

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

Name of the Portfolio Manager: Marwadi Shares and Finance Limited  
(INP000001280)

Address:

“Marwadi Financial Plaza”,  
Off 150 Ft. Ring Road,  
Nanamava Main Road,  
Rajkot-360001 (Gujarat)  
Tel: +91-281-6192900  
Fax: +91-281-2331170  
Email: [compliance@marwadionline.net](mailto:compliance@marwadionline.net)

We confirm that:

- i) The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Manager) Regulations, 1993 and the guidelines and directives issued by the Board from time to time.
- ii) The disclosures made in the document are true, fair and adequate to enable the investors to investment in the Portfolio Management Strategy.
- iii) The Disclosure Document has been duly certified by an independent Chartered Accountant – Mr. Jagdish Gori, Proprietor of J. K. Gori & Associates, Chartered Accountants having membership No. 042142 having office at address 229/1, K. P. Shah House, K. V. Road, Jamnagar

For and on behalf of Marwadi Shares and Finance Limited

Sd/-

Principal Officer: Ketan H. Marwadi

Date: 21.11.2014

Place: Rajkot

**J.K.Gori & Associates**  
**Chartered Accountants**  
**Jagdish Gori (B.Com, F.C.A., D.I.S.A.(I.C.A.I.)**

**229/1, K.P.Shah House**  
**K.V.Road, Jamnagar**

**Email: jagdish\_gori@yahoo.co.in**  
**Tele: 288-2671301, Mobile: 98245 04340**

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CERTIFICATE

We hereby certify that the disclosures made in the enclosed Disclosure Document dated 12.11.2014, prepared and forwarded by Marwadi Shares and Finance Limited in terms of the Fifth Schedule of Regulation 14 of the Securities and Exchange Board of India (Portfolio Managers) Regulations 1993 and the guidelines and directives issued by the Board from time to time, are true, fair and adequate to enable the investors to make a well informed decision.

This certificate is issued on the basis of the information and documents given/produced before us and on the basis of representations made by Marwadi Shares and Finance Limited

**For, J. K. Gori & Associates**  
**Chartered Accountants**

**Sd/-**

**Jagdish Gori**

**[Proprietor]**

**Membership No.:- 042142.**

Date:12.11.2014

## **DISCLOSURE DOCUMENT**

(As per the requirement of Fifth Schedule of Regulation 14 of Securities and Exchange Board of India (Portfolio Managers) Regulation 1993.)

- (i) The Document has been filed with the Board along with the certificate in prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- (ii) The purpose of this Document is to provide essential information about the portfolio service in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- (iii) This Document contains necessary information about the Portfolio Manager required by an Investor before investing. The investor is advised to retain this Document for future reference.
- (iv) The name, phone number, e-mail address of the principal officer so designated by the Portfolio Manager is:

Name of the Principal Officer	:	Ketan H. Marwadi
Phone Number	:	+91-281-6192900.
Address	:	“Marwadi Financial Plaza”, Off 150 Ft. Ring Road, Nanamava Main Road, Rajkot-360 001 (Gujarat)
Email address	:	kmarwadi@marwadionline.net

Date:21.11.2014

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## 1. Disclaimer

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 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

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:

(a) "**Act**" means the Securities and Exchange Board of India, Act 1992 (15 of 1992).

(b) "**Agreement**" means agreement between Portfolio Manager and its Client and shall include all Schedules and Annexures attached thereto.

(c) "**Application**" means the application made by the Client to the Portfolio Manager to place its funds and/or securities with the Portfolio Manager for Portfolio Management Service. 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.

(d) "**Assets**" means (i) the Portfolio and/or (ii) the Funds.

(e) "**Body Corporate**" shall have the meaning assigned to it in or under clause (7) of section 2 of the Companies Act, 1956 (91 of 1956);

(f) "**Bank Account**" means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.

(g) "**Board**" 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.

(h) "**Client**" means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio and/or funds.

(i) "**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.

(j) "**Depository Account**" means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

(k) "**Discretionary Portfolio Management Service**" means the portfolio management service 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 the investments or management of assets of the Client.

(l) "**Discretionary Portfolio Manager**" means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercise 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.

