

# **STEWART & MACKERTICH WEALTH MANAGEMENT LIMITED**

**Portfolio Management Services**

## **DISCLOSURE DOCUMENT**

*(As required under Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993)*

### **Key Information and Disclosure Document for Portfolio Management Services by Stewart & Mackertich Wealth Management Limited**

- This Disclosure Document has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- The purpose of the document is to provide essential information about the Portfolio Management Services in a manner to assist and enable the investors in making informed decisions for engaging a Portfolio Manager.
- The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure Document.
- Investors are advised to carefully read the entire document before making a decision and retain it for future reference.
- Investors may also like to seek further clarifications or obtain further changes made after the date of this document from the service provider.

### **The Principal Officer designated by the Portfolio Manager is:**

Mr. Ashiwini Kumar Tripathi  
Whole-Time Director  
Telephone No: +91 33 4011 5415  
Fax No: +91 33 2289 3401  
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**Dated: 23<sup>rd</sup> October, 2018**

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

**Stewart & Mackertich Wealth Management Limited**  
**Vaibhav (5F), 4 Lee Road**  
**Kolkata – 700020**  
**Ph. No. 91-033-30515400**  
**Fax: 91-033-22893401**  
**compliance@smifs.com**

We confirm that:

- i) The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time;
- ii) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;
- iii) The Disclosure Document has been duly certified by an independent Chartered Accountant viz. Mr. Chandra Kumar Chandak (Membership No. 054297) of C.K. Chandak & Co., 10, P. L. Som Street, Near- B. A. Mathwater Tank, Bhadrakali, Uttarpara – 712 232.

  
**Ashwini Kumar Tripathi**  
**Whole-Time Director & Principal Officer**  
**Stewart & Mackertich Wealth Management Limited**  
**Vaibhav (5F), 4 Lee Road**  
**Kolkata - 700020**



**Date: 23<sup>rd</sup> October, 2018**  
**Place: Kolkata**

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(1) **DISCLAIMER**

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and as amended from time to time and filed with Securities and Exchange Board of India (SEBI). This document has neither been approved / disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

(2) **DEFINITIONS**

**In this Disclosure Document, unless the context otherwise requires:**

**"Act"** means the Securities and Exchange Board of India, Act 1992.

**"Board"** means the Securities and Exchange Board of India (SEBI).

**"Client"** or **"Investor"** means any person who registers with the Portfolio Manager for availing services of Portfolio Manager.

**"Depository Account"** means any account of the client or for the client with an entity registered as a depository participant as per the relevant regulations.

**"Financial Year"** means the year starting from April 1<sup>st</sup> and ending on March 31<sup>st</sup> of the following year.

**"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 of other monies arising from the assets, so long as the same is managed by the Portfolio Manager.

**"Initial Corpus"** means value of the funds and the market value of readily realizable investments brought in by the client at the time of registering as a client with the Portfolio Manager and as accepted by the Portfolio Manager.

**"Portfolio"** means the securities managed by the Portfolio Manager on behalf of the client pursuant to this agreement and includes securities mentioned in the application, any further securities placed by the client with the Portfolio Manager for being managed pursuant to this agreement, securities acquired by the Portfolio Manager through investment of funds and bonus and rights shares in respect of securities forming part of the portfolio, so long as the same is managed by the Portfolio Manager.

**"Portfolio Manager"** means Stewart & Mackerlich Wealth Management Limited (SMWML), a company incorporated under the Companies Act, 1956 and having its registered office at '5F Vaibhav, 4 Lee Road, Kolkata – 700020 and which is registered

as a Portfolio Manager under SEBI (Portfolio Managers) Regulations, 1993 vide Registration No. **INP000004623**.

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

**"Rules"** means the Securities and Exchange Board of India (Portfolio Managers) Rules, 1993.

**"Strategies"** means any of the current investment strategies or such strategies that may be introduced at any time in future by the Portfolio Manager.

**"Net Asset Value"** (NAV) is the market value of assets in portfolio consisting of equity, debt, cash and cash equivalent.

**"Securities"** means shares, stocks, bonds, warrants, convertible and non-convertible debentures, fixed return investments, commercial paper, certificates of deposit, units issued by the Unit Trust of India and/or mutual funds, mortgage backed or other asset backed securities, derivatives, derivative instruments, options, futures, foreign currency, commitments, hedges, swaps or netting off and other securities issued by any company or other body corporate, trust, entity, Central Government, State Government or any local or statutory authority and all money, rights or property that may at any time be offered or accrued (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; and any other instrument or investment (including borrowing or lending of securities) as may be permitted by applicable laws from time to time.

Words and expressions used in this Disclosure Document are not expressly defined and 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 carry meanings assigned to them in the Regulations governing Portfolio Management Services.

### **(3) HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER**

Stewart & Mackertich Wealth Management Limited having its registered office at '5F Vaibhav', 4 Lee Road, Kolkata – 700 020, was incorporated on 8<sup>th</sup> December, 1993 under the Companies Act, 1956.

The Company is a Trading Member of National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange Ltd. (BSE), The Calcutta Stock Exchange Ltd. (CSE), Metropolitan Stock Exchange of India Limited (MSEI) and Multi Commodity Exchange of India Limited, and also a Depository Participant with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited (NSDL) and also a SEBI Registered Research Analyst. We are one of the most experienced brokerage houses



in India and are widely networked across major Indian cities like Mumbai, Kolkata, Delhi and other cities of northern and eastern region.

<b>MEMBERSHIP DETAILS OF STEWART &amp; MACKERTICH WEALTH MANAGEMENT LIMITED</b>			
<b>Name of Exchange / Depository</b>	<b>Market Segment</b>	<b>SEBI Registration No.</b>	<b>Date</b>
National Stock Exchange of India Limited	Capital Market	INZ 000161035	27/05/1994
National Stock Exchange of India Limited	Derivative Market (Equity)		12/03/2001
National Stock Exchange of India Limited	Derivative Market (Currency)		04/03/2009
Bombay Stock Exchange Limited	Capital Market	INZ 000161035	03/11/2000
Bombay Stock Exchange Limited	Derivative Market (Equity)		05/10/2000
Bombay Stock Exchange Limited	Derivative Market (Currency)		13/12/2017
The Calcutta Stock Exchange Limited	Capital Market	INZ 000161035	27/07/2000
Metropolitan Stock Exchange of India Limited	Capital Market	INZ 000161035	05/02/2013
Metropolitan Stock Exchange of India Limited	Derivative Market (Equity)		05/02/2013
Metropolitan Stock Exchange of India Limited	Derivative Market (Currency)		05/02/2013
Multi Commodity Exchange of India Limited	Commodity Market	INZ 000161035	13/08/2018
Central Depository Services (India) Limited	Depository Participant	IN-DP-24-2015	06/02/2015
National Securities Depository Limited (NSDL)	Depository Participant	IN-DP-24-2015	15/10/2015
Securities & Exchange Board of India	Research Analyst	INH300001474	20/08/2015
NSDL Database Management Limited	Approved Person	IRDA/RW/IRI/2015/017	30/01/2018

The Company offers broking services to help investors manage portfolios better, and to take part in future growth of capital markets. The Company has edge over the wide gamut of companies which it covers in the Eastern Zone hence giving the clients an advantage of the research reach. Stewart & Mackerlich has carved a niche for itself in the retail business backed by customer trust, and unparalleled experience across markets, cycles, trends at stages of the country's economic growth.

