act.

The Central Board of Direct Taxes has notified Rules 114F to 114H, as part of the Income Tax Rules, 1962, which require Indian financial institutions to seek additional personal, tax and beneficial owner information and certain certifications and documentation from all our unit holders. In relevant cases, information will have to be reported to tax authorities / appointed agencies. Towards compliance, we may also be required to provide information to any institutions such as withholding agents for the purpose of ensuring appropriate withholding from the folio(s) or any proceeds in relation thereto.

Should there be any change in any information provided by you, please ensure you advise us promptly, i.e., within 14 days.

Please note that you may receive more than one request for information if you have multiple relationships with us or our group entities. Therefore, it is important that you respond to our request, even if you believe you have already supplied any previously requested information.

If you have any question about your tax residency, please contact your Tax Advisor.

~ It is mandatory to supply a TIN or functional equivalent if the country in which you are tax resident issues such identifiers. If no TIN is yet available or has not yet been issued, please provide an explanation and attach this to the form.

#### 13. Accounting policies

The following policies will be applied for the investments of Clients:





- a. Investments introduced by the client in his portfolio are booked at the market value as of the date of introduction to the scheme.
- b. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange ("NSE"). If the Securities are not traded on the NSE on the valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available repurchase price declared for the relevant Scheme on the date of the report.
- c. Profit or loss on sale of investments is calculated by using the 'first in first out method'. Equirus does comply with the accounting standards to the extent applicable to it issued by the Institute of Chartered Accountants of India.
- d. For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- e. Unrealized gains/losses are the differences between the current market values/ NAVs and the historical cost of the securities.
- f. Dividends on shares and units in mutual funds, interest, stock lending fees earned etc. shall be accounted on receipt basis. The interest on debt instruments shall be accounted on accrual basis.
- g. The Portfolio Manager and the Client can adopt any specific norm or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- h. The Client may contact the investor relations officer of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.
- i. In line with SEBI circular No. IMD/DOF I/PMS/Cir- 4/2009 dated 23<sup>rd</sup> June 2009, the portfolio manager keeps the funds of all clients in a separate bank account maintained by the portfolio manager and the following conditions are adhered to:
  - Provide statement to clients for such accounts at least on monthly basis;
  - Portfolio Managers shall reconcile the client-wise funds with the funds in the aforesaid bank account on daily Basis;
  - There is clear segregation of each client's fund through proper and clear maintenance of back office records;
  - Portfolio Managers does not use the funds of one client for another client;
  - Portfolio Managers also maintains an accounting system containing separate client-wise data for their funds.
- j. Income/expenses- All investment income and expenses will be account on accrual basis.

Dividend will be accrued on the Ex-date of the securities and same will be reflected in the clients' books on the ex-date. Similarly, bonus shares will be accrued on the ex-date of the securities and same will be reflected in the clients' books on ex-date. In case of Fixed Income instruments, purchased/sold at Cum-Interest rates, the interest component upto the date of purchase/sale will be taken to interest receivable/payable account and net of interest will be cost/sale for the purpose of calculating realized gains/losses.
- k. Transactions for the purchase or sale of investments:
  - Relating to debt instruments would be recognised as of the settlement date and

- Relating to equity instruments as of the trade date and not as of the settlement date so that the effect of all investments traded during the year are recorded and reflected in the individual client account for that year.
- I. The costs of investments acquired or purchased would include brokerage, transaction charges, accrued interest, stamp charges and any charge customarily included in the broker's contract note trade confirmation or levied by any statutory audit.
  - The Portfolio accounts of the Portfolio Manager shall be audited annually by an independent chartered accountant and a copy of the certificate issued by the chartered accountant shall be given to the client.
  - The client may appoint a chartered accountant to audit the books and accounts of the Portfolio Manager relating to his transactions and the Portfolio Manager shall co-operate with such chartered accountant in the course of the audit.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

#### 14. Investor Services

- i) Details of the investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:

Mr. Jay Soni

Equirus Securities Private Limited

3<sup>rd</sup>Floor, House No.9, Magnet Corporate Park

B/H Intas Pharma, Near Zydus Hospital,

S.G. Highway, Thaltej,

Ahmedabad – 380 054

Telephone No: 079 6190 9561

Email id- jay.soni@equirus.com

The investor relations officer mentioned above will ensure prompt Redressal of investor queries and grievances and shall be empowered by the Portfolio Manager with necessary authority, means and independence to do so.

