

MAGADH CAPITAL ADVISORS LLP

Registered Office: 0 – 801, Floor 8 – Tower 1, Terra, Planet Godrej, Keshavrao Khadye
Marg, Saat Rasta, Jacob Circle, Mumbai 400 011
LLP IN: AAG-4940 Phone: +91 9821627938 E-mail: info@magadhcapital.com

DISCLOSURE DOCUMENT

As per the requirement of Schedule V and Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulation 2020:

- i. The Disclosure Document (“**Document**”) has been filed with the Securities and Exchange Board of India along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- ii. The purpose of the Document is to provide essential information about the Portfolio Management Services (“**PMS**”) in a manner to assist and enable the investors in making informed decision for engaging Magadh Capital Advisors LLP (“**Magadh**” or “**Magadh Capital**”) as a Portfolio Manager.
- iii. The disclosure document contains the necessary information about the Portfolio Manager, required by an investor before investing, and hence, the investor is advised to retain the document for future reference.

The following are the Details of the Portfolio Manager:

Name of the Portfolio Manager	Magadh Capital Advisors LLP
SEBI Registration Number	INP000007155
Registered Office Address	801, Floor 8 -Tower 1, Terra, Planet Godrej, Keshavrao Khadye Marg, Saat Rasta, Jacob Circle, Mumbai, Mumbai City, Maharashtra - 400011, India
Principal Place of Business	603 The Coworking Space, Matulya Centre, 2nd floor, Lower Parel, Mumbai, Maharashtra 400013, India.
LLPIN:	AAG-4940
Phone	+91 9821627938
Website	www.magadhcapital.com

The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:

Name of the Principal Officer	Mr. Vipul Prasad
Phone	+91 9821627938
Email	vipul.prasad@magadhcapital.com
Address	603 The Coworking Space, Matulya Centre, 2nd floor, Lower Parel, Mumbai, Maharashtra 400013, India.

Date: December 07, 2021

FORM C

**SECURITIES & EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS)
REGULATIONS 2020,**

Regulation 22

Name of the Portfolio Manager : Magadh Capital Advisors LLP
Regd. Office Address : 801, Floor 8 -Tower 1, Terra, Planet Godrej,
Keshavrao Khadye Marg, Saat Rasta, Jacob
Circle, Mumbai - 400011, Maharashtra, India
Telephone : +91 9821627938
Email : info@magadhcapital.com

We confirm that:

- i) The Disclosure Document forwarded to the Securities & Exchange Board of India (SEBI) is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time in this regard;
- ii) The disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of their portfolio to us/ investment in the Portfolio Management Services;
- iii) The Disclosure Document has been duly certified by an independent Chartered Accountant - J D Jhaveri & Associates, Chartered Accountants, having membership no. 045072 and office at A - 105, Silver Arch, Ceaser Road, Amboli, Opp. Filmalaya Studio, Andheri (W), Mumbai - 400058, Maharashtra India, Telephone: +91 22 2679 0595 on December 07, 2021.

For and on behalf of Magadh Capital Advisors LLP



Vipul Prasad

Principal Officer

Address: 603 The Coworking Space, Matulya Centre,
2nd floor, Lower Parel, Mumbai,
Maharashtra 400013, India

Date: December 07, 2021

Place: Mumbai

INDEX

1. Disclaimer	4
2. Definitions.....	4
3. Description	7
4. Penalties, Pending Litigation By Any Regulatory Authority.....	10
5. Services Offered	10
6. Direct Onboarding.....	144
7. Risk Factors.....	15
8. Client Representation.....	19
9. Financial Performance of Portfolio Manager	20
10. Performance of the Portfolio Manager for the last 3 years	20
11. Audit Observations	20
12. Nature of expenses	20
13. Conflicts of interest	23
14. Taxation	23
15. Accounting Policies Followed By The Portfolio Manager	27
16. Prevention Of Money Laundering & Know Your Customer	28
17. Investor Services.....	30

1. DISCLAIMER

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

2. DEFINITIONS

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), as may be amended from time to time.
- (b) “**Agreement**” or “**Client Agreement**” means the agreement between Portfolio Manager and its Client and shall include all schedules and annexures attached thereto and any amendments made to this Agreement by the Parties in writing.
- (c) “**Advisory Services**” shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. The Portfolio Manager shall be solely acting as an advisor to investments in general or any specific advice required by the Clients and entry /exit timing, execution and settlement are solely Client’s responsibility.
- (d) “**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 services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- (e) “**Assets**” means (i) the Portfolio and / or (ii) the Funds and/or (iii) the securities.
- (f) “**Body Corporate**” shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013.
- (g) “**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 Client Agreement.
- (h) “**Board**” means the Securities and Exchange Board of India.
- (i) “**Client**” means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio and / or Funds.

- (j) **Cost of Investments:** Purchase/Sale consideration will be calculated by applying the "weighted average cost" method. The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's contract note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- (k) **"Custodian"** means an entity appointed by SEBI that has been granted license to carry on the business of providing custodial services custodian with whom the Portfolio Manager enters into an agreement for availing custodial services for its clients.
- (l) **"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 Client Agreement.
- (m) **"Discretionary Portfolio Management Services"** means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the Client Agreement and in accordance with the various provisions of the Act, Rules and Regulations and/or other applicable laws in force and amendments made from time to time, under which the Portfolio Manager exercises any degree of discretion in the investments or management of Assets of the Client.
- (n) **"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 and / or the Funds and / or the assets of the Client, as the case may be.
- (o) **"Disclosure Document"** means this Disclosure Document filed by the Portfolio Manager with SEBI and as may be amended from time to time pursuant to the Regulations.
- (p) **"Effective Date"** means the date on which the Portfolio Management account of the Client is activated in the books of Portfolio Manager.
- (q) **"Financial Year"** means the year starting from April 1 and ending on March 31 of the following year.
- (r) **"Funds"** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Client Agreement and includes (i) the monies mentioned in the Application; (ii) any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the Client Agreement; or (iii) 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.
- (s) **"Minimum Investment"** Client has to adhere to minimum investment requirement as specified by SEBI or the Portfolio Manager, whichever is higher.
- (t) **"Non-discretionary Portfolio Management Services"** means a portfolio management service under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite

described period, invests in respect of the Client's account in any type of security entirely at the Client's risk and ensure that all benefits accrue to the Client's Portfolio.

- (u) **"Party"** or **"Parties"** means the Portfolio Manager or/and the Client.
- (v) **"Person"** includes an individual, a Hindu Undivided Family, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
- (w) **"Portfolio"** means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Client 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 Client Agreement, Securities acquired by the Portfolio Manager through investment of Funds in Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- (x) **"Portfolio Manager"** means Magadh Capital Advisors LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 and having its registered office 801, Floor 8 -Tower 1, Terra, Planet Godrej, Keshavrao Khadye Marg, Saat Rasta, Jacob Circle, Mumbai, Mumbai City, Maharashtra - 400011, India and principal place of business at 603 The Coworking Space, Matulya Centre, 2nd floor, Lower Parel, Mumbai, Maharashtra 400013, India which is registered with SEBI as a Portfolio Manager under SEBI (Portfolio Managers) Regulations, 2020, bearing Registration No. INP000007155
- (y) **"Principal Officer"** means an employee of the Portfolio Manager who is responsible for the activities of Portfolio Management and has been designated as Principal Officer by the Portfolio Manager.
- (z) **"Product"** means any of the current investment product or such products that may be introduced at any time in future by the portfolio manager.
- (aa) **"Regulations"** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended by SEBI from time to time.
- (bb) **"SEBI"** means the Securities and Exchange Board of India.
- (cc) **"Securities"** means as defined under the Securities Contracts (Regulation) Act, 1956, as may be amended by SEBI from time to time.