(m) "**Document**" means this Disclosure Document.

(n) "**Financial Year**" means the year starting from April 1 and ending on March 31 of the following year.

(o) "**Funds**" means the monies managed by the Portfolio Manager on behalf of the Client pursuant to this Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to this Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets,, so long as the same is managed by the Portfolio Manager.

(p) "**Non - Discretionary Portfolio Management Service**" means which is not a discretionary Portfolio Management Service i.e. the choice as well as the timings of the investment decisions rest solely with the Client where in the Portfolio Manager manages the Assets of the Client in accordance with the directions given by the Client.

(q) "**Non-discretionary Portfolio Manager**" means a Portfolio Manager manages the Assets of the Client in accordance with the directions given by the Client.

(r) "**Parties**" means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.

(s) "**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.

(t) "**Portfolio**" means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Management Investment Management Agreement and includes any Securities mentioned in the Application, any further Securities placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Management Investment Management Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.

(u) "**Portfolio Manager**" shall have the same meaning as given in regulation 2(cb) of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.

(v) "**Principal Officer**" means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.

(w) "**Regulations**" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as may be amended from time to time.

(x) "**Scheduled Commercial Bank**" means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

**(y) "SEBI"** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the SEBI Act.

**(z) "Securities"** includes: "Securities" as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and includes:

- (i) 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;
- (ia) derivatives;
- (ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- (ic) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- (id) units or any other such instrument issued to the investors under any mutual fund scheme;
- (ie) Government securities;
- (ii) such other instruments as may be declared by the Central Government to be securities;
- (iii) rights or interest in securities;
- (iv) Exchange Traded Funds;
- (v) Liquid Funds.

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 Service.

### **3. Description**

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

##### **(a) History of the Portfolio Manager:**

The Company was originally incorporated in the name of Marwadi Shares and Finance Private Limited in the year 1992 with the main object to carry on the business activities to deal in various securities as stock broker and depository participant. The company has in the year 1996 acquired the corporate membership of the National Stock Exchange of India Limited (NSE) and become a member of Saurashtra Kutch Stock Exchange Limited in the year 1998. The company thereafter spreaded its wings and become Depository participant of National Depository Securities Limited (NSDL) in the year 1999 and also commenced derivative trading of

NSE in the year 2000. Further the company become corporate member of The Stock Exchange, Mumbai and launched Depository services of Central Depository Services (India) Limited in the year 2004. In the year 2006, the company became a public limited company – Marwadi Shares and Finance Limited. The company has become a member of MCX Stock Exchange Ltd. in the year 2008 and has become a member of United Stock Exchange Ltd in the year 2011.

**(b) Present Business and Background:**

The Company today is a leading stock broking firm with nationwide branches and sizable sub-brokership network strictly following the principles of business ethics and transparency in operations with customer satisfaction as the uppermost in the minds of the promoter. The Company has adopted the state-of-the-art technology for connectivity through networks and system integration for operational efficiency. As a result of strong and committed board with leadership quality, MSFL is credited with strong clientele base which itself proves the continuous success of the company and business operations.

The Company has foreign equity participation by Caledonia Investments plc. and Amber 2010 Limited, which together have 31.83 % equity holding.

**Details of Services Offered:**

- Broking
- Portfolio Management Service
- Depository Services as a depository participant with both Depositories, NSDL & CDSL.
- Mutual Fund and IPO Distribution
- Online and Offline trading facility.

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

**a) Mr. Ketan H. Marwadi**

Mr. Ketan H. Marwadi is the Core Promoter as well as the Chairman cum Managing Director of Marwadi Shares and Finance Limited. He oversees Broking and DP Business. He is a B. E. (Civil) who started his career in Gujarat Ambuja Cement Limited but Switched over to Capital Market. He has a well researched view of Capital Market and a keen sense of the market trend. With over 20 years of extensive and varied experience in secondary market operations, he has developed strong expertise in securities market trends, compliance and business development strategies..



**b) Mr. Pranav M. Shah**

Mr. Pranav M. Shah, Chairman of Pranav Securities Private Limited and Director of Marwadi Shares and Finance Limited, has a spectacular track record in Institutional business since last 18 years. He began his stint in capital market by selling IPOs for his father Mr. Mukund M. Shah's firm. He is best known for his expertise in gauging Market Trends and FII / Cross border business. A very successful Equities Investor and Trader himself, with wide networking with all big players in the market.