- ii) Investor Grievance Redressal Procedure

Equirus will ensure timely and prompt redressal of the grievances and disputes of its Clients.

Equirus will attend to and address any client query or concern as soon as possible to mutual satisfaction.

Equirus will endeavor to address all complaints regarding service deficiencies or causes for grievances for whatever reason, in reasonable manner. If the client remains dissatisfied with the remedies offered or the stand taken by Portfolio Manager, the client and the Portfolio Manager shall abide by the following mechanisms. The Client has the option to register its complaints as below:

#### SEBI Scores Platform

SEBI has launched a centralized web based complaints redress system (SCORES), which enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. This also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online at any time.



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An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing.

Link: <http://scores.gov.in>

All the legal actions and proceedings are subject to the exclusive jurisdiction of court in Mumbai only and are governed by Indian laws. All disputes, differences, claims and questions whatsoever arising between the Client and Equirus and/or their respective representatives shall be settled in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-enactment thereof. A sole arbitrator will be appointed by mutual consent of the portfolio manager and the client and the place of arbitration shall be Mumbai and proceeding shall be conducted in English language.

## 15. General

### Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring inter alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). SEBI has further strengthened the KYC and client risk assessment requirements under its circular no. CIR/MIRSD/1/2014 dated March 12, 2014. The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'.

The Client(s), including guardian(s) where Client is a minor, should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under Applicable Laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. The Client agrees to provide all information and submit to the Portfolio Manager, or its agent, all documents as may be required to verify the Clients identity and comply with its KYC and PML policies. The Portfolio Manager may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.



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The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including inter alia identity, residential address(es), occupation and financial information by the Portfolio Manager. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND (and any other competent authorities and self-regulating bodies) that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KRA compliant and the ones who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The KYC requirements shall also be applicable for all joint holders, legal representatives, legal heirs, estates, nominees of the Client. The KYC documentation requirements shall also be complied with by the person(s) becoming beneficial owner of the account by virtue of operation of law for e.g. transmission cases and nominees/legal heirs on the death of the Client. In case of minor Client, KYC documentation requirements shall be complied by the Client on attaining the "major" status.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the client account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.

#### Client Information

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

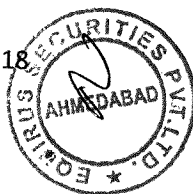
Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorized/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines there under shall be applicable. Clients/Investors are advised to read the Document carefully before entering into an Agreement with the Portfolio Manager.

The client hereby authorize the Portfolio Manager to use their information in any manner whatsoever in relation to the services to be rendered by the Portfolio Manager and the usage of the information shall be in accordance with the applicable laws, as amended from time to time.

#### Foreign Account Tax Compliance Act (FATCA):

India has entered into Inter Governmental Agreement ("IGA") with USA on 9th July 2015 and has notified Income Tax rules for compliance with FATCA regulations. Further, India has also signed a multilateral agreement on June 3, 2015, to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters under the Common Reporting Standard (CRS). The Portfolio Manager intends to take any measures that