Words and expressions used in this Document and not expressly defined hereunder 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 the Regulations.

3. DESCRIPTION

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

Magadh Capital was incorporated with an aim to provide a conventional style based, fundamental research driven platform to invest for large investors – high net worth individuals, family offices, corporates, financial institutions etc. - in India and abroad. The founder of Magadh Capital, the principal officer of the PMS, had earlier worked for twelve years as an institutional equity research analyst with large investments banks advising large institutional investors- largely foreign institutional investors but also some of the largest Indian mutual funds, regarding stock investments in Indian markets. During this long stint he felt that there were not enough equity investment vehicles that offered a fund based on a combination of fundamental research and behavioral finance for wealth creation and accordingly decided to start this venture. Magadh Capital received its license from SEBI for its AIF, category III in 2016 and for its PMS in 2021.

We are only in the business of fund management. We had run our Magadh Capital Long-Term Growth Scheme, AIF category III fund for about three years during 2018-2020. Having run this fund we have got enough confidence in our process, style and philosophy and accordingly have enhanced our offering with a PMS in 2021. In our process a very important part is ensuring that investors' interests are aligned with the fund managers' interests. Accordingly, we remain selective in the investors that we take onboard.

Key Events:

1.	Date of Incorporation as a limited liability partnership firm incorporated under the Limited Liability Partnership Act, 2008	:	28 th May, 2016
2.	Received license to operate an AIF, Category III	:	24 th November, 2016
3.	Received license to operate Portfolio Manager Activities	:	15 th February, 2021

(b) Partners and their background:

(1) Mr. Vipul Prasad:

Mr. Vipul Prasad is the Principal Officer / Portfolio Manager, CEO and a designated partner of Magadh Capital Advisors LLP.

Vipul Prasad has handled senior roles in investment management, equity research, planning, marketing and maintenance in fields of investment banking and manufacturing in his career spanning over twenty-four years. Between January 2018 and November 2020, he has managed Magadh Capital Long-Term Growth Scheme as an AIF, category III a fundamental investment based multi-cap, sector agnostic fund with a long-term investment horizon.

Prior to setting up Magadh Capital he had worked for more than twelve years as lead equity research analyst with some large and reputed investment banks (ten years with

Morgan Stanley, and one year each with ABN AMRO Asia Equities and Motilal Oswal Securities) advising institutional investors like mutual funds, sovereign wealth funds, pension funds, hedge funds and PE funds from across the world on stock investments, based on fundamental research, in Indian metals and mining, cement and media sectors. As an equity research analyst Vipul advised clients who were some of the largest foreign and domestic institutional investors in Indian stock markets (the larger ones worked with total Asset Under Management of up to US\$ 750b and with India equity asset base of up to US\$ 5b) and enjoyed good reputation for fundamental research, industry understanding, valuation skills and integrity. He also played important role as research analyst in many large IPO/FPO like Coal India (in 2010, the largest IPO in India so far at US\$ 3.3b), National Mineral Development Corporation (in 2010), Entertainment Networks India Ltd (in 2006), Hathway Cable (in 2010) etc. Vipul was also instrumental in rights issues of companies like Tata Steel, Hindalco, Sterlite, Vedanta etc.

As leader of sector equity research teams his job involved predicting movement in stock prices based on analysis of macroeconomic and industry trends, company and competitor strategy, key success parameters, identification of main business drivers, forecast of income statements / balance sheets / cash flows, and valuations.

In his role as lead equity research analyst for metals and mining sector research, apart from tracking the global commodity sector Vipul has also keenly followed trends in Indian infrastructure, capital goods, power and utilities, oil and gas and automobile sectors over twelve years. He was consistently ranked amongst top equity analysts in client ratings – both internally as well as externally {Institutional Investor (2012, 2014, 2015), Asiamoney (2008)}, and in other rankings like India Today (2008) and Bloomberg (2007).

He was Executive Director, Equity Research with Morgan Stanley (based in Mumbai) before founding Magadh Capital Advisors. Earlier in his career he had worked with BASF India for a year in marketing, and with SAIL (Steel Authority of India Ltd) for six years in planning, maintenance and operations.

Vipul has experienced two bull and bear cycles in Indian equity market as an investment industry professional. He is a voracious reader with keen interest in history (including equity markets'), behavioural finance, economics and global geopolitics.

He is a regular contributor to business newspaper columns on macroeconomics and equity markets. He has presented on metals industry trends in industry forums and seminars and has been regularly quoted in print and electronic media on equity markets, stocks and sector prospects. He also served on Indian government's working group on steel industry in 2013.

Vipul holds a Master's in Business Administration from Indian Institute of Management, Kolkata (PGDM in Finance and Strategy, in 2002) and a Bachelor's degree (B. Tech in Mechanical Engineering, in 1994) from Indian Institute of Technology, BHU, Varanasi.

(2) Mr. Vivek Prasad

Mr. Vivek Prasad is a designated partner of Magadh Capital Advisors.

Vivek Prasad has been an entrepreneur for more than thirteen years and has nurtured businesses in sectors as diverse as petrochemicals, healthcare and food.

Before starting his journey as an entrepreneur, he had worked with reputed companies at senior levels. In his last stint before turning into an entrepreneur Vivek had held national level position at Bausch and Lomb India proved for marketing and channel management in a retail environment. Prior to that he had worked with Marubeni Corp of Japan for six years in equipment finance and business development especially for machinery for automobile, petrochemical and construction industry. He had also worked at Tata International earlier in the field of international trade

He is an avid trekker and a nature enthusiast. He has been to several high-altitude expeditions in the Himalayas. Vivek is an MBA from Narsee Monjee Institute of Management Studies, Mumbai (Marketing with International Business, in 1996) and a BE (Mechanical Engineering, in 1992) from MSRI, Bangalore.

(3) Mr. Vikram Sinha

Mr. Vikram Sinha is a partner of Magadh Capital LLP.

Vikram is a seasoned turn around telecom professional with over 19 years of strong international experience with last 7 years as business head, with assignments ranging from Indonesia, Myanmar, South East Asia, Africa, Middle-East and India. He has successfully demonstrated leadership in various operations in various capacities to bring the operations from non-profitable to profitable, non-leadership to leadership positions.

(c) Group companies' information (i.e. the information related to top 10 group companies / firms of the Portfolio Manager on turnover basis) (as per audited financial statements for the year ended March 2021)

There is no group company of Magadh Capital Advisors LLP.