**c) Mr. Deven H. Marwadi**

Mr. Deven H. Marwadi has been a Whole time Director of the Company since 1998 and has over two decades of experience in stock market related activities. He has extensive knowledge and expertise in trading and clearing segments and is responsible for day-to-day trading activities of the NSE and the BSE in Cash, Derivatives, MCX and NCDEX segments. He handles the entire client base of the organization. He exercises overall management, administration and control of pay-in and pay-out, obligations of funds & securities of branches and Sub-brokers and takes effective surveillance measures to curtail risk.

**d) Mr. Sandeep H. Marwadi**

Mr. Sandeep H. Marwadi has been a Whole time Director with the Company for more than a decade. He has extensive knowledge and expertise in hardware, software and networking technologies. He is responsible for all the technological operations of the Company including monitoring of data communication with the exchanges as well as NSDL and CDSL and matching requirements of hardware and software as per the requirements of the statutory bodies.

**e) Mr. Kai Taraporevala**

Mr. Kai Taraporevala has been a Nominee Director from FII investors since 2007. He has over 16 years of experience in the Indian financial services sector and is the founder of India Advisory Partners, a corporate finance and investment advisory group. He has previously worked with Lazard India after graduating in 1994 from INSEAD with an MBA after his M.Sc. in Physics from IIT Delhi and an MS in Material Science from Dundee University, Scotland. In 1997 he left Lazard to start consulting for international clients from U.K., Europe, Japan and the US on their India corporate finance needs. Kai supports the expansion of Rugby Union in India and has played Rugby for club sides in India, Scotland and France.

**f) Mr. Jamie Cayzer-Colvin**

Jamie joined Caledonia in 1995, initially working at Amber, its specialty chemicals subsidiary. He became an investment executive in 1999 and was appointed associate director in 2002 and director in 2005.

Before joining, Jamie was commissioned as an Army Officer. This was followed by a spell at Close Brothers, then as a Brand Manager with the Whitbread Beer Company. He was a Business Development Manager at GPT from 1992-1995.

He is currently Chairman of The Henderson Smaller Companies Investment Trust and a non-executive director of India Capital Growth Fund and Polar Capital Holdings. Jamie has an MBA from Henley Management College.

**(iii) Group companies Information:**

1. Marwadi Commodity Broker Private Limited
2. Marwadi Stock Broking Limited
3. Marwadi Investment Private Limited
4. Marwadi Insurance Services Private Limited
5. Marwadi Consultancy Private Limited
6. Marwadi Metals and Minerals Private Limited
7. Marwadi General Insurance Services Private Limited
8. Marwadi Insurance Advisors Private Limited
9. Marwadi Bullions Private Limited
10. Marwadi Finance Private Limited

**(iv) Details of the service being offered:**

**a) Discretionary Portfolio Management Service**

Under this service, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested/disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of fraud, malafide, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client.

Based on the Client's profile, overall investment objective and other relevant factors, the Portfolio of the Clients are at present managed under one or more of the following Investment Strategies:

- 1) MSFI CapitalBuild
- 2) MSFL Fortune

**b) Non - Discretionary Service:**

Under the Non-Discretionary Portfolio Management Service, the portfolio of the Client shall be managed in consultation with the Client. Under this service, the Assets will be managed as per the requirements of the Client after due consultation. The Client will have complete discretion to decide on the investment (Stock Quantity and Price or amount). The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client.

**c) Advisory Services:**

Under these services, the Portfolio Manager provides only investment advice. Entry/ exit timing, execution and settlement is solely the Client's responsibility.

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

No penalties / directions have been issued by the SEBI under the SEBI Act or Regulations made there under relating to Portfolio Management Service. There are no pending material litigations or legal proceedings, findings of inspections or investigations for which action has been taken or initiated by any regulatory authority against the Portfolio Manager or its Directors, principal officers or employees or any person directly or indirectly connected with the Portfolio Manager under the SEBI Act and Regulations made there under relating to Portfolio Management Service.