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may be required to ensure compliance under the terms of the IGA and local implementing regulations. In order to comply with its FATCA/CRS obligations, the Company will be required to obtain certain information from its investors so as to ascertain their tax status. If the investor is a specified person, or does not provide the requisite documentation, the Company may need to report information on these investors to the appropriate tax authority, as far as legally permitted. If an investor or an intermediary through which it holds its interest in the Company either fails to provide the Company, its agents or authorized representatives with any correct, complete and accurate information that may be required for the Company to comply with FATCA/CRS, the investor may be subject to withholding on amounts otherwise distributable to the investor, may be compelled to sell its interest in the Company or, in certain situations, the investor's interest in the Company may be sold involuntarily. The Company may at its discretion enter into any supplemental agreement without the consent of investors to provide for any measures that the Company deems appropriate or necessary to comply with FATCA/CRS, subject to this being legally permitted under the IGA or the Indian laws and regulations. Other countries are in the process of adopting tax legislation concerning the reporting of information. The Company also intends to comply with such other similar tax legislation that may apply to the Company although the exact parameters of such requirements are not yet fully known. As a result, the Company may need to seek information about the tax status of investors under such other country's laws and each investor for disclosure to the relevant governmental authority. Investors should consult their own tax advisors regarding the FATCA/CRS requirements with respect to their own situation. In particular, investors who hold their Units through intermediaries should confirm the FATCA/CRS compliance status of those intermediaries to ensure that they do not suffer FATCA/CRS withholding tax on their investment returns.

For Equirus Securities Private Limited

*Nisarg Shah*  
Nisarg Shah

Director

DIN- 08611121





**Annexure I - Related Party Transactions**

**List of Related Parties & Relationship:**

**Directors of the Company, holding Company & their relatives & Enterprises under common control (B)**

**Holding Company (A)**

M/s. Equirus Capital Pvt. Ltd.  
M/s. SANRON Management Services LLP (Ultimate Holding entity)

Ashish Shah  
(From 27.01.2015 to 05.02.2019)

Vishad Turakhia (Director)

Smita Sharma  
(Till 30.06.2017)

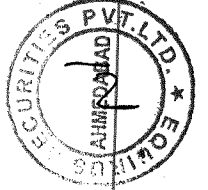
Munish Aggarwal (Director)

Ajay Garg (Director of Holding Co.)

Bhumika Garg (Wife of Mr. Ajay Garg)

Vijaylaxmi Garg (Mother of Mr. Ajay Garg)

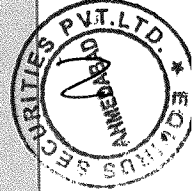
Equirus Wealth Private Limited



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**Disclosure in Related Party Transactions: (Amount in Rs.)**

Nature of Transactions	March 31, 2019	March 31, 2018
<b>Rent Expenses</b>		
Bhumika Garg	2,025,899	1,944,864
<b>Deposit held toward lease – Bhumika Garg</b>	376,144	376,144
<b>Remuneration &amp; other services</b>		
Vishad Turakhia	8,694,608	6,571,999
Ashish Shah	2,906,336	2,970,207
<b>Professional fees – Smita Sharma</b>		272,500
<b>PIMS Fees</b>		
Ajay Garg	6,60,951	1,632,459
Vijaylaxmi Garg & Bhumika Garg	44,411	60,615
<b>Loan Taken</b>		
Equirus Capital Pvt. Ltd	32,50,00,000	-
<b>Loan Repaid</b>		
Equirus Capital Pvt. Ltd	32,50,00,000	-
Interest on loan - Equirus Capital Pvt. Ltd	77,671	-
Interest on loan payable - Equirus Capital Pvt. Ltd	69,904	-
Shares Bought Back - Equirus Capital Pvt. Ltd	99,99,990	-
<b>Reimbursement of Expenses</b>		
Vishad Turakhia	1,47,765	3,91,177
Ashish Shah	3,445	2,632
<b>Reimbursement of expenses payable – Vishad Turakhia</b>	31,428	9,383
<b>Trade Receivable</b>		
Ajay Garg	64,402	184,651
Vijaylaxmi Garg & Bhumika Garg	4,443	11,506
<b>Salary &amp; Bonus Payable</b>		
Vishad Turakhia	18,63,000	22,92,248
Ashish Shah	-	367,500
<b>Research Fees – Equirus Capital Private Limited</b>	1,50,00,000	-
<b>Commission Expenses – Equirus Wealth Private Limited</b>	1,542	-





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