(d) Details of the Services being offered: Discretionary / Advisory

i. Discretionary Services:

Under these services, 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 Fund's is absolute and final and can never be called in question or be open to review at any time during the currency of the Client Agreement or at any time thereafter except on the ground of fraud, mala fide, 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.

ii. Advisory Services

Under these services, the Portfolio Manager advises the Client on investments in general or any specific advice required by the Clients and agreed upon in the Client agreement. The Portfolio Manager will render the best possible advice to the client having regard to the client's needs and the investment requirement, and his own professional skills. The same can be binding or non - binding in nature or in such terms as mentioned in the Client agreement. For such services, the Portfolio Manager charges the Client a fee for services rendered mentioned in the Client agreement. The advice may be either general or specific in nature and may pertain to a particular portfolio. Entry / exit timing, execution and settlement are solely the Clients responsibility.

4. PENALTIES, PENDING LITIGATION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY

i.	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made there under:	:	None
ii.	The nature of the penalty / direction:	:	None
iii.	Penalties imposed for any economic offence and / or for violation of any securities laws	:	None
iv.	Any pending material litigation / legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	:	None
v.	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency	:	None
vi.	Any enquiry / adjudication proceedings initiated by the Board as on date 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 thereunder	:	None

5. SERVICES OFFERED

I. Discretionary PMS:

The Portfolio Manager manages the Assets of the Client using the following strategies:

Sector-agnostic strategy in Indian listed equity space, based on a mix of fundamental research and behavioral finance. Our stock selection is driven by our bottom-up fundamental research based methodology. Here we are also mindful of the top down market and sector trends. The portfolio construction is based on our proprietary FACTS box process.

The Portfolio Manager may design and develop various products keeping in mind market conditions and sector/stock opportunities. The Portfolio in all cases will be guided strictly by the relevant guidelines, Acts, rules, Regulations, and notifications. The instrument may be principal protected or non-protected, which may have fixed or variable pay-offs. The investment objective of the Portfolio Manager shall be to generate attractive growth of capital with optimal risks, and at the same time to reduce the risk of permanent capital erosion. However, while the aforesaid is the objective, it needs to be reiterated that there can be no assurance and / or guarantee of such growth or even as regards preservation of capital or of there being no capital loss. The amount invested by the Client may be subject to a lock in period as detailed in the relevant schedule to the Client Agreement.

The main features under Magadh Capital's Discretionary Portfolio Management Services are:

i) Application of rigorous fundamental equity research and behavioral finance, ii) Intense focus on risk mitigation, and iii) Continuous assessment of gap between stocks' fair value and market price.

NOTE:

- Investments shall be made in accordance with the Regulations.
- The uninvested amounts forming part of the Client's Assets may, 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 may, with the consent of the Client, lend the securities through an approved intermediary.
- The Portfolio Manager shall, prior to investing in the securities of associate / group companies, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made. Investments under the Portfolio in securities of the group companies will be subject to the limits (if any) prescribed in the Client Agreement subject to the applicable laws / regulations / guidelines.

Currently the Portfolio Manager offers following Investment Approaches under Discretionary Management Services:

1. Value For Growth
2. Future Stars

II. Investment Approaches of the Portfolio Manager:

The investment objective and investment approach of the existing portfolios offered are as follows:

1. VALUE FOR GROWTH: SECTOR AGNOSTIC, MULTI-CAP INVESTMENT APPROACH

Investment Objective: To help investors create wealth over 2-4 years without taking undue risks. Towards this objective, we aim to i) Protect the capital from – a) deep and prolonged bear markets, b) concentration risk, and c) extreme volatility, and ii) Provide

capital appreciation over long term by – a) spotting mispricing in equities, and b) constructing a stock portfolio consisting of a mix of good stocks with high growth potential, or with above market growth and high predictability.

Product Strategy and Basic Details: Value for Growth: A multi-cap, sector agnostic investment approach with Nifty 500 as the benchmark. The portfolio will always have at least 35% exposure to large-cap stocks.

To buy good companies with sustainable competitive advantages, or sustainably improving businesses, at fair price. They key markers for competitive advantages that we focus on are earnings growth and return ratios. We follow fundamental research for stock selection.

Description of Securities: Investors’ funds would primarily be invested in equity shares and equity linked instruments issued by companies which are listed in India. Some part of funds may be invested in money market funds, liquid funds, debt funds or/and kept as cash in bank.

Basis of Selection of type of security:

- Focus should be on fast growing and/or mispriced companies led by good management
- Leadership – existing or potential- in a sector or sub-sector, backed by sustainable competitive advantages are some key indicators for good companies
- Corporate governance is an important filter to use

Allocation of portfolio across types of securities:

Type of security	Allocation in portfolio
Equity and equity linked instruments - Large Cap	At least 35%
Equity and equity linked instruments- Mid Cap & Small Cap	Up to a maximum of 65%
Debt / Money market funds / Liquid funds / Mutual Funds / Bank Deposits	Will depend on fund manager’s market call but generally should not exceed 10-15%

Note: There will be no prior intimation or prior indication given to the investor/client whenever there is a change in the composition / asset allocation pattern. The change will be at the Fund Manager’s discretion subject to market risks, various micro and macro factors and forces affecting the capital markets and include price fluctuation risks.

Benchmark: Nifty 500 is the index that we use for benchmarking our performance. The portfolio consists of a diversified mix of companies across sectors and market capitalization curve. NIFTY 500 index is a fair mix of large cap, mid cap and small caps stocks from across sectors. It is a well-diversified index and represents the same segment of Indian equity markets that our Value for Growth investment approach is focused on. Hence, Nifty 500 has been selected as the benchmark for comparing performance of this investment approach.

Recommended Investment Horizon, Lock-in period, Exit Loads: The Investment Approach shall not be subject to any lock-in period or to any exit load although the investment horizon should be 2-4 years, ideally.

Direct Option: Investor may invest with us directly as well. To invest in any of our PMS strategies directly, kindly write to us at <mailto:investor.info@magadhcapital.com>

Risks associated with the investment approach: Risk factors associated with the investment approach are Equity risk, Systematic risk, Concentration risk, Model portfolio risk, Mismatch risk and Execution risk. For detailed risk factors, please refer the Clause on Risk Factors of this disclosure document.

2. FUTURE STARS: SECTOR AGNOSTIC, SMALL AND MID- CAP FOCUSED INVESTMENT APPROACH

Investment Objective: To help investors create wealth over 3-5 years by delivering superior risk adjusted returns. Towards this objective, we aim to i) Protect the capital from – a) deep and prolonged bear markets, b) concentration risk, c) extreme volatility, and d) corporate mis-governance, and ii) Provide capital appreciation over long term by – a) spotting mispricing in equities, b) constructing a stock portfolio with some well calibrated volatility risk but with low portfolio correlation, and c) investing in high growth companies.

Product Strategy and Basic Details: Future Stars: A small-cap and mid-cap, sector agnostic investment approach with Nifty mid-cap 100 index as the benchmark. At least 75% of the Future Stars portfolio will be allocated to mid-cap and small cap space.

To identify and buy companies that can deliver multifold gains in free cash flows, can get into sector leadership and/or are positioned to gain disproportionately from industry tailwinds - over next 3-5 years.

A combination of proper equity analysis, active monitoring, patience, and long-term horizon – that we intend to follow has been a proven way to wealth creation. Volatility risk in this journey can be sizeable but the idea here is to catch some potential multi baggers early in their life cycles even with relatively modest hit ratios.

Description of Securities: Investors' funds would primarily be invested in equity shares and equity linked instruments issued by companies which are listed in India. Some part of funds may be invested in units of money market funds, liquid funds, debt funds and/or some part may be kept as cash in bank.