The Company is a Mutual Fund Distributor registered with Association of Mutual Funds of India (AMFI) with ARN Code – 3080 and offers to its clients in a transparent manner after assessing specific investment needs to the investors products of Asset Management Companies (AMC), viz. ICICI Prudential AMC, Tata MC, Larsen & Toubro AMC, HSBC Global AMC, IndiaBulls AMC, Religare AMC, and others.

The Company has obtained license from SEBI under the SEBI Act 1992, SEBI (Portfolio Managers) Regulations, 1993, SEBI (Portfolio Managers) Rules, 1993 for offering Portfolio Management Services and its SEBI Registration No. being **INP000004623**.

#### **(4) PROMOTERS OF THE PORTFOLIO MANAGER, DIRECTORS AND THEIR BACKGROUND**

##### **(i) Promoters**

Stewart & Mackertich Wealth Management Ltd. was promoted by a group of professionals who joined hands to use their expertise and experience to establish a fine, integrated wealth advisory and equity broking house, catering to the FI's, Banks, Corporate's, HNI's and Retail clientele.

Name	No. of Shares Held	Percentage(%) of Holding
Mr. Yogendra Shah	201,000	0.98
Mrs. Nilangi Parekh	361,000	1.74
Mr. Rahul Kayan	20,139,500	97.28

## **(ii) Board of Directors**

**Mr. Rahul Kayan**, 33 years, is a Director of the Company. He holds a Bachelors Degree of Science in Finance & Marketing from Leonard N. Stern School of Business, New York University. He has worked with Merrill Lynch – New York. He has 11 years of experience in Prime Brokerage, Equity Research, Risk Management and Marketing of Equity, Mutual Fund and Debt Linked Product.

**Mr. Samarth Parekh**, 37 years, is a Director of the Company. He has a B. Sc Degree from Babson College, Babson Park, USA. He has over 12 years of real time experience in Securities Markets, Depository Operations and Distributions of Financial Products. He has worked with Auerbach Grayson, a boutique broking company in New York and has also worked with Wachovia Securities as Research Analyst in Boston.

**Mr. Rajesh Kumar Kochar**, 53 years, is a Whole Time Director of the Company. He is a Commerce graduate from the Calcutta University. He has been associated with the Securities Market for over 34 years and has rich experience in Stock Broking Operations and Distribution of Financial Products.

**Mr. Ashiwini Kumar Tripathi**, 48 years, is a Whole-Time Director of the Company. He has PGDM Degree with Specialization in Finance and has more than 27 of experience in Capital Markets. He has worked with Wealth Management Advisory Services Limited, a once SEBI Registered Portfolio Manager and has played an instrumental role in providing portfolio management services to High Network Individuals and Corporates.

**Mr. Sunil Kumar Marwaha**, 63 years, is a Director of the Company. He is a graduate in science from the University of Calcutta and is having 17 years of experience in Stock Broking Operations and Distribution of Financial Products. He joined the Board of the Company as a Non-executive Director in 2010 and has been instrumental in strengthening the organizational capabilities.

**Mr. Madan Gopal Khanna**, 80 years, is a Director of the Company. He is a M.A. in Political Science and a Post Graduate in Management from British Institute of Management (U.K.). He has 37 years of experience in Stock Broking Operations and Distribution of Financial Products. He was employed in the Brush Electrical Engineering Company Limited, Loughborough as a Progress Chaser in the Production Control



Department of the Rotating Machines Division. Mr. Madan Gopal Khanna joined the company as a Non-executive Director in 2011.

**(5) GROUP COMPANIES/FIRMS OF THE PORTFOLIO MANAGER ON TURNOVER BASIS**

**Subsidiary & Group Companies:**

- (i) SMIFS Finance Limited
- (ii) Stewart & Mackertich Commodities Limited
- (iii) Stewart & Mackertich Repository Advisors Limited (Formerly, known as BullsEye Insurance Brokerage Limited)
- (iv) BullsEye Insurance Advisors Limited
- (v) C. Mackertich Private Limited
- (vi) SMIFS Capital Markets Limited

**(6) PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY**

- (i) The Stock Exchanges have imposed fines on the Portfolio Manager in its capacity as a Member Broker of the Stock Exchanges, viz. NSE / BSE for various violations observed during the course of regular inspections for the Cash and Futures & Options Segments. These penalties have been levied for procedural errors which are not material to the operations of the company either as a Portfolio Manager or as a Member Broker of these Exchanges and are hence not considered.
- (ii) The Asset Management Companies during the course of their routine inspection have issued advice to strengthen Due Diligence Processes which are not material to the operations of the company either as a Portfolio Manager or as a Mutual Fund Distributor and are hence not considered.
- (iii) A summary of the Inspections undertaken by SEBI on the Portfolio Manager in its capacity as a Member Broker of the Stock Exchanges, viz. NSE / BSE and Depository Participant during the last three years and the respective outcomes is as below:

Period	Inspection Theme	Observations
Conducted during March-2014	Running Account Settlement	Observations related to quarterly/monthly settlements of funds and securities of clients and administrative warning was issued to avoid recurrence in the future.
Conducted during September-2016	Included all functions in relation to Stock Broking and Depository	Observations related to regular compliance in Stock Broking and Depository Operations such as Brokerage Fee not signed, Networth not mentioned / older than 1 year etc. SEBI has



	Operations	issued administrative warning to avoid recurrence in the future.
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- (iv) No penalties have been imposed for any economic offence and/or for violation of any securities law.
- (v) A summary of the Enquiry/Investigations undertaken by SEBI on the Portfolio Manager in its capacity as a Member Broker of the Stock Exchanges, viz. NSE / BSE/ CSE and the respective outcomes is as below:

Sr. No.	Details/ description of the action taken/ initiated by SEBI	Status
1.	The Company had dealt with an unregistered Sub-broker, failed to segregate the clients' funds and securities and failed to maintain client database	Settlement Charges of Rs. 3,00,000/- was paid to in accordance to Consent terms and the Consent Order dated 17-Sep-2008, was passed by SEBI to that effect.
2.	Alleged indulgence in creation of artificial market and price manipulation in the scrip of DSQ Industries Ltd.	As the Consent Application was rejected by SEBI vide letter dated 12-Mar-2009. The Company moved before SAT against SEBI refusal. SAT set aside the impugned order with no order as to costs vide its order dated 18-Aug-2010.
3.	Alleged indulgence in creation of artificial market and price manipulation in the scrip of South East Asia Marine Engineering & Construction Ltd.	Settlement Charges of Rs. 30,00,000/- was paid to in accordance to Consent terms and the Consent Order dated 7-Mar-2011, was passed by SEBI to that effect.
4.	Alleged indulgence in creation of artificial market through synchronized transactions on behalf of promoter associated entities in the scrip of DSQ Software Ltd.	Settlement Charges of Rs. 2,50,00,000/- was paid to in accordance to Consent terms and the Consent Order dated 18-Jul-2011, was passed by SEBI to that effect.
5.	Alleged failure in maintenance of integrity, promptitude & fairness, not exercising due skill, care & diligence, indulged in manipulative activities and not complying with statutory requirements violating Regulation 4 (a) to (d) of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with clauses A(1) to A(5) of code of conduct specified in schedule	Settlement Charges of Rs. 2,31,50,000/- was paid to in accordance to Consent terms and the Consent Order dated 28-Sep-2011, was passed by SEBI to that effect.

II of Regulation 7 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 in matter of DSQ Biotech Ltd.	
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- (vi) Litigation/Legal Proceedings: The Portfolio Manager in its capacity as a Trading Member of the Stock Exchanges, viz. NSE / BSE and its subsidiary company, namely SMIFS Finance Limited in its capacity as a Trading Member of Multi Commodity Exchange (MCX) has filed various suits and criminal complaints against its defaulter sub-broker and clients introduced by him, to recover outstanding dues, over Rs. 1.3 crores, mainly arising out of the transactions in the Commodity Derivative Market Segment of MCX, where SMIFS Finance is a Trading Member. To counter the cases filed, the concerned Sub-Broker, his wife and their jointly promoted company, in the capacity of client, has filed multiple complaints before various courts in self same matters. The company and its officials have appeared before the Learned Courts in respect of the above-matters and have also appealed before the Hon'ble High Court at Calcutta for stay and quashing of the said matters and the Hon'ble High Court has by its Orders admitted the said appeals and the hearing of the same is scheduled to be heard and disposed by the Hon'ble High Court in due course of time. The management is extremely hopeful with regard to the outcome of the above matters as the report filed by the Public Authority reveals no offence has been committed by the Portfolio Manager and/or any of the company officials.
- (vii) No deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency.
- (viii) No Enquiry/adjudication proceedings has been 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

## **(7) SERVICES OFFERED**

### **7(1) Present Investment Objective and Policy:**

The Portfolio Manager will offer Discretionary, Non-discretionary and Advisory Portfolio Management Services to its prospective clients after ascertaining their risk profile, investment needs and objectives.

#### **(i) Discretionary Services**

The management of the portfolio is of discretionary nature, wherein the choice of investment in securities and the timing of such investment solely rest with the Portfolio Manager. The Portfolio Manager shall have the sole and absolute discretion to invest funds of the clients in such manner and in such industries/sectors/securities as the Portfolio Manager deems fit. The securities traded or held by the Portfolio Manager in



different client's account, even if invested in the same portfolio product, may differ with each client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's funds is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of malafide intent, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Rules, Regulations, Guidelines and Notifications in force from time to time. Periodical statements in respect of client's portfolio shall be sent to the respective clients.

#### **STRATEGIES BEING OFFERED TO INVESTORS UNDER DISCRETIONARY SERVICES:**

- Evergreen
- Harvest
- Season
- Cedar
- Orchard
- Greenshoots
- Bloom
- Bouquet

#### **(a) EVERGREEN**

Our solid, long term investment product is called Evergreen. The Holy Bible says (New Testament, Galatians 6:7) - 'whatsoever a man soweth, that shall he also reap.' We choose only the sturdiest, evergreen plants that yield sweet fruits - season after season. We take tender loving care of these plants. And they become trees. They come from a solid gene pool, and give a decent harvest in almost all seasons. They can withstand bad weather. These are the plants that we sow for the long term.

#### **Core values underlying the Evergreen Portfolio**

<b>Investment philosophy</b>	Capital preservation with solid and steady growth.
<b>Risk appetite</b>	Low.
<b>Strategy</b>	Invest in fundamentally strong scrips available at affordable valuation. Investment in large caps and blue chips.
<b>Investment timeframe</b>	Long term holding.
<b>Use of derivatives</b>	Zero to minimal.
<b>Sectoral bias</b>	Across the spectrum with no particular bias.

#### **(b) HARVEST**

Harvest is our 'moderate risk' portfolio. We recognize that some of our investors want a slightly more aggressive investment philosophy to drive their investments. This product offering is driven by the fact that some crops grow quicker than others. Often, they are

also more vulnerable and, therefore, need more monitoring. We think you can reap a significantly larger harvest by planting a few crops in our fast-growth farm as well, depending on your risk profile, so that your harvest is larger.

#### **Core values underlying the Harvest Portfolio**

<b>Investment philosophy</b>	Take calculated risks and achieve significant growth.
<b>Risk appetite</b>	Moderate
<b>Strategy</b>	Find clearly identifiable growth stocks at an early stage so as to ride the surge in value at the right time.
<b>Investment timeframe</b>	Medium to long term, from 6 to 18 months. Expect some churn arising out of investment review.
<b>Use of derivatives</b>	Minimal.
<b>Sectoral bias</b>	Focus on hi-growth sectors in India.

#### **(c) SEASON**

This is our 'opportunistic' investment offering. Sometimes there is an attractive window of opportunity, which lasts for a few months (or sometimes even weeks). As farmers, we are happy to see such short-term changes as they offer us a chance to grow a small crop for you and avail of the opportunity. As soon as the opportunity matures, we encash the crop and wait for another opportunity.

