

Asit C. Mehta

INVESTMENT INTERMEDIATES LTD.

Corporate Member: BSE Ltd, National Stock Exchange of India Limited & Metropolitan Stock Exchange of India Ltd.

Regd. Office : "Nucleus House", 5th Floor, Saki-Vihar Road, Andheri (E), Mumbai - 400 072, Maharashtra, INDIA.
Tel.: (022) 2858 4545 - Fax (022) 2857 7647 - E-mail: customerservice@acm.co.in - CIN: U65990MH1993PLC075388

[FORM C]
Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993
[Regulation 14]

Name of the Portfolio Manager : Asit C. Mehta Investment Intermediates Limited

Address of the Portfolio Manager : Nucleus House,
(including phone numbers, fax, Saki-Vihar Road, Andheri (East)
email etc.) Mumbai 400072

Tel : 022 - 28583333

E-mail : akhil.rathi@acm.co.in

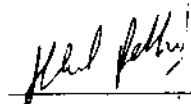
We confirm that:

- 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, Mr. Shailesh Manek, (Membership Number 34925), Manek & Associates, Chartered Accountants, (Firm No. 126679 W), 3-Shanti Kunj, 17, Prarthana Samaj Road, Vile Parle (East), Mumbai-400057, Telephone No. 022- 26185110, on September 12, 2018.

(Copy of the chartered accountants' certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision, is enclosed)

Date: September 12, 2018

Place: Mumbai

Signature of the : 
Principal Officer

Name & Address : Akhil Rathi

Nucleus House,
Saki-Vihar Road, Andheri (E)
Mumbai 400072



INVESTMENTZ.COM
INVESTOR FIRST

BY ASIT C. MEHTA INVESTMENT INTERMEDIATES LTD.





MANEK & ASSOCIATES

CHARTERED ACCOUNTANTS

3, Shanti Kunj, 17, Prarthana Samaj Road, Vile Parle (East), Mumbai - 400 057.

Off. # 2618 5110
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shailesh.manek@gmail.com
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SHAILESH MANEK

B.Com.(Hons), Grad. C.W.A., F.C.A.

September 12, 2018

To
Asit C. Mehta Investment Interrmediates Ltd.
Nucleus House,
5th Floor, Saki-Vihar Road,
Andheri (East),
Mumbai 400072.

Dear Sirs,

Re : Certificate of Disclosure Document for Portfolio Management Services.

As per your request, we have reviewed the enclosed Disclosure Document for Portfolio Management Services rendered by you, with details updated up to August 31, 2018.

On the basis of verification of particulars given in the Disclosure Document and other relevant records and the information and explanation given and the documents produced before us, we certify that the disclosures made in Disclosure Document dated September 11, 2018 are in conformity with the requirement of SEBI (Portfolio Managers) Regulation 1993 and that the information contained therein is true, fair and adequate to enable the investors to make a well informed decision.

Thanking you,

Yours faithfully,

FOR MANEK & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. 126679W


(SHAILESH MANEK)
PROPRIETOR
Membership No.:034925



DISCLOSURE DOCUMENT (in terms of Regulation 14 of the SEBI (Portfolio Managers, 1993)

ASIT C. MEHTA INVESTMENT INTERMEDIATES LTD.

Nucleus House, Saki Vihar Road Andheri (E), Mumbai – 400 072
Tel: 28583333

The 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 portfolio management services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.

The necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.

The name, phone number, e-mail address of the principal officer so designated by the portfolio manager is:

AKHIL RATHI
PRINCIPAL OFFICER

Telephone Number: +91(0)22 28583210

Email: akhil.rathi@acm.co.in

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DISCLAIMER CLAUSE:

THE PARTICULARS HAVE BEEN PREPARED IN ACCORDANCE WITH THE SEBI (PORTFOLIO MANAGERS) REGULATIONS, 1993 AND FILED WITH SEBI. THIS DOCUMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY SEBI NOR HAS SEBI CERTIFIED THE ACCURACY OR ADEQUACY OF THE CONTENTS OF THE DOCUMENT.