Basis of Selection of type of security:

- Focus should be on fast growing and/or mispriced companies led by good management
- Leadership – existing or potential- in a sector or sub-sector, backed by sustainable competitive advantages are some key indicators for good companies
- Corporate governance is an important filter to use

Allocation of portfolio across types of securities:

Type of security	Allocation in portfolio
Equity and equity linked instruments (small-cap and mid-cap)	At least 75%
Equity and equity linked instruments (Large Cap)	up to 25%
Debt / Money market funds / Liquid funds / Mutual Funds / Bank Deposits	Will depend on fund manager's market call but generally should not exceed 10-15%

Note: There will be no prior intimation or prior indication given to the investor/client whenever there is a change in the composition / asset allocation pattern. The change will be at the Fund Manager's discretion subject to market risks, various micro and macro factors and forces affecting the capital markets and include price fluctuation risks.

Benchmark: Nifty mid-cap 100 is the index that we use for benchmarking our performance. The portfolio's strategy is to invest largely in Companies with mid-and-small market capitalization diversified across sectors. At the same time, in order to balance the risks, up to 25% of the portfolio will be invested in large cap stocks. Thus, on a portfolio basis we expect the risk profile to be similar to that of Nifty mid-cap 100 index. Hence, Nifty mid-cap 100 index has been selected as the benchmark for comparing performance of this investment approach.

Recommended Investment Horizon, Lock-in period, Exit Loads: The Investment Approach shall not be subject to any lock-in period, although the investment horizon should be 3-5 years, ideally. Redemption during first 12 months will attract exit load of 0.5%.

Direct Option: Investor may invest with us directly as well. To invest in any of our PMS strategies directly, kindly write to us at [mailto: investor.info@magadhcapital.com](mailto:investor.info@magadhcapital.com)

Risks associated with the investment approach: Risk factors associated with the investment approach are Equity risk, Systematic risk, Concentration risk, Model portfolio risk, Mismatch risk and Execution risk. *This investment approach focuses more towards mid-cap and small cap sector stocks and hence its NAV may be more volatile. For the same reason, corporate misgovernance risk are also there.* For detailed risk factors, please refer the Clause on Risk Factors of this disclosure document.

III. The policies for investments in associates / group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws / regulations / guidelines

The Portfolio Manager does not have an associate company / group company.

6. DIRECT ONBOARDING

Clients have the option for direct on-boarding without intermediation of any person engaged in distribution services to avail services of Magadh Capital Advisors LLP by dropping an email on investor.info@magadhcapital.com.

Also Portfolio Manager shall not charge any fees to Clients at the time of direct onboarding except the statutory charges applicable for execution of the agreement and related documents for account opening.

7. RISK FACTORS

(a) General risk factors applicable to investments:

- i. Investments in Securities are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- ii. Past performance of the Portfolio Manager does not indicate its future performance.
- iii. Investors are not being offered any guaranteed or assured return(s) i.e. either of principal or appreciation of the Portfolio.
- iv. Investors may note that Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.
- v. Investors may not be able to voluntarily withdraw from the Portfolio. In addition, they may not be able to transfer any of the interests, rights, or obligations with regard to the Portfolio except as may be provided in the relevant Client Agreement and the Regulations.
- vi. The Portfolio may be affected by settlement periods and transfer procedures.
- vii. The Portfolio Management Service is subject to risk arising from the investment objective, investment strategy and asset allocation.
- viii. The Portfolio Manager carries out risk profiling of the Clients at the time of initial investment. In case the Client does not inform the changes in the profile, there may be a risk of investment advice on the basis of incorrect risk profiling of the Client due to insufficient information provided by such Client.
- ix. The Client should read the Document and terms and conditions of the product properly before making any investment decision. The Portfolio Manager would be acting on the advice of experts in the relative fields but would not be responsible for any loss occasioned by any act or omission on the part of such persons.
- x. A Portfolio which tends to concentrate on a specific asset class or a specific sector could carry the risk with regard to non-diversification of the Portfolio and hence, the scope for diversification could be limited at times. There could be instances when the Portfolio might have an unusually high exposure to a few stocks.
- xi. There are inherent risks arising out of investment objectives, investment approach, investment strategy, asset allocation and non-diversification of portfolio.
- xii. All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio.
- xiii. The investments are vulnerable to movements in the prices of Securities in the Portfolio as managed by the Portfolio Manager, which could have a material bearing on the overall returns from the Portfolio. The value of the Portfolio, may be affected generally by factors affecting securities markets, such as price and volume, volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.
- xiv. The Portfolio Manager has commenced portfolio management services operations in February, 2021 and has no track record, with regard to activities of a portfolio manager prior to it.

(b) Risks related to equity and equity linked investments:

- i. The liquidity of the Portfolio is inherently restricted by trading volumes in the Securities in which it invests.
- ii. The valuation of the Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, geopolitical developments, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. There will be no prior intimation or prior indication given to the Clients when there is a change in the composition / asset allocation pattern.
- iii. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the Securities in the Portfolio. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended securities purchases due to settlement problems could cause the Portfolio Manager to miss certain investment opportunities, By the same rationale, the inability to sell Securities held in the Portfolio due to the absence of a well-developed and liquid secondary market for debt securities would result, at times, in potential losses to the Portfolio, in case of a subsequent decline in the value of Securities held in the Portfolio.
- iv. In case of dividend yield portfolios, returns from the Portfolio could depend on the dividend earnings and capital appreciation, if any, from the underlying investments in various dividend yield companies. The dividend earnings from the Portfolio may, vary from year to year based on the philosophy and other consideration of each of the high-dividend yield companies. Further, it should be noted that the actual distribution of dividends and frequency thereof by the high-dividend yield companies in future would depend on the quantum of profits available for distribution by each of such companies. Dividend declaration by such companies will be entirely at the discretion of the shareholders of such companies, based on the recommendations of its board of directors. Past track record of dividend distribution may not be treated as indicative of future dividend declarations. Further the dividend yield stocks may be relatively less liquid as compared to growth stocks.
- v. Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. This may however increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- vi. While securities that are listed on the stock exchange carry relatively lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges, money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investment(s) incurring losses till the security is finally sold.

- vii. The Portfolio Manager may, subject to authorisation by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell / lend out securities, which can lead to temporary illiquidity. There are risks inherent in Securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
- viii. To the extent of investments made in Securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in regulations concerning exchange controls or political circumstances as well as the Application to it of other restrictions on investment.

(c) Risks related to investments in debt and debt related instruments:

- i. Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the Portfolios, as the prices of Securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term Securities generally fluctuate more in response to interest rate changes than prices of short-term Securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- ii. Liquidity or Marketability Risk: This refers to the ease with which a Security can be sold at or near to its valuation yield-to-maturity. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.
- iii. Credit Risk: Credit risk or default risk refers to the risk that an issuer of a fixed income Security may default (i.e., will be unable to make timely principal and interest payments on the Security). Due to this risk, corporate debentures are sold at a higher yield above those offered on government securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income Security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.
- iv. Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the Securities under a particular Portfolio are reinvested. The additional income from reinvestment is the 'interest on interest' component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- v. The Portfolio Manager may, considering the overall level of risk of the Portfolio, invest in lower rated / unrated Securities offering higher yields. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the relevant Client Agreement.