#### **Core values underlying the Season Portfolio**

<b>Investment philosophy</b>	Earn higher returns via aggressive exposure to sectors and stocks at the forefront of market momentum.
<b>Risk appetite</b>	Medium to high.
<b>Strategy</b>	Trade in stocks that reflect the short to medium term momentum of the market. Stay in cash if good opportunities are not immediately visible.
<b>Investment timeframe</b>	Short term, typically 3 to 6 months. Expect moderate to high churn.
<b>Use of derivatives</b>	Moderate to aggressive, strictly within allowed regulations.
<b>Sectoral bias</b>	None

#### **(d) CEDAR – Top 100 (Large CAP Funds)**

CEDAR is a large cap focused, top 100 stocks (market cap) PMS Product. It is ideal for investors who is risk averse and would like to have a moderate, consistent returns with focus on top quality large cap stocks. Recent reform measures like demonetization, decline in fixed income returns, visibility of strong GDP growth has seen more



companies joining the large cap club across consumption and investments, and hence it makes sense for investors who look for safety, capital protection and consistent returns.

#### **Core values underlying the Cedar Portfolio**

<b>Investment Philosophy</b>	Capital preservation with investment in large cap blue chip stocks
<b>Risk Appetite</b>	low
<b>Strategy</b>	Investment in only large caps top 100 companies, targeting value and growth
<b>Investment timeframe</b>	Medium to long term holding
<b>Use of derivatives</b>	Minimal to nil
<b>Stocks and Sectorial bias</b>	Maximum 16 stocks with individual stock exposure of 12% and individual sector exposure of 25%

#### **(e) ORCHARD - Fixed Income PMS (Debt Fund, Liquid Fund, gilt fund, Capital Protection Plan Fund)**

ORCHARD PMS is a Fixed Income Investment PMS product which invests in a basket of fixed Income products such as Debt Funds, Certificate of Deposits, Commercial Papers, Corporate Bonds (non SLR), Govt. Securities (SLR), Several categories of Government Bonds, Structure Debt Fixed Deposits Gilt Funds, Liquid Funds, and Capital Protection Funds or schemes within the ambit of Fixed Income Market and Money Market Funds.

As we know Orchards are sometimes a feature of large gardens, where they serve an aesthetic as well as a productive purpose. The idea is to give an HNI investor an option to invest where safety and return are ensured. With increasing High Net worth Individuals and increasing size of corporates, we believe it is necessary for such investors to park part of their earned capital in less risky safe haven. SMIFS ORCHARD endeavors to provide such a haven to the designated investors.

#### **Core values underlying the Orchard Portfolio**

<b>Investment Philosophy</b>	To Provide safety and return to investors through customization
<b>Risk Appetite</b>	Very low
<b>Strategy</b>	To select mix of products qualifying as safe and secured fixed income product
<b>Investment timeframe</b>	Liquid <1 year or depending on customization of client Long duration > 1 Year
<b>Use of derivatives</b>	NIL

<b>Sectoral bias</b>	Depending on customization of investor
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#### **(f) GREENSHOOTS - Startup Fund / Angel Fund**

As the name implies, SMIFS GREENSHOOTS PMS target to invest in startup companies. Stewart & Mackertich's Management is actively associated with Angel Network. In the current crowded space of startup companies, which is likely to get a further boost on support from government and entrepreneurial zeal among the young Indians, Stewart & Mackertich's Legacy and rich experience plays an important role in identifying the right idea or the startup, for Angel Investors.

We know that not all green shoots survive the difficult environment and only a few live long to bear fruits. Some may not be genetically strong while some may fall prey to other factors. In the current wave of startup era, it is important to identify the right company for investors. SMIFS management and professionals are leaders in the Entrepreneurial Eco-System which enables them to assess the potential risks at an early stage incubation.

#### **Core values underlying the Greenshoots Portfolio**

<b>Investment Philosophy</b>	To target companies that crave to create sustainable value, not just valuation
<b>Risk Appetite</b>	High Risk
<b>Strategy</b>	Diversify the risk by investing in at least 8-10 companies
<b>Investment Time frame</b>	5+ years depending upon the several stages of company's growth phase
<b>Use of derivatives</b>	NIL
<b>Sectoral bias</b>	No sector, product or service bias.

#### **(g) BLOOM - Pre-IPO/Unlisted Fund**

BLOOM, a PMS product that targets to invest in companies that are looking to list in the near future in the main exchanges or SME exchanges. The appetite has shifted from large private equity and hedge funds to HNI and mid-size corporates who are looking to invest in pre-IPOS. We believe the swift structural changes like GST implementation, e-commerce, increase in the base of formal economy, Unavailability of informal capital and the urge of young entrepreneurs to elevate their social status through market capitalization is all going to play an important role in listing of mid and small size companies. Most companies need to raise a portion of the desired capital through private placements before the IPO is scheduled to hit the market.



#### Core values underlying the Bloom Portfolio

Investment Philosophy	To invest in companies that meet social and economic objectives, and offer listing gains
Risk Appetite	Medium to High
Strategy	Optimize returns by investing in at least 4-5 companies
Investment timeframe	3-5 years, depending on the company's IPO stage
Use of derivatives	NIL
Sectoral bias	No sector, product or service bias.

#### (h) BOUQUET – Fund of Funds

BOUQUET PMS invests in a pool of high yielding and growth oriented pool of mutual funds, hence it is a Fund of Funds. The investment team at Stewart & Mackertich has a Model Fund of Funds which identify and invest in mutual funds based on the profile of the investors. A risk bearing investor in a mutual fund is given the choice to invest in thematic and growth oriented pool of mutual funds. A risk averse and elderly investors are given the choice to invest in safe and balanced mutual funds. A mutual fund investment requires an investor to track the underlying themes, which is usually not in the scope of most investors. SMIFS BOUQUET targets to provide such support to investors.

#### Core values underlying the Bouquet Portfolio

Investment Philosophy	Offer the right support to investors
Risk Appetite	Medium to low
Strategy	Diversify the risk by investing in at least 5-8 mutual funds
Investment timeframe	2 years and beyond
Use of derivatives	Minimum to nil
Sectoral bias	Based on profile and need of the investor

**Note:** The un-invested amounts in all the above strategies may be deployed in liquid fund strategies of mutual funds, gilt strategies, bank deposits and other short-term avenues for investment. The Portfolio Manager, with consent of the client, may lend the securities through an approved intermediary, for interest.

#### (ii) Non-Discretionary Services

The objective is to advice clients on investing in equity, debt, mutual funds and other investments depending on the Client's needs and risk-return profile and/or to provide

administrative services for execution of transaction as per the mandate from the client. Under this, the Client will decide his own investments. The Portfolio Manager's role is limited to providing investment advice, research and/or facilitating the execution of transactions.