**DEFINITIONS AND ABBREVIATIONS:
DEFINITIONS**

TERM	DESCRIPTION
Application	Means the application made by the client to the portfolio manager to place the monies and / or securities in the scheme. 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 conflict between the contents of the application and the provisions of the agreement, the provisions of the agreement shall prevail.
Agreement	Means agreement between the company and its client and shall include all schedules and annexure attached thereto
Articles / Articles of Association	Articles of Association of Asit C. Mehta Investment Intermediates Limited
Bank Account	Means one or more accounts opened, maintained and operated by the Portfolio Manager with any Scheduled Commercial Banks.
Board of Directors	The Board of Directors of Asit C. Mehta Investment Intermediates Ltd., or a Committee thereof
BSE	BSE Ltd.
NSE	National Stock Exchange of India Ltd.
Client	Means a person who enters in an Agreement with the portfolio manager for managing its portfolio / funds.
Companies Act	The Companies Act, 2013 as amended from time to time.
Custodian	Means Orbis Financial Corporation Limited as custodian for Portfolio Management Services activities
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time.
Depositories Act	The Depositories Act, 1996 as amended from time to time.
Depository Participant	A Depository participant as defined under the Depositories Act
EPS	Earning per Equity Share
Equity Shares	Equity shares of a listed / unlisted company.
Financial / Fiscal Year	Period of twelve months ended March 31 of that particular year.
FII	Foreign Institutional Investor (as defined under SEBI) (Foreign Institutional Investor Regulation, 1995) registered with SEBI under applicable laws in India.
Financial market instruments	Financial market instruments, instruments that are traded in money market, capital market and currency market and are subject to the guidelines/regulations of SEBI and RBI. These include securities as defined under the Securities and Contracts Regulations Act.

Fixed income securities	Fixed income securities include interest bearing debt instruments such as Government securities including treasury bills, Bonds of financial institutions and public-sector entities, Commercial papers, Certificate of deposits, Debentures, Asset backed or Cash flow based securitized instruments etc. The interest on instruments may be paid periodically (say, monthly, quarterly, semi-annual, annual) or these instruments may be in the nature of discounted instruments. The returns on these securities also vary, but to a lesser degree as compared to Variable income instruments, depending on the movement of prices in the markets.
Floating rate instruments	Floating rate instruments are identified for periodical returns against benchmark rates. (For e.g. in the case of government securities it may be treasury bills auction rates or MIBOR (Mumbai Inter Bank Offered Rates) etc.
Funds	Means the monies managed by the portfolio manager on behalf of the client pursuant to this Agreement and includes monies mentioned in the application, any further monies placed by the client, the proceeds of the sale of the portfolio and interest, dividend or other sums arising from the assets so long as the same are managed by the portfolio manager
Indian GAAP	Generally Accepted Accounting Principles in India
I.T.ACT	The Income Tax Act, 1961 as amended from time to time.
Memorandum / Memorandum of Association	The Memorandum of Association of Asit C. Mehta Investment Intermediates Limited.
NRI / Non-Resident Indian	Non-Resident Indian (NRI) is a person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian Origin under FEMA (transfer or offer or security by a person resident outside India) Regulations, 2000.
ACMIL or the Company or your Company	Asit C. Mehta Investment Intermediates Ltd., a public limited company incorporated under the Companies Act, 1956 including successors, assignees.
Portfolio Manager	Means 'Asit C. Mehta Investment Intermediates Ltd. -- PMS' (A division of Asit C. Mehta Investment Intermediates Ltd.), for the purpose of this document.
Portfolio	Means aggregate of the securities managed by the portfolio manager on behalf of the client pursuant to an agreement and includes any securities further placed by the client for being managed pursuant to the Agreement and also includes securities acquired by the portfolio manager through investment of funds, bonus / rights shares in respect of securities forming part of the portfolio
Promoters	Mr. Asit C. Mehta and Mrs. Deena A. Mehta
RBI	The Reserve Bank of India
Registered office of the company	Nucleus House, 5 th Floor, Saki Vihar Road, Andheri (E), Mumbai – 400 072.
ROC	Registrar of Companies, Maharashtra, located at Mumbai.
Rated instruments	Rated instruments are those that are independently rated by approved rating agencies.