(d) Risks related to investments in derivatives instruments:

- i. 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. 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 the Client should understand.

- ii. 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.

(e) Risks specific to investments in mutual fund schemes:

- i. Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.
- ii. As with any securities investment, the Net Asset Value (NAV) of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.
- iii. Past performance of the sponsors, asset management company (AMC) / fund does not indicate the future performance of the schemes of the fund.
- iv. The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the scheme's portfolio.
- v. The Portfolio Manager shall not responsible, if the AMC / fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time.
- vi. The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC / the fund.
- vii. While it would be the endeavor of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.
- viii. The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this Portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.
- ix. The Portfolio Manager does not offer any guaranteed or assured returns to the investors.

8. CLIENT REPRESENTATION

<u>Details of Client's accounts activated:</u> Category of Clients	As on 31st March, 2021		As on 31st March, 2020		As on 31st March, 2019		Discretionary/ Non Discretionary, if any
	No. of Clients	Funds Managed (INR crores)	No. of Clients	Funds Managed (INR crores)	No. of Clients	Funds Managed (INR crores)	
Associate/ Group Companies (last 3 years)	0	0	0	0	0	0	Discretionary
Others (last 3 years)	0	0	0	0	0	0	Discretionary
Total	0	0	0	0	0	0	

Note: The Portfolio Manager was registered with SEBI as a portfolio manager under the Regulations on February 15, 2021 and started operations in August, 2021. Hence the above data for the last three years is not applicable.

i. Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India

- **Names of related parties and nature of relationship (as on March 31, 2021) are as under:**

- Related parties where control exists: Magadh Capital Advisors LLP does not have any holding company, subsidiary company, fellow subsidiary company or associate company.
- Key Management Personnel: Vipul Prasad (Principal Officer / Portfolio Manager and Designated partner)
- Other related parties: None.

- **Transactions with related parties as on March 31, 2021 (Amount in Rupees):**

The Company has no related party transaction.

ii. Appointment of Custodian:

Kotak Mahindra Bank Ltd. is appointed as custodian with its office at 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai MH 400051. The Portfolio Manager may use the custodian services of any other custodian as may be empaneled from time to time for its Portfolio Management Services.

iii. Appointment of Broker:

The following is/are appointed as broker:

Sr. No.	Name of the Broker	Address
1.	Phillip Capital (India) Pvt. Ltd.	No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg, Lower Parel West, Mumbai - 400013

The Portfolio Manager may use the broking services of any other broker as may be empaneled from time to time for its Portfolio Management Services.

9. FINANCIAL PERFORMANCE OF PORTFOLIO MANAGER (BASED ON AUDITED FINANCIAL STATEMENTS)

Financial highlights (Audited) of Magadh Capital Advisors LLP for the last 3 financial years are given as under:

Particulars	(In lakhs)		
	FY2019	FY2020	FY2021
Gross Income	20.73	17.36	42.90
Profit/(Loss) before Depreciation and Tax	-11.34	-5.61	-9.76
Depreciation	-0.29	-0.27	-0.16
Profit/(Loss) before Tax	-11.63	-5.88	-9.92
Provision for Tax	0	0	0
Profit/(Loss) After Tax	-11.63	-5.88	-9.92
Balance brought forward from previous year	-56.17	-67.80	-73.68
Amount available for appropriation	-67.80	-73.68	-83.60
Profit/(Loss) carried forward to the Balance Sheet	-67.80	-73.68	-83.60

10. THE 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 22 OF THE SEBI (PORTFOLIO MANAGERS) REGULATION 2020

The Portfolio Manager was registered with SEBI as a portfolio manager under the Regulations on February 15, 2021 and started operations in August 2021. Hence performance for the last three years is not applicable.

11. AUDIT OBSERVATIONS

There are no audit observations for the preceding 3 years.

12. NATURE OF EXPENSES

- (a) Subject to the Regulations and circulars issues thereunder, no upfront fees shall be charged by the Portfolio Manager, either directly or indirectly, to the Client.

- (b) **Investment Management and Advisory Fees:** Investment Management and Advisory fees charged will be based on assets under management (AUM). Subject to the Regulations, the fees may be charged at the end of a specified tenure as agreed between the Client and the Portfolio Manager under the relevant Client Agreement.
- (c) **Custodian Fees:** As may be decided between the Client and the Portfolio Manager under the relevant Client Agreement.
- (d) **Registrar and transfer agent fee:** Fees payable to the Registrar and Transfer Agents for effecting transfer of securities
- (e) **Brokerage and Transaction Cost:** The investments under Portfolio Management would be done through registered members of the stock exchange(s) who will charge brokerage. In addition to the brokerage, transaction cost like 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 shall also be levied by the broker. Brokerage shall be charged on actuals to the Client as an expense.
- (f) **Goods and Service Tax and other taxes:** As applicable from time to time.
- (g) **Depository Charges:** As may be applicable from time to time.
- (h) **Entry Load / Exit Load:** Subject to the Regulations, as may be mutually agreed to between the Client and the Portfolio Manager under the relevant Client Agreement.
- (i) **Certification and professional charges:** Charges payable for outsourced professional services like accounting, auditing, taxation and legal services, etc. for documentation, notarizations, certifications, insurance charges, attestations required by bankers or regulatory authorities including legal fees etc.
- (j) **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.
- (k) **Statutory Charges for Direct Onboarding** - Portfolio Manager shall not charge any fees to Clients at the time of direct onboarding except the statutory charges applicable for execution of the agreement and related documents for account opening.

Note: Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Services, shall not exceed 0.50% per annum of the Client's average daily assets under management. Subject to the Regulations and circulars issued thereunder, entry or exit loads (if any) on units of mutual funds shall also be charged from client in accordance with the Client Agreement. All other statutory levies/ charges such as Stamp Duty, Security Transaction Tax and Indirect Taxes etc. would be levied separately as per the prevailing rates from time to time

Investors may note that, the fees / expenses that may be charged to Clients mentioned below are indicative only.

I.	Investment Management and Advisory Fee*	
	1. Performance Fee	Up to 30% of portfolio return delivered.
	2. Management Fees based on asset under management (AUM)	Up to 3% on AUM
	3. Exit Loads (if redeemed in part or full) (a) In the first year from the date of investment (b) In the second year from the date of investment (c) In the third year from the date of investment (d) After three years from the date of investment	-Up to 3% of the amount redeemed -Up to 2% of the amount redeemed -Up to 1% of the amount redeemed -No exit load
II.	Custodian Fee + Fund Accounting Charges + Other Operating Expenses	Based on actuals Up to 0.5% of AUM
III.	Brokerage and Transaction Costs	Based on actuals

*Note: i) The Portfolio Manager shall deduct directly from the Cash Account of the Client all the fees / cost i.e. transaction fee, brokerage charges, demat fees, and / or disbursement made in respect of the investments (and / or disbursements) and / or any incidentals in the form of stamp duties, registration charges, professional fees, legal fees, consultancy charges, service charges, etc. and such other expenses, duties, charges incurred on behalf of the Client on account of the services provided or require the Client to make the payments separately to the Portfolio Manager, at the option of the Portfolio Manager. Other expenses which could be attributable to the Portfolio Management Services would also be directly deducted and the client would be provided details of the same. The Portfolio Manager is also entitled to recover, from the Client, all the accrued fees / cost as mentioned above.

ii) The exact fees charged to the Client relating to each of the services will vary depending upon the exact nature of the services to be provided.

iii) All other statutory levies/ charges such as Stamp Duty, Security Transaction Tax and Indirect Taxes etc. would be levied separately as per the prevailing rates from time to time

iv) Portfolio management fees could include a fixed management fee and a variable performance fee. The amount of fixed and variable fees will be as agreed with the client and defined in the Agreement. Issues related to the frequency at which fees are charged and how they are calculated will also be as defined in the Agreement with each individual client. The performance fees as agreed with the client in the Agreement will be based on returns over a hurdle rate as agreed in the Agreement, with a high watermark. Performance fees will be charged on performance over the hurdle rate, management fee and any costs of trading. Any individual expenses in excess of 5% shall be indicated separately.

v) Charges for all transactions in a financial year (Broking, Demat, custody etc.) through self or associates shall be capped at 20% by value per associate (including self) per service. Any charges to self/associate shall not be at rates more than that paid to the non-associates providing the same service.