The Portfolio Manager, based on the Client's mandate and consent, will deploy Client's funds available from time to time. All execution of transactions based on the client's mandate is final and at no point Portfolio Manager's action taken in good faith questioned during the currency of the agreement or at any time thereafter except on the ground of malafide intent, fraud, conflict of interest or gross negligence on the part of the Portfolio Manager. Each client shall receive a periodic statement relating to their portfolio.

### **(iii) Advisory Services**

The Portfolio Manager will provide Advisory Portfolio Management Services, in terms of the SEBI (Portfolio Manager) Regulations 1993, which shall be in the nature of investment advisory and shall include the responsibility of advising on the portfolio strategy and investment and divestment of securities or investment products on the client's portfolio, for an agreed fee structure, entirely at the Client's risk.

The Portfolio Manager shall be solely acting as an advisor to the client where the client is advised on buy/sell decision within the overall risk profile without any back office responsibility for trade execution, custody or accounting functions. The Portfolio Manager shall act in fiduciary capacity towards its client.

### **7 (1a) Types of Securities:**

The Portfolio Manager reserves the right to invest in all permitted securities, instruments and assets as permitted under the applicable Rules and Regulations.

The Portfolio Manager shall acquire Securities through primary acquisition and secondary purchases of target entities ("Portfolio Entity/ies"). These Securities may be listed or unlisted.

The un-invested amount forming the 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.

### **7(2) Investments in Group/Associate Companies:**

The Portfolio Manager shall not undertake any investment in portfolio funds in the Securities of any associates/group companies of the Portfolio Manager.



## **(8) RISK FACTORS**

- (i) Investments in securities are subject to market risks which include price fluctuation risks. There is no assurance or guarantee that the objectives of any of the investments made under the strategies will be achieved.
- (ii) Past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any assurance or guarantee either that the investment objective of the Portfolio Strategies will be achieved or of any indicative returns or of appreciation of the portfolio or of protection of initial corpus. The names of the strategies do not in any manner indicate their prospects or returns.
- (iii) Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- (iv) Investments made by the Portfolio Manager are subject to risks arising out of non-diversification.
- (v) The performance in the equity may be adversely affected by the performance of individual companies in which investments are made, changes in the market place and industry specific and macro-economic factors
- (vi) The Portfolio Manager may make investments in unlisted Securities. This may also expose the Portfolio Manager to an illiquidity scenario since the exit from the Portfolio Entity would have to be a Strategic exit.
- (vii) The debt investments and other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk and re-investment risk. These factors may adversely affect returns.
- (viii) The strategies may use derivative instruments like index futures, stock futures and option 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. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Portfolio Strategies using derivative / futures and options products are affected by risks different from those associated with stock and bonds. Such products are highly leveraged instruments and their use requires a high degree of skill, diligence, and expertise. Small price movement in the underlying securities may have a large impact on the value of derivatives/ futures and options. Some of the risks relate to mis-pricing or the improper valuation of derivatives/futures and options and the inability to correlate the positions with the underlying assets, rates and indices.
- (ix) Technology, pharmaceutical stocks and some of the investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- (x) The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/unrated securities offering higher yield. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the executed Agreement.
- (xi) The tax benefits described in this Disclosure Document are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the Portfolio Manager regarding the law and practice in force in India and the investors should be aware that the relevant fiscal rules or their

interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Portfolio will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.

- (xii) The investments made are subject to external risks such as war, natural calamities and policy changes of local / international markets which affects stock markets.
- (xiii) The performance of the strategies 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.
- (xiv) In the case of stock lending, risks relate to the defaults from counter parties with regard to securities lent and the corporate benefits accruing thereon, inadequacy of the collateral and settlement risks. The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the strategies.
- (xv) Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter-party.

#### (9) CLIENT REPRESENTATION

(i) CATEGORY OF CLIENTS SERVICED IS PROVIDED BELOW:

Category of Clients	No. of Clients	Funds Managed (Rs. in Cr)	Discretionary/Non-Discretionary /Advisory Services
Associate/Group Companies (Last 3 Years)	NIL	N.A.	N.A.
Others :	8	7.998	Discretionary
As on 31 <sup>st</sup> March, 2016	0	0	Non-Discretionary Services
	0	0	Advisory Services
As on 31 <sup>st</sup> March, 2017	10	18.158	Discretionary
	0	0	Non-Discretionary Services
	0	0	Advisory Services
As on 31 <sup>st</sup> March, 2018	38	33.861	Discretionary
	2	4.591	Non-Discretionary Services
	40	73.980	Advisory Services

(ii) COMPLETE DISCLOSURE IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES AS PER THE STANDARDS SPECIFIED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA. (BASED ON THE AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2018):



### **Related Party Disclosures (AS 18)**

Related party transactions, as required under Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, are given below:

#### **(A) Subsidiary Companies**

SMIFS Finance Limited  
Stewart & Mackertich Commodities Limited  
Stewart & Mackertich Repository Advisors Limited  
BullsEye Insurance Advisors Limited

#### **(B) Key Management Personnel**

Mr. Rahul Kayan – Director  
Mr. Rajesh Kumar Kochar – Whole Time Director  
Mr. Samarth Parekh - Director  
Mr. Ashiwini Kumar Tripathi – Whole Time Director  
Mr. Sunil Kumar Marwaha – Director  
Mr. Madan Gopal Khanna - Director

#### **(C) Enterprise over which Key Management Personnel and their relatives have significant influence**

Lend Lease Co. (India) Limited  
Mackertich Consultancy Services Pvt. Limited  
Progressive Star Finance Pvt. Limited  
C. Mackertich Private Limited  
S & M Advisory & Broking Pvt. Limited  
BullsEye Legal & Secretarial Advisors Limited  
Sudha Commercial Co. Limited  
SMIFS Capital Markets Limited

#### **Disclosure of transactions with related parties based on Audited Accounts as on 31.03.2018**

Particulars	Subsidiary Companies
	Outstanding Balance (Rs.)
Stewart & Mackertich Repository Advisors Limited	1,114,592
	Key Management Personnel
	Amount (Rs.)
Remuneration	3,920,788
Perquisites	394,783

**Note:** Contribution to Recognized Provident Fund is not considered.

**(10) DISCLOSURE IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES PERTAINING TO PORTFOLIO MANAGEMENT SERVICES**

The Portfolio Manager is the Trading Member of the BSE, NSE, MSEI, MCX and a Depository Participant of CDSL and NSDL. For the purpose of executing transactions of purchase and sale of securities, the Portfolio Manager shall transact through the Membership held by the Portfolio Manager in NSE & BSE as mentioned above. Brokerage will be charged for such transactions mentioned herein below.