- a) There are neither any cases of penalties imposed by the Board nor directions issued by the Board under the Act or Rules or regulations made there under against the Portfolio Manager.
- b) No penalties are imposed against the Portfolio Manager for any economic offence and/or for violations of Securities Laws.
- c) There are no pending material litigation/legal proceedings against the portfolio manager / key personnel, neither there are any pending criminal cases against portfolio manager / key personnel.
- d) No deficiency in system and operation of the portfolio manager has been observed by Board or any regulatory agency.

- e) **Adjudication Proceeding has been initiated in case of trades executed on behalf of client in the scrip of Bharatiya Global Infomedia Ltd..**

## **5. Services Offered**

The Portfolio Manager manages the Assets of the Client through the following Strategies;

### **A) MSFL CapitalBuild Strategy**

#### **Description**

A transparent and realistic portfolio management strategy with strong risk management. It's a strategy that focuses on achieving higher absolute returns compared to benchmark, through broad participation in equity market. We plan to do this by constructing a concentrated portfolio of companies which are well capitalized and suitably positioned to take advantage of ongoing Spear cycle of Consumerism in India.

#### **Portfolio Style**

- Concentrated Portfolio consisting upto 25 stocks which are fundamentally positioned to generate higher returns through capital appreciation and divided yield.
- Buy & hold approach with average duration of 6 – 18 months

#### **Portfolio Characteristics**

- Stock universe mainly **BSE 200** with medium to long term holding period.
- Focus on companies having strong earnings growth owing to their positioning in particular sector which are expected to benefit from demographic dividend structural reforms and international money flow & macros.

#### **Stock Selection**

Indian markets are on cusp of second wave of growth primarily fuelled by external capital flows towards Indian assets primarily through equity and bonds. Those companies which have the right assets, right financial strength, good human capital and focused management will emerge as the multi baggers of tomorrow. Our strength lies in identifying such opportunities through bottom up as well as top down analysis coupled with tracking capital flow (based on proprietary statistical model (**QuantVantage™**)).

Some of the base criteria for stock selection:

- a) High growth: Higher growth potential than what the price reflects
- b) Financial Strength: Company strengthening capital ratios not captured in price
- c) Competitive strength: Price not capturing strategic competitive advantage company enjoys
- d) Higher returns: High capital return ratios
- e) Higher efficiency: Price not capturing improvement or turn around in production efficiency
- f) Price cycle: Price not capturing turn in product/commodity prices
- g) Capital Flow: Tracking technical strength of stocks which fulfill other criteria's to time entry and exits

## **B) MSFL Fortune Strategy**

### **Description**

The strategy aims to achieve superlative returns and improving it using various trading tools and financial instruments like equity derivatives. We aim to employ our proprietary technical and statistical tool **QuantVantage™** to generate buy and sell ideas with strong risk management to improve returns.

### **Portfolio Style**

- We aim to use combination of cash, equities and derivatives backed by fundamental and technical factors
- Proprietary risk tools is employed for Risk Management purpose
- Buy and hold approach with average duration of 3 – 6 months.

### **Portfolio Characteristics**

- Stock universe mainly **CNX NIFTY 500** with short to medium term holding period
- Highly liquid and fundamentally sound companies

### **Investment Domain & Composition**

- Sectors expected to be beneficiaries of demographic patterns & reforms and international money flow & macros.
- Sectors expected to grow faster on back of domestic spending, increasing per capita consumption and higher mobility of Indian populace.

### **Portfolio Construction**

- We will use **QuantVantage™** which is based on fuzzy logic which dynamically employs various statistical parameters measuring internal and external strength for optimizing returns with risk
- This will have added edge from our strong research team which will provide fundamental support to portfolio construction

**The main features under Discretionary Portfolio Management Service are:**

- Minimum Portfolio Size: Rs. 25 Lakhs or any amount not less than the statutory minimum as may be specified by the Portfolio Manager from time to time.
- Periodic valuation Report (if, any).
- Periodic transaction Statement (if, any).