SEBI	Securities and Exchange Board of India constituted under the SEBI, Act 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended from time to time
Securities	Securities includes "securities as defined under the Securities / Contracts (Regulation) Act, 1956".
Hybrid Securities	"Hybrid Securities" are those securities which may have both fixed and floating returns and may be invested into in addition to the above. Depending on the predominance of the nature and characteristics of the hybrid securities, they may be classified as variable or fixed income securities for the sake of convenience.
The investment objective	The investment objective may involve different types of risk/return tradeoffs and hence there cannot be any assurance or guarantee of the return or principal.
The risk	The risk, as in financial terms, involves the difference in the actual return against the expected return. In addition, the portfolio is subject to market risks (namely price risk, interest rate risk, currency risk), regulatory risk (change in policy and taxation) and operation risk.
Variable income securities	Variable income securities include shares and stocks generally referred to as equity investments, equity derivative contracts such as futures and options etc. These instruments generally do not carry any fixed rate of return and hence the returns received from these are variable, positive and negative.
'We', 'Us', 'Our'	Unless the context otherwise requires, refers to as our Company.

ABBREVIATIONS:

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountant of India
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
D/E	Debt Equity Ratio
DP	Depository Participant
EPS	Earnings per Share
GOI	Government of India
NAV	Net Asset Value
NBFC	Non-Banking Finance Companies
NSE	National Stock Exchange of India Ltd
NSDL	National Securities Depository Ltd.,
MCX	Multi Commodity Exchange of India Ltd.
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
RONW	Return on Net worth

Words and expressions used in this Disclosure Document and not defined shall be interpreted according to their general meaning and usage. The terms and definitions are inclusive and not exhaustive and only for the purpose of clarity they have been included.

HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER:

History / Background of the Company:

The proprietary membership in the name of Mr. Asit C. Mehta was approved by BSE in the year 1985 and the stock broking activity commenced in 1986 followed by transacting in government securities in 1987. The Company was incorporated on 1st December 1993 with the object of providing services in the form of capital market intermediation. It obtained the requisite approvals of BSE to convert the proprietary stock broking business into corporate entity w.e.f. April 1, 1994. The Company has comprehensive licenses / memberships to offer a full range of services to its clients as given below:

Membership / Licenses	Year
BSE – Capital Market Segment	August 1985 (Proprietary)
NSE – WDM Segment	June 1994
NSE- Capital Market Segment	November 1994
CDSL – DP	July 1999
NSE- Trading (F&O)	May 2000
BSE – Derivatives Segment	June 2000
NSE –Self Clearing (F&O)	December 2005
Merchant Banker – Category I	April 2006, Permanent registration received in June 2012
Portfolio Manager	December 2006 (license expired on December 31, 2012 & renewed on 21-8-2017).
NSE – Currency Derivative Segment	August, 2008
NSE-Interest Rate Futures Segment	August, 2009
MSEI Equity Segment, Equity Derivatives Segment and Currency Derivatives Segment	February, 2013
Research Analyst	December, 2015
Point of Presence (PFRDA)	November 2016
Corporate Agent (IRDA)	March 2018

The Company is a pioneer in the industry, with many firsts to its credit It was the first limited liability company in the brokerage industry on the BSE Limited, (earlier known as The Stock Exchange, Bombay), the first multiple seats holder and multi exchange memberships company; and the first broking house to be certified under ISO 9001 for its debt and equity services. It is also the first broker to be graded by India's premier rating agency 'CRISIL' in December 2006. 'CRISIL' had thereafter upgraded company grading to BQ1 in September 2009 BQ1 is in the opinion of CRISIL on the quality of operations and services provided by the graded broker. The grading is expressed on a five-point scale from BQ1 to BQ5 with BQ1 being the highest, where **B** denotes **Broker** and **Q** denotes **Quality**.