**(11) FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER**

**Summarized Financial Statement – Balance Sheet & Statement of Profit and Loss based on Audited Financial Statements as on 31.03.2018 and 31.03.2017**

**(i) Balance Sheet as on 31.03.2018 and 31.03.2017**

PARTICULARS	(Rupees)	
	As at 31.03.2018	As at 31.03.2017
<b>EQUITY AND LIABILITIES</b>		
Share Capital	207,020,000	207,020,000
Reserves and Surplus	(47,508,925)	(69,467,970)
Non-Current Liabilities	3,686,442	4,588,470
Current Liabilities	344,848,472	206,399,448
<b>TOTAL LIABILITIES</b>	<b>508,045,989</b>	<b>348,539,948</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Net Fixed Assets	19,108,347	8,636,702
Investments	25,990,666	25,990,666
Long Term Loans and Advances	2,500,000	2,500,000
<b>Current Assets</b>	<b>460,446,976</b>	<b>311,412,580</b>
<b>Deferred Tax Assets</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>508,045,989</b>	<b>348,539,948</b>



(ii) Statement of Profit and Loss for the year ended 31.03.2018 and 31.03.2017

(Rupees)		
PARTICULARS	For the Year 31.03.2018	For the Year 31.03.2017
Total Income	178,734,684	105,155,944
Total Expenditure	151,450,729	77,741,068
PBDT	27,283,955	27,414,876
Depreciation	5,327,014	3,743,627
PBT	21,956,941	23,671,249
Provision for Income Tax	-	-
Deferred Tax (Liability)/Assets	-	-
Service Tax	-	120,844
PAT	21,956,941	23,550,405
Balance Brought Forward	(79,482,970)	(103,033,375)
Adjustment as per Schedule II to the Companies Act, 2013	(2,104)	-
Balance Available for Appropriation	(57,523,925)	(79,482,970)

(12) PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER FOR THE  
LAST THREE YEARS

The performance of the Portfolio Manager under Discretionary Portfolio Manager Service based on Weighted Average Method for the last three years are as follows:-

Type of Service	Portfolio Performance from (01.04.2017 to 31.03.2018)	Nifty Performance from (01.04.2017 to 31.03.2018)	Portfolio Performance from (01.04.2016 to 31.03.2017)	Nifty Performance from (01.04.2016 to 31.03.2017)	Portfolio Performance from (01.04.2015 to 31.03.2016)	Nifty Performance from (01.04.2015 to 31.03.2016)
Ever Green	1.05	8.16	52.16	19.52	13.74	-9.91
Harvest	16.13	7.20	40.96	18.75	-3.19	-10.01
Season	Nil	Nil	Nil	Nil	Nil	Nil
Cedar	(11.98)	(5.17)	Nil	Nil	Nil	Nil

### **(13) NATURE OF EXPENSES**

The following are the general costs and expenses to be borne by the clients availing the Portfolio Management Services. However, the exact quantum and nature of expenses relating to each of the following services shall be annexed to the Agreement to be entered into with the client.

**(i) Management Fees:** Management fees relate to Portfolio Management Services offered by the Portfolio Manager to the clients. The fees may be a fixed charge or a percentage of the quantum of funds managed or performance based fee or a combination of any of these, as agreed by the client in the Agreement. The performance fee shall be charged based on High Water Mark Principle.

**(ii) Custodian/Depository Fees:** Custodian/Depository fees relate to the charges relating to opening and operation of depository accounts, custody and transfer charges for shares, bonds, and units, dematerialization and rematerialization, pledge and other charges in connection with the operation and management of the depository accounts.

**(iii) Registrar & Transfer Agent Fees:** Charges payable to Registrars and Transfer Agents in connection with effecting transfer of securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamp and courier charges and other related charges would be recovered.

**(iv) Brokerage & Transaction Cost:** The brokerage charges and other charges like stamp duty, transaction cost and statutory levies such as turnover tax, security transaction tax, SEBI charge and such other levies as may be imposed upon by statutory authorities from time to time, foreign transaction charges (if any) on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments and entry or exit loads (if any) on the purchase and sale of shares, stocks, bonds, debt, deposits, units of mutual funds or otherwise and other financial instruments.

**(v) Securities Lending & Borrowing Charges:** The charges pertaining to lending of securities cost of borrowing including interest and costs associated with transfers of securities connected with the lending and borrowing transfer operations would be recovered.

**(vi) Certification & Professional Charges:** Charges payable for out sourced professional services like accounting, audit, taxation and legal services etc. for documentation notarization, certifications attestation required by bankers or regulatory authorities including legal fees etc. would be recovered.

**(vii) Profit Sharing:** The Portfolio Manager may have a profit sharing arrangement with the clients based on the High Water Mark principle.

**(viii) Incidental Expenses:** All incidental and ancillary expenses not recovered above but incurred by the Portfolio Manager on behalf of the client shall be charged to the



Client. Charges in connection with the courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank accounts etc. would be recovered.

#### **(14) REPORTS AVAILABLE TO THE CLIENTS**

Various reports are available to the Clients these include:

- (i) Fortnightly reporting of Portfolio Networth, Monthly reporting of Holding and Bank Balances
- (ii) Quarterly reporting of Portfolio Holdings/ Transactions, Networth, Ledgers, Fees, Corporate Benefits, etc.
- (iii) The above reports are also available as and when required by the Client.

#### **(15) TAXATION**

##### **15(1) General**

The Information given hereinafter is only for general information purpose and is based on the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change from time to time.

##### **15(2) Basic Tax Rate**

For a resident senior citizen (who is 60 years or more at any time during the previous year but less than 80 years on the last day of the previous year)

Net Income range	Income tax rates	Surcharge	Education Cess	Secondary and higher education cess
Upto Rs. 3,00,000	Nil	Nil	Nil	Nil
Rs. 3,00,000 - Rs. 5,00,000	5% of (total income minus Rs. 3,00,000)	Nil	2% of Income Tax	1% of Income Tax
Rs. 5,00,000 - Rs. 10,00,000	Rs. 10,000 + 20% of (total income minus Rs. 5,00,000)	Nil	2% of Income Tax	1% of Income Tax
Above Rs. 10,00,000	Rs. 1,10,000 + 30% of (total income return minus Rs. 10,00,000)	10% of income tax, where total income exceeds Rs.50 lakh up to Rs.1 crore.  15% of income tax, where the total income exceeds Rs.1 crore.	2% of Income Tax and surcharge, if any	1% of Income Tax and surcharge, if any

For a resident super senior citizen (who is 80 years or more at any time during the previous year)