**NOTE:**

- Investment under Portfolio Management Service will be only as per the SEBI Regulations on PMS.
- The uninvested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager be held in cash or deployed in Liquid fund schemes, Exchange Traded Index Funds, debt oriented schemes of Mutual funds, Gilt schemes, Bank deposits and other short term avenues for Investment.
- The Portfolio Manager, with the consent of the Client, may lend the securities through an Approved Intermediary, for interest.
- The Portfolio Manager will not invest any of the funds of the Client in the shares, mutual funds, debt, deposits and other financial instruments of group companies of the Portfolio Manager.

Apart from Discretionary Portfolio Management Service, the Portfolio Manager may also offers Non-Discretionary Portfolio Management Service wherein the choice as well as the timings of the investment decisions rest solely with the Client. The Portfolio Manager manages the Assets of the Client in accordance with the directions given by the Client.

Further the Portfolio Manager may also offer Advisory Portfolio Management Service wherein the Portfolio Manager only renders investment advice to the Client in respect of securities. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client.

**6. Risk factors**

The investments made in securities are subject to market risk and there is no assurance or guarantee that the value of or return on the investments made will always appreciate, it could depreciate to an unpredictable extent. Following are the risk factors as perceived by management:

- Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- As with any investment in securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- The performance of the portfolio 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.

- The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns.
- The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the market place, and industry specific and macro economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.
- Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the Net Asset Value of the portfolio may be subject to fluctuation.
- Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the Client's portfolio to liquidity risks.
- Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.
- The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.
- Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives-require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- The Net Asset Value may be affected by changes in settlement periods and transfer

procedures.

## 7. Client Representation

### a) Details of client's accounts activated:

Category of clients	No. of clients	Funds managed (Rs. cr)	Discretionary/ Non Discretionary (if applicable)
Associates / group companies Last 3 years	Nil	Nil	Nil
Other (last 3 years)			
2011-12	5	0.375	Discretionary
2012-13	6	0.237	Discretionary
2013-14	5	0.100	Discretionary
2014-15 (April to September)	Nil	Nil	Discretionary

### b) Disclosure in respect of transactions with related parties as under:

- The Portfolio Manager uses the broking services of Marwadi Shares and Finance Limited who is a member of BSE, NSE, MCX-SX and USE in cash and derivatives segment.
- Names of related parties and nature of relationship (as on date) are as under:

#### A) Subsidiary Company:

Marwadi Commodity Broker Private Limited  
Marwadi Stock Broking Limited

#### B) Enterprises in which Key Managerial Personnel (principal officer) exercise Significant Influence

1. Marwadi Investment Private Limited
2. Marwadi Insurance Services Private Limited
3. Marwadi Consultancy Private Limited
4. Marwadi Metals and Minerals Private Limited
5. Marwadi General Insurance Services Private Limited
6. Marwadi Insurance Advisors Private Limited
7. Marwadi Bullions Private Limited
8. Marwadi Finance Private Limited



C) Key Management Personnel (Portfolio Management Service):

Mr. Ketan H. Marwadi	Managing Director and Principal Officer
Mr. Tushit G. Mangukiya	Compliance Officer
Mr. Manish Parekh	Fund Manager
Mr. Krushnadas Gondaliya	Fund Manager

D) Transactions with related parties for the year-ended 31.03.2014:

Sr. No.	Particulars	Rs. In Million
1	Management Services Fees Paid to Directors	
	Mr. Ketan H Marwadi	8.83
	Mr. Deven H Marwadi	8.83
2	Mr. Sandeep H Marwadi	8.83
	Office Rent Paid to	
	Marwadi Investment Private Limited	10.86
	Smt. Savita K. Marwadi	0.13
3	Mr. Deven H Marwadi	0.60
	Building Service Charges Paid to	
	Marwadi Investment Private Limited	6.06
	Total	<b>38.08</b>

**8. Financial Performance of the Portfolio Manager**

(Based on audited Financial Statements)

Financial highlights of Marwadi Shares and Finance Limited for the last 3 years is given as under:

(Rs. In Million)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2013	Year ended 31st March, 2014
Total Income	692.77	719.08	775.41
Total Expenditure	520.96	503.91	526.23
Profit Before Tax	171.85	214.87	249.29
Provision for Taxation	57.99	69.93	85.85
Profit After Tax	113.86	144.94	163.44
Brokerage paid by PMS Department to TM	0.032	0.020	0.009