Currently, the company has not renewed its CRISIL grading.

PRESENT BUSINESS:

Equity Investments services and Derivatives hedging: Equity investment services is offered to retail clients through different channels in the BSE Limited (BSE) & the National Stock Exchange of India Limited (NSE), for cash & derivatives segments.

Online Investment: Investmentz.com is our investment portal that offers online investment to retail investors in BSE & NSE, cash & derivatives segment. The investors can do their own investment through a browser-based interface. This service is also available through IVR facility for those clients who are unable to access the Internet service at any time. The company has linked up with leading Nationalized, Private and Co-operative Banks to offer share investment service to bank's customers. A seamless gateway has been established between the banking and depository software of the bank.

Institutional Desk: Equity trade execution service is provided to institutional investors by our institutional desk. Research & market information is provided to Mutual Funds & Banks for aiding them in making investment decisions. These services are through a seamless connectivity to the custodians.

Investment Banking: The Company has been granted Category I Merchant Banking permanent registration by SEBI. It offers services in mergers, amalgamations, private equity, public offerings and a full gamut of investment banking services.

Mutual Fund and IPO: Mutual Fund and IPO distribution service is provided to retail investors directly and indirectly through our Branch / Business Associate network. Seminars are conducted regularly to highlight the importance of investment in Mutual Funds, especially through the Systemic Income Plans (SIP). Advisory is provided on Initial Public Offerings.

Depository services are provided to investors. The company is a depository participant with the Central Depository Services (India) Ltd. (CDSL).

Portfolio Management:

The Company had earlier obtained registration as a Portfolio Manager from December 31, 2006. SEBI had renewed the said registration for a period of 3 years with effective from 01.01.2010 to 31.12.2012. The company had, stopped its Portfolio Management Activities on 15.11.2010 and did not renew its earlier Portfolio Manager registration which expired on 31.12.2012. The company has again sought SEBI approval for registration as a Portfolio Manager and has received the same on August 21, 2017 under Registration number INP000005801. At the time of registration, Mr. Pramit Singh Sabharwal was the Principal Officer. He is no longer associated with us and hence Mr. Akhil Rathi has been appointed as Principal Officer in his place from June 1, 2018. The company currently offers discretionary portfolio management services.

Research Analyst:

The company has a research division, which currently provides investment advice to its stock broking clients. Such advice is provided only on the basis of the specific request made by the said clients in respect of their securities holdings. The Research department would do the same initially in respect of the clients desirous of availing our non-discretionary portfolio management services. This would be done by utilizing customized software for the purpose

The company having received its registration as a Research Analyst in December 2015, the portfolio manager would frame investment policies on the basis of the inputs from the research unit and take independent decision for asset allocation on the basis of the requirement of the investors.

The Research Desk will support in arriving at investment decisions of the Portfolio Manager. The Research desk is staffed with a team of 7 analysts functioning in a computerized environment supported by corporate database packages like Ace Equity and an in-house database of Annual Reports, newspaper clippings and company reports.

The Portfolio Manager may use one or more sources i.e. fundamental research, technical support and market inputs to arrive at investment decisions

National Pension Scheme

The company is registered with the Pension Fund Regulatory Development Authority (PFRA) since 30th November 2016 as a point of presence (POP) for the National Pension Scheme and commenced its full fledged business in January 2018.

Corporate Insurance Agency

The company has received its registration as a corporate insurance agent from Insurance Regulatory Development Authority (IRDA) in March 2018 and is yet to commence business in that field.

COMMODITY DERIVATIVES

Pursuant to SEBI regulations intimating that stock broking and commodities business can be carried on in the same entity, the company had obtained and received approval for membership of MCX in February 2018 for dealing in commodity derivatives. However, looking at the current market scenario, the company has presently put its plans of commencing commodities business on hold.

PROMOTERS OF THE PORTFOLIO MANAGER