Net Income range	Income tax rates	Surcharge	Education Cess	Secondary and higher education cess
Upto Rs. 5,00,000	Nil	Nil	Nil	Nil
Rs. 5,00,000 – Rs. 10,00,000	20% of (total income minus Rs. 5,00,000)	Nil	2% of Income Tax	1% of Income Tax
Above Rs. 10,00,000	Rs. 1,00,000 + 30% of (total income return minus Rs. 10,00,000)	10% of income tax, where total income exceeds Rs.50 lakh up to Rs.1 crore.  15% of income tax, where the total income exceeds Rs.1 crore.	2% of Income Tax and surcharge, if any	1% of Income Tax and surcharge, if any

For any other resident individual, any non-resident individual, every HUF/AOP/BOI/Artificial judicial person-

Net Income range	Income tax rates	Surcharge	Education Cess	Secondary and higher education cess
Up to Rs. 2,50,000	Nil	Nil	Nil	Nil
Rs. 2,50,000 - Rs. 5,00,000	5% of (total income minus Rs. 2,50,000)	Nil	2% of Income Tax	1% of Income Tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income minus Rs. 5,00,000)	Nil	2% of Income Tax	1% of Income Tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income return minus Rs. 10,00,000)	10% of income tax, where total income exceeds Rs.50 lakh up to Rs.1 crore.  15% of income tax, where the total income exceeds Rs.1 crore.	2% of Income Tax and surcharge, if any	1% of Income Tax and surcharge, if any

#### For Partnership Firms

- Partnership firms (including LLP) are taxable at 30%
- Surcharge of 12% applicable in case if net income exceeds Rs. 1 Crore
- Education cess is applicable at 3% on income tax (inclusive of surcharge, if any)



### **For Domestic Company**

- Domestic companies are taxable at 30%.
- Where the Total Turnover or Gross Receipts of the companies during the Previous year 2015-16 does not exceed 50 Crores, applicable Tax rate shall be 25%.
- Where taxable income, as per normal provisions of the Act, do not exceed 18.5% of the "Book profits" (determined as per prescribed formulae), domestic companies may also be liable to tax based on such "Book profits". This is commonly known as tax paid under Minimum Alternative Tax provisions.
- Surcharge at 7% would be applicable if the total income exceeds Rs. 1 crore but does not exceed Rs. 10 Crore
- Surcharge at 12% would be applicable if the net income exceeds Rs. 10 Crore
- Education cess is applicable at 3% on income tax (inclusive of surcharge, if any)

### **15(3) Gains on sale of Securities / buy back of listed shares**

The characterization of gains on sale of Securities / buy back of listed shares generally depends on characteristics of the securities i.e. whether the same are held as capital assets or stock in trade. If the securities are held as capital assets, the gains could be chargeable to tax as "capital gains" and if the securities are held as stock in trade, the gains could be chargeable to tax as "business income".

In view of the above, income arising on sale of securities / buy back of listed shares could either be characterised either as business income or capital gains, depending on the facts of each individual investor.

### **15(4) Buy back of unlisted equity shares or preference shares**

Section 115QA of the Income-tax Act, 1961 ("ITA") levies a tax of 20% (increased by a surcharge of 12% and education cess of 3%) on domestic unlisted companies, when such companies distribute income pursuant to a share repurchase or "buy back". Section 115QA of the ITA defines 'distributed income' to mean "the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for issue of such shares". Thus, tax at the rate of 20% (increased by a surcharge of 12% and education cess of 3%) is levied on a domestic company on consideration paid by it as reduced by the amount which was received by the company for issue of such shares. As per Section 115QA of the ITA tax on buy-back is payable by a company irrespective of whether income tax is payable on its total income as computed under the ITA. The tax paid to the Indian Government for the buy-back is treated as the final payment of tax and no further credit may be claimed by the company or any other person in respect of the amount of tax so paid. Gains arising on buy back of shares shall be exempt in the hands of investors.

### **15(5) Business Income**

If the gains are characterized as business income in the hands of the investors, then the same would be taxable at as per the tax rates in Clause No. 15.2 as applicable to the

person on net income basis. Securities Transaction Tax ('STT') paid would be allowed as a deduction while computing business income.

### **15(6) Capital Gains**

The capital gains would be computed as under:

Sale consideration Rs. XXX  
 Less: Cost of acquisition (Note 1) Rs. XXX  
 Less: Expenses on such transfer Rs. XXX  
 Capital gains Rs. XXX

Note 1: In case of computation of long term capital gains, option of indexation of cost is available to resident on all securities (other than bonds and debentures).

Note 2: The cost of acquisition of bonus shares would be deemed to be NIL.

Note 3: STT paid will not be allowed as deduction while computing income from capital gains.

Tax implications in the hands of domestic investors on sale of equity / preference shares would be as under:

Period of Holding	Characterization	Tax Rate (Plus Surcharge as Applicable and Education Cess at 3%)
12 months or less (in case of listed shares) and 24 months or less (in case of unlisted shares)	Short Term	<ul style="list-style-type: none"> <li>- Tax rates in Clause No. 15.2 as applicable to the person, in case of shares not listed on any recognised stock exchange in India</li> <li>- 15%, in case of shares listed on a recognised stock exchange and the sale / transfer is subject to STT</li> <li>- Tax rates in Clause No. 15.2 as applicable to the person, in case of Preference shares listed on a recognised stock exchange,</li> </ul>
More than 12 months (in case of listed shares) and more than 24 months (in case of unlisted shares)	Long Term	<ul style="list-style-type: none"> <li>- 20% (after considering indexation) in case of shares not listed on any recognised stock exchange in India</li> <li>- 10% (without indexation) / 20% (after considering indexation), whichever is less, in case of shares listed on recognised stock exchange but not subject to STT</li> <li>- Nil, in case of shares listed on a recognised stock exchange and the sale / transfer is subject to STT</li> </ul>

### **15(7) Interest Income**

Interest income would be characterized as 'business income' or 'income from other sources' depending on whether the debentures are held as 'capital assets' or stock-in-trade. Further, gains arising on redemption of debentures prior to redemption would be



treated as interest income. Expenses incurred to earn such interest income would be available as deduction. Interest income would be taxable at the rates in Clause No. 15.2 as applicable to the investor.

#### **15(8) Dividend Income**

Dividend declared by an Indian company is exempt from tax in the hands of its shareholders, provided the company distributing the dividends has paid a dividend distribution tax as per the ITA.

#### **15(9) Capital Losses**

As per the provisions of the ITA, short term capital loss can be set off against both short term capital gains and long term capital gains but long term capital loss can be set off only against long term capital gains. The unabsorbed short term and long term capital loss can be carried forward for 8 (eight) assessment years.