13. DETAILS OF CONFLICTS OF INTEREST RELATED TO SERVICES OFFERED BY GROUP COMPANIES OR ASSOCIATES OF THE PORTFOLIO MANAGER

The Portfolio Manager does not have an associate company / group company, hence there is no conflict of interest.

14. TAXATION

Potential clients should consider the following summary of certain taxation aspects of the products offered under the Portfolio Manager Services. The clients are advised to appraise themselves as to any income or other tax consequences which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the products offered. In view of the particular nature of tax consequences, each client is advised to consult its own tax adviser with respect to the specific tax consequences.

The following summary is based on the law and practice of the Income-tax Act, 1961 (the "ITA"), Income-tax Rules, 1962 (the "Rules"), and various circulars and notifications issued thereunder from time to time. The ITA is amended every year by the Finance Act of the relevant year and this summary reflects changes made up to Finance Act of 2020. The rates specified below are applicable for the financial year 2021-22 (assessment year 2022-23). Further, the Taxation Laws (Amendment) Act, 2019 and the Finance Act, 2020 have introduced some new provisions and also amended certain existing provisions of the ITA, which have been considered in the summary below. The rates, unless otherwise specified, are exclusive of applicable surcharge and health and education cess.

As per the Finance Act, 2020, the surcharge applicable to income generated by resident companies for the Financial Year 2021-22 is 7% where the total income exceeds INR 1 crore but does not exceed INR 10 crore and 12% where the total income exceeds INR 10 crore. 10% of income tax where resident company opted for Section 115BAA and 115BAB.

Further, as per Finance Act, 2020, surcharge applicable to income generated by companies other than domestic companies, for the Financial Year 2021-22 is 2% where the income exceeds INR 1 crore but does not exceed INR 10 crore and 5% where the income exceeds INR 10 crore.

Also, as per the Finance Act, 2020, the surcharge applicable to income generated by resident and non-resident individual assessee for the Financial Year 2021-22 is (a) 10% where the total income (including income by way of dividend, and capital gains chargeable under s.111A and s.112A of the ITA) exceeds INR 50 lakhs but does not exceed INR 1 crore, (b) 15% where the total income (including income by way of dividend, and capital gains chargeable under s.111A and s.112A of the ITA) exceeds INR 1 crore but does not exceed INR 2 crore, (c) 25% where the total income (not including income by way of dividend or income under s. 111A and s. 112A of the ITA) exceeds INR 2 crore but does not exceed INR 5 crore and (d) 37% where the total income (not including income by way of dividend or income under s. 111A and s. 112A of the ITA) exceeds INR 5 crore and (e) 15% where the

total income (including income under s. 111A and s. 112A of the ITA) exceeds INR 2 crore but the resident or non-resident individual assessee does not fall within (c) or (d)' provided that in all of the aforementioned cases, where the total income of an individual includes any income by way of dividend or income chargeable under section 111A and section 112A of the ITA, the rate of surcharge on the amount of Income-tax computed in respect of that part of income shall not exceed 15%; and provided further that in the case of individuals mentioned having total income exceeding,— (a) INR 50 lakhs but not exceeding INR 1 crore, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of INR 50 lakhs by more than the amount of income that exceeds INR 50 lakhs; (b) INR 1 crore but does not exceed INR 2 crores, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of INR 1 crore by more than the amount of income that exceeds INR 1 crore; (c) INR 2 crores but does not exceed INR 5 crores, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of INR 2 crores by more than the amount of income that exceeds INR 2 crores; (d) INR 5 crores, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of INR 5 crores by more than the amount of income that exceeds INR 5 crores.

This information does not purport to be a complete analysis of all relevant tax considerations; nor does it purport to be a complete description of all potential tax costs, incidence and risks inherent in purchasing or holding the products offered under the Portfolio Manager Services. The information contained herein is based on an interpretation of prevailing tax legislation and could therefore change or be adversely affected if alternative interpretations are adopted.

There can be no guarantee that the positions herein regarding taxation of the products offered under the Portfolio Manager Services would be necessarily accepted by the income tax authorities under the ITA. No representation is made by the Portfolio Manager or any employee, partner or agent of the Portfolio Manager in regard to the acceptability or otherwise of the positions herein regarding taxation of the products offered by the income tax authorities under the ITA. Prospective clients are urged to consult their own tax advisors in this regard.

Income Tax:

The maximum tax rates applicable to different categories of assesses are as follows:

Particulars	Tax Rate(%)
Resident individual & HUF	30
Partnership Firms & Indian Companies (Other than specified companies below)	30
Indian Companies having turnover less than 400 crores during the financial year 2018-19	25
If Company opted Section 115BA	25
If Company opted Section 115BAA	22
If Company opted Section 115BAB	15
Foreign Companies	40
Non Resident Individuals	30

Taxes on Dividends

Until financial year 2019-20, dividends declared by Indian companies were exempt from tax in the hands of the investors (except in certain specified cases) provided the Portfolio Company distributing the dividends had paid the dividend distribution tax (“**DDT**”).

However, the Finance Act, 2020 has abolished DDT and reverted to the classical system of taxation of dividends in the hands of the shareholders. Accordingly, with effect from April 1, 2020, dividends now form part of a person’s total income and are taxable in the hands of the shareholders at the applicable marginal tax rates (with the exemption of non-resident shareholders, in whose hands dividends are taxable at the rate of 20%). Any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realising the dividends may be claimed as a deduction, provided that no deduction shall be allowed from the dividend income other than deductions on account of interest expense, and in any previous year such deduction shall not exceed twenty per cent of the dividend income.

In the case of dividends paid to resident investors, the Indian company distributing the dividend is required to deduct tax at the rate of 10%.¹

In case of dividends paid to non-resident investors, the Indian company distributing the dividend is required to deduct tax at the rates of 20%, subject to more beneficial tax rates that may be available under an applicable tax treaty. A foreign tax credit may be available against the tax paid on dividends in India in the country of the non-resident investor.

Taxes on Capital Gains

a) Long Term Capital Gains

For Resident Persons

Long term capital gains arising on a transfer of capital assets being listed equity shares should be subject to capital gains tax at the rate of 10%, provided that securities transaction tax has been paid on the acquisition and transfer of the listed equity shares.

Long term capital gains arising on a transfer of capital assets being units of an equity oriented mutual fund or units of a business trust should be subject to capital gains tax at the rate of 10%, provided that securities transaction tax has been paid on the transfer of the units.

Long term capital gains arising on a transfer of any other capital assets should be subject to tax at the rate of 20% (with indexation). However, in the case of long term capital gains arising on a transfer of listed securities should be subject to tax at the rate of 20% (with

indexation), or at the rate of 10% (without indexation), where the tax payable at the rate of 20% with indexation exceeds 10% of the amount of capital gains without indexation.

For Non-Resident Persons

Long term capital gains arising on a transfer of capital assets being listed equity shares or should be subject to capital gains tax at the rate of 10%, provided that securities transaction tax has been paid on the acquisition and transfer of the listed equity shares.

Long term capital gains arising on a transfer of any other capital assets should be subject to tax at the rate of 10%.

b) Short Term Capital Gains

For Resident Persons

Short term capital gains arising on a transfer of capital assets being listed equity shares, units of an equity oriented mutual fund or units of a business trust should be subject to capital gains tax at the rate of 15%, provided that securities transaction tax has been paid on the transfer of the shares or units.

Short term capital gains arising on a transfer of any other capital assets should be subject to tax at applicable marginal tax rate.

For Non-Resident Persons

Short term capital gains arising on a transfer of capital assets being listed equity shares should be subject to capital gains tax at the rate of 15%, provided that securities transaction tax has been paid on the transfer of the listed equity shares.

Short term capital gains arising on a transfer of any other capital assets should be subject to tax at the applicable marginal tax rate.

Treatment of Capital Losses

Short term capital losses may be set off against short term capital gains and long term capital gains. Long term capital losses may be set off against long term capital gains only. Both short term and long term capital losses may be carried forward for up-to eight financial years.

However, where an units / shares are purchased within 3 months prior to the record date (for entitlement of bonus units/shares), and are sold within 9 months after the record date, any loss arising on transfer of the original units/ shares shall be ignored for the purpose of computing his income chargeable to tax, and the loss amount shall be treated as the cost of acquisition of the bonus units/shares.

Withholding Taxes on Capital Gains:

Resident Investors

No tax should be required to be deducted at source on capital gains payable to a resident person.

Non-resident Investors

The capital gains tax payable by a non-resident person is required to be withheld by the person responsible for paying such sum to the non-resident person. The capital gains tax payable may be reduced if relief is available under an applicable tax treaty.

Please note:

The tax incidence to investors could vary materially based on residential status, characterization of income (i.e. capital gains versus business profits) accruing to them. The Information provided here is general in nature & can be changed in future by Department or Govt. Please consult your financial planner before taking decision.

15.ACCOUNTING POLICIES FOLLOWED BY THE PORTFOLIO MANAGER WHILE ACCOUNTING FOR THE PORTFOLIO INVESTMENTS OF THE CLIENTS

Accounting under the respective Portfolios is being done in accordance with general accepted accounting principles. The following accounting policy will be applied for the portfolio investments of the clients:

- a. Trades will be accounted on trade date (T) accounting basis. Sale of security can be from only settled stock.
- b. The cost of acquisition in case of listed securities which are introduced as part of the corpus would be accounted at the previous day's closing price on NSE/BSE.
- c. Investments acquired or sold by the Portfolio Manager shall include brokerage, Stamp duty, Securities Transaction Tax ('STT') and any other charge customarily shall not be included in the cost of investments and shall be debited to the client's Income & Expenditure Account
- d. Bonus shares/units to which the Client becomes entitled shall be recognized only when the original shares/units on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- e. Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
- f. Other Corporate Action entitlement shall be calculated and accounted based on the end of the day ('EOD') position prevailing before the ex-date. For other investments, which are not quoted on NSE or BSE, dividend income shall be recognized on the date of receipt
- g. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest earned for the period from the last interest due date upto the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due

date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

- h. In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out ('FIFO') method shall be followed.
- i. Whenever Client specific unit allocation will be provided by the fund Manager (PMS), same will be used on that day for deal allocation.
- j. Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year.
- k. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the portfolio obtains its enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the securities sold.
- l. Management fees if applicable would be booked as per the frequency and data provided by client/Investment manager.
- m. Performance fees if applicable would be booked as per the frequency and data provided by client/Investment manager.
- n. All other expenses payable by the client shall be accrued as per the frequency and data provided by client/Investment manager.
- o. Financial year end will be followed as 31st March.
- p. The Portfolio Manager can adopt any specific norms or methodology for valuation of investments or accounting the same on a case specific basis. Some of them are as follows:
 - Transactions for purchase or redemption of investments in case of units of mutual fund schemes, shall be recognized as of the trade date (applicable NAV based on applicable cut off time) and not as of the settlement date.
 - In respect of privately placed debt instruments any front-end discount offered may be reduced from the cost of the investment.
 - Underwriting commission, if any, shall be recognized as revenue only when there is no devolvement on the Portfolio. Where there is devolvement on the Portfolio, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

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

16. IMPORTANT NOTE ON PREVENTION OF MONEY LAUNDERING & KNOW YOUR CUSTOMER (KYC) REQUIREMENTS

The Government of India has put a policy framework to combat money laundering through the Prevention of Money Laundering Act, 2002 (“**PMLA 2002**”). PMLA 2002 and Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015 notified thereunder (“**PMLA Rules**”) came into effect from July 1, 2005. Director, FIU-IND and Director (Enforcement) have been conferred with exclusive and concurrent powers under relevant sections of the Act to implement the provisions of the Act. Consequently, SEBI has mandated that all registered intermediaries to formulate and implement a

comprehensive policy framework on anti-money laundering and adopt 'Know Your Customer' (KYC) norms. Further, SEBI vide Circular No. CIR/ISD/AML/3/2010 dated December 31, 2010 (which supersedes all the earlier circular) issued a 'Master Circular for Anti Money Laundering (AML) Standards/ Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002' consolidating all the requirements/instructions/obligations of Securities Market Intermediaries.

Accordingly, the investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any act, rules, regulations, Notifications or directions of the provisions of Income-tax Act, 1961, PMLA 2002, the Prevention of Corruption Act, 1988 and or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti-money laundering laws and regulations in all of its operations. The Portfolio Manager recognizes the value and importance of creating a business environment that strongly discourages money launderers from using the portfolio management route. To that end, the Portfolio Manager and its group companies, if any, are required to and may take any action to meet their obligations pertaining to (i) laws or international guidance and internal policies or procedures, (ii) any demand or request from authorities or reporting, disclosure or other obligations under laws, and (iii) laws requiring the verification of the identity of customers relating to or in connection with the detection, investigation and prevention of money laundering and other financial crimes in accordance with the laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to money laundering and other financial crimes. Accordingly, the Portfolio Manager may take, and may instruct (or be instructed by) any of its group companies to take, any action which it or such other member, in its sole and absolute discretion, considers appropriate to take in accordance with all such laws, regulations and requests. Such action may include but is not limited to (a) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming investor's identity and status (b) share information on a confidential basis with group offices, as applicable, in relation to prevention of money laundering and other financial crimes.

Further, the Portfolio Manager shall restrict investments from Clients, in case such Client and / or its / their related parties who are subject to sanctions or have any of their addresses or are citizens of or residing in major sanctioned countries and such other sensitive countries. The Portfolio Manager may also seek additional information / perform additional due diligence for such clients (and / or its / their related parties) having any of their addresses or are citizens of or residing in any of the sensitive countries.

Considering the above obligations, the Portfolio Manager reserves the right to reject or refund or freeze the account of the Client or terminate the Client Agreement if the Client doesn't comply with the internal policies of the Portfolio Manager or any of the applicable laws including the KYC requirements. Further, the Portfolio Manager has put in place client due diligence measures including screening procedures, which shall be conducted during on-boarding of Client and during periodic review of such Clients, whereby names of the Clients (including, but not limited to, related parties such as directors, trustees, partners, authorised signatories, power of attorney holders, beneficial owners etc.) will be screened against such database considered appropriate by the Portfolio Manager. Further, the Portfolio Manager shall take necessary action including rejection of Application / refund of

Application money / freezing of client account for future transactions / termination of the Client Agreement / submitting suspicious transactions report (STR) to law enforcement authorities if the Portfolio Manager has reasonable grounds to believe / suspect that the transactions involve money laundering or terrorist financing or proceeds of crime.

The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account / rejection or refund of the Application / termination of the Client Agreement etc. due to non-compliance with the provisions of any of the aforesaid Regulations or applicable laws or the internal anti-money laundering policy followed by the Portfolio Manager.

To ensure appropriate identification of the Client during on-boarding or periodic review and with a view to monitor transactions for the prevention of money laundering, the Portfolio Manager reserves the right to: (a) scrutinize and verify the identity of the Client and the source of the Funds invested, to be invested by Client; (b) ask for the required additional information to substantiate the source of investments is genuine (c) reject any Application, prevent further transactions by the Client; (d) to mandatorily redeem the investments held by the Client either upon or prior to termination of the Client Agreement and (e) reject the transaction / redemption / freeze or seize Client's account if the Portfolio has a reasonable ground to do so; and (f) report the relevant details to the competent authority and take such other actions as may be required to comply with the applicable law as the Portfolio Manager may deem proper at their sole option.

The Portfolio Manager shall also identify and verify the identity of persons, during on-boarding of Client and during periodic review of Client, who beneficially own or control (beneficial owner) the Client's account in lines with its internal policies and guidelines framed by competent authorities from time to time in this regard. The beneficial owner shall be the natural person or persons who ultimately own, control or influence a client and / or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.

The Portfolio Manager may share clients' personal information with any organization compliance with any legal or regulatory requirements or to verify the identity of Clients for complying with anti-money laundering requirements.

Clients are requested to note that KYC is mandatory for all investors. SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011 and CIR/MIRSD/ 11 /2012 dated September 5, 2012 has mandated that the uniform KYC form and supporting documents shall be used by all SEBI registered intermediaries in respect of all new clients from January 1, 2012. Further, SEBI vide circular no. MIRSD/Cir-23/2011 dated December 2, 2011, has developed a mechanism for centralization of the KYC records in the securities market to bring about uniformity in securities markets. Accordingly, KYC registration is being centralised through KYC Registration Agencies (KRA) registered with SEBI. Thus, each Client has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KRA. Applications shall be liable to be rejected if the clients do not comply with the aforesaid KYC requirements.

17. INVESTOR SERVICES

Name, address and telephone number of the Investor Relations Officer, who shall attend to the investor queries and complaints:

Name : Mr. Vikshit Shah
Address : 603 The Coworking Space, Matulya Centre, 2nd floor, Lower Parel,
Mumbai, Maharashtra 400013, India
Tel : 08898448899
Email : grievance.pms@magadhcapital.com



Grievance redressal and dispute settlement mechanism:

The investment relation officer(s) will be the interface between the Portfolio Manager and the Client. The investment relation officer(s) shall be responsible for redressing the grievances of the Clients. In case the client is not satisfied with the response or redressal of grievances by Portfolio Manager, the Client may approach SEBI for the same through SEBI Complaints Redress System (“SCORES”). SCORES is a centralized web-based complaints redress system which enables clients to lodge and follow up their complaints / grievances and track the status of redressal of such complaints / grievances online from anywhere. Clients can visit the website <http://scores.gov.in> for further details on SCORES or can also download mobile application as “SEBI SCORES”.

All disputes, differences, claims and questions whatsoever arising from (i) the Client Agreement; and (ii) the services to be rendered by the Portfolio Manager and / or their respective representatives shall be attempted to be resolved by discussions between the Parties and amicable settlement. In case the disputes remain unsettled, the same shall be referred to a sole arbitrator to be appointed jointly by the Portfolio Manager and the Client and such arbitration shall be in accordance with and subject to the provisions of the Arbitration and Conciliation Act 1996, or any statutory modification or re-enactment thereof for the time being in force.

Such arbitration proceedings shall be held in Mumbai, India.

Name and Signature of any two Partners of the Portfolio Manager:

SR. No.	NAME OF PARTNERS	SIGNATURE
1.	Mr. Vipul Prasad	
2.	Mr. Vivek Prasad	

Date: December 07, 2021
Place: Mumbai

J. D. JHAVERI & ASSOCIATES

Chartered Accountants



Mr. Jatin D. Jhaveri

B.Com, F.C.A.

Head Office:-

A-105, Silver Arch,
Ceaser Road, Amboli,
Opp. Filmalaya Studio,
Andheri (West),
Mumbai 400 058.

Mobile No:- 9821195140

Tel No:- +91 22 2679 0595

E-Mail:- jdjhaveri@gmail.com

The CEO/ Designated Partners
Magadh Capital Advisors LLP
801, Floor 8 -Tower 1, Terra, Planet Godrej,
Keshavrao Khadye Marg, Saat Rasta, Jacob
Circle, Mumbai - 400011, Maharashtra, India

We have examined the Disclosure Document for the Portfolio Management Services dated December 07, 2021 prepared in accordance with Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ("SEBI Regulation"), as amended from time to time, by Magadh Capital Advisors LLP, having its registered office at 801, Floor 8 -Tower 1, Terra, Planet Godrej, Keshavrao Khadye Marg, Saat Rasta, Jacob Circle, Mumbai - 400011, Maharashtra, India.

On the basis of our examination of the Disclosure Document, the audited annual accounts of Magadh Capital Advisors LLP and other relevant records and information furnished before us, we certify that the disclosures made in the Disclosure Document for the Portfolio Management services are true, fair and adequate to enable the investor to make a well informed decision.

We have relied on the representation given by the management about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure Document.

This certificate has been issued to Magadh Capital Advisors LLP for submission to the Securities and Exchange Board of India for the sole purpose of certifying the contents of the Disclosure Document for the Portfolio Management Services and should not be used or referred to for any other purpose without our prior written consent.

CER

For J. D. Jhaveri & Associates

Chartered Accountants

FRN No.: 111850W

Jatin D

Jhaveri

Digitally signed by Jatin D Jhaveri
DN: cn=Jatin D Jhaveri, o=Jatin D
Jhaveri, ou, email=jatinejdjhaveri.
com, c=US
Date: 2021.12.07 14:50:42 +05'30'

Jatin D Jhaveri

Proprietor

M. No. 045072

UDIN: 21045072AAAALP6067

Date: 07/12/2021

Place: Mumbai