**9. Portfolio Management performance of the Portfolio Manager for the last 3 years and in case of discretionary Portfolio Manager disclosure of performance indicators calculated using weighted average method in terms of regulation 14 of the SEBI (Portfolio Managers) Regulation 1993**

Particulars	Year Ended March 2012	Year Ended March 2013	Year Ended March 2014
Portfolio Performance (%), Net of all fees and charges levied by the portfolio	-10%	0.3%	6%
Performance Indicators			
BSE 200 – Returns	-9.5%	5.4%	16.7%
NSE S&P CNX 500 – Returns	-9%	4.5%	17%

## 10. Nature of expenses

### i) **Investment Management & Advisory Fees:**

Management and Advisory fees charged may be a fixed fee or a return based fee or a combination of both as detailed in the Schedule to the Portfolio Management Services agreement. The Fees may be charged upfront and/or at the end of a specified tenure as agreed between the Client and the Portfolio Manager.

### ii) **Custodian Fees:** As may be decided between the Client and the Portfolio Manager

### iii) **Registrars Transfer Agent Fees:** NIL

### iv) **Brokerages Transaction Cost:**

The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 2.5% of contract value. In addition to the brokerage, transaction cost like network charges, turnover charges, stamp duty, transaction costs, turnover tax, Securities transaction tax or any other tax levied by statutory authority (ies), 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 (including Marwadi Shares and Finance Limited) Entry or exit loads (if any) on units of Mutual Funds will also be charged from Clients.

### v) **Service Tax:**

As applicable from time to time.

### vi) **Depository Charges:**

As may be applicable from time to time

### vii) **Entry Load /Exit Load**

As may be mutually agreed to between the Client and the Portfolio Manager

### viii) **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.

### ix) **Incidental expenses:**

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

### **11) Taxation:**

Investment in securities is subject to the provisions of the Indian Income Tax Act, 1961. Special reference needs to be made in respect of provisions related to capital gains, business income and all other provisions of the Income Tax Act. Provisions related to tax deduction at source shall, also apply, wherever applicable. Interest and dividends would be subject to tax as per the provisions of the Income Tax Act 1961.

### **12) Accounting Policies:**

The following Accounting policy will be applied for the investments of Clients:

- a) Investments in Equities, Mutual funds, Exchange Traded Funds and Debt instruments will be valued at closing market prices of the exchanges (BSE or NSE as the case may be) or the Repurchase Net Asset Value declared for the relevant strategy on the date of the report or any cut off date or the market value of the debt instrument at the cut off date. Alternatively, the last available prices on the exchange or the most recent NAV will be reckoned. In case of structured products, the portfolio will be valued at the face value of the product until the expiry of the tenure.
- b) Realized gains/ losses will be calculated by applying the first in / first out and/or weighted average principle. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- c) For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- d) Unrealized gains/losses are the differences in between the current market values/NAV's and the historical cost of the securities.
- e) Dividends on shares and units in mutual funds, interest etc. shall be accounted on receipt basis. The interest on debt instruments shall be accounted on accrual basis.

### **13. Investors Services:**

(i) The details of investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:

Name of the person:	Ketan H. Marwadi
Designation:	Principal Officer

Address:	“Marwadi Financial Plaza”, Off 150 Ft. Ring Road, Nanamava Main Road, Raikot-360001 (Gujarat)
Email:	<a href="mailto:kmarwadi@marwadionline.net">kmarwadi@marwadionline.net</a>
Telephone:	+91-281-6192900

**(ii) Grievance redressal and dispute settlement mechanism:**

Grievances, if any, that may arise pursuant to the Portfolio Management Service Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 1993 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

The client can lodge their complaint on SEBI' Sebi COmplaints REdress System (SCORES) web site: <http://scores.gov.in/>

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

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through Arbitration process as described in the Portfolio Investment Management Agreement or any Supplemental Agreement thereto.

For, **Marwadi Shares and Finance Limited**

Sign: Sd/-  
Ketan H. Marwadi  
(Managing Director)

Sd/-  
Sandeep H. Marwadi  
(Whole Time Director)

Date: 21.11.2014