#### **15(10) Income Stripping**

As per Section 94(1) of the ITA, where any person owning securities sells or transfers the same or similar securities and buys back or reacquires those securities and the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by such owner, the said interest payable, whether it would or would not have been chargeable to income tax apart from the provisions of Section 94(1) of the ITA, would be deemed to be the income of the owner of the securities and not to be the income of any other person subject to certain specified conditions.

As per Section 94(2) of the ITA, where any person has had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.

#### **15(11) Dividend Stripping**

Where any person (i) buys or acquires any securities within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a company for the purposes of entitlement of the holder of the securities to receive dividend) and such person (ii) sells or transfers such securities within a period of 3 (three) months after such record date, and (iii) the dividend or income on such securities received or receivable by such person is exempt, then, any loss arising to such person on account of such purchase and sale of securities, to the extent such loss does not exceed the amount of such dividend or income received or receivable, would be allowed to be set off for the purposes of computing his income chargeable to tax.

#### **15(12) Securities Transaction Tax ("STT")**

Delivery based purchases and sales of equity shares traded on recognized Indian stock exchanges are subject to STT at the rate of 0.1% on the transaction value of purchase or sale. Further, STT @ 0.2% on the transaction value is also leviable on sale of unlisted equity shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a stock exchange.

*Disclaimer: The tax information provided above is generic in nature and is subject to change from time to time. The actual tax implications for each Client could vary substantially from what is mentioned above, depending on the facts and circumstances of each case. The Client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his or her income or loss and the expenses incurred by him as a result of his investment in the Portfolio Management Service offered by the Portfolio Manager.*

#### **(16) ACCOUNTING POLICIES**

The following accounting policies/valuations will be applied for the portfolio investments of clients:

- (i) Investments in equities will be valued at the closing market prices of the National Stock Exchange of India Ltd. (NSE). If securities are not listed on NSE, then closing market prices of the Bombay Stock Exchange or the other stock exchanges where the securities are listed will be considered for the purpose of valuations. Investments in the units of mutual funds will be valued at latest NAV (Net Asset Value) declared for the relevant strategies on the date of valuation of portfolio investments. Investments in debt instruments will be valued at the market value of the debt instrument at the cut-off date.
- (ii) Realized gains/losses will be calculated by applying the First in First out (FIFO) method e.g. the earliest purchased quantity will be reckoned for the current/most recent sale at the respective prices.
- (iii) Transactions for purchase or sale of securities will be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year.
- (iv) For derivative transactions (if any), unrealized gains and losses on open position will be calculated by mark to market method.
- (v) Unrealized gains/losses are the differences between the current market values or NAV at a given date and the historical cost of the securities.
- (vi) Dividend on shares and units of mutual funds, interest on debt instruments, stock lending fees earned etc. shall be accounted on accrual basis.



## **(17) APPOINTMENT OF CUSTODIAN OF FUNDS AND SECURITIES**

We have appointed the below mentioned SEBI registered Custodian of Securities, as our Custodian for Settlement of Funds and Securities of the clients:

**Orbis Financial Corporation Limited**

**SEBI Registration No.: - IN/CUS/020 dated 16th June, 2017**

**Registered Office at - 4A, Technopolis Sector,**

**54, Golf Club Road, Gurgaon - 122002**

The appointment shall be effective from 3<sup>rd</sup> October, 2018.

## **(18) INVESTORS SERVICES**

### **(i) Investor Relation Officer**

Name	Ms. Debjani Sen
Address	Stewart & Mackerlich Wealth Management Limited Vaibhav, 5F, 4 Lee Road, Kolkata - 700020
Phone	+91 33 4011 5401
E-mail	investors@smifs.com

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. The officer named above will ensure prompt investor services. SMWML will ensure that this official is vested with necessary authority, independence and the means to handle investor queries and complaints.

### **(ii) Grievance Redressal and Dispute Settlement Mechanism**

SMWML will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. For this purpose, the clients/investors can contact the Investor Relations Officer at a designated email ID - [investors@smifs.com](mailto:investors@smifs.com). If there is no response from the Investor Relations Officer or the grievance is not satisfied within two days, the same shall be escalated to Head of Compliance for immediate action and if there is no response within five days, the same would be reported to the Designated Director.

If the investor still remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor may take up the grievance for redressal with Securities & Exchange Board of India (SEBI) through the centralized web based complaints redress system against the Portfolio Manager in SEBI Complaints Redress Systems (SCORES) at <http://scores.gov.in>.

If the investor still remains dissatisfied with the remedies offered, the investor and the Portfolio Manager shall abide by the following mechanisms:

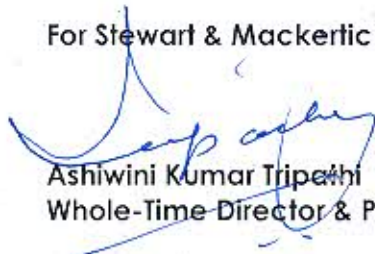
All disputes, differences, claims and questions whatsoever arising between the client and the portfolio manager and/or their respective representatives shall be settled in accordance with and subject to the provisions of The Arbitration and Conciliation Act,

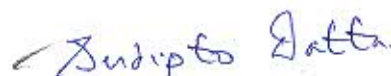
1996 or any statutory requirement, modification or re-enactment thereof for the time being in the force. Such arbitration proceedings shall be held at Kolkata or such other place as the Portfolio Manager thinks fit.

**(19) GENERAL**

Stewart & Mackertich Wealth Management Limited and the client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement.

**For Stewart & Mackertich Wealth Management Limited**

  
Ashwini Kumar Tripathi  
Whole-Time Director & Principal Officer



Sudipto Datta  
Manager & Compliance Officer



Date: 23<sup>rd</sup> October, 2018  
Place: Kolkata

**For C. K. CHANDAK & CO.**  
Chartered Accountants



Chandra kumar Chandak  
Proprietor  
M. No. 054297 Firm No. 326844E



**Date: 23<sup>rd</sup> October, 2018**

**To,  
The Board of Directors  
Stewart & Mackertich Wealth Management Limited  
Vaibhav, 5<sup>th</sup> Floor, 4 Lee Road  
Kolkata - 700020**

Dear Sir,

We have verified the books of accounts and other records of the Company and based on such verification and the information and explanations given to us for the period contained in the document dated 23<sup>rd</sup> October, 2018, we hereby certify that the disclosures made in the Disclosure Document, as required under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, are true, fair and adequate to enable the investors to make a well informed decision.

**For C.K. CHANDAK & CO.  
Chartered Accountants  
FR. No.: 326844E**

*C. K. Chandak*

**(Chandra Kumar Chandak)  
Proprietor  
M.No. 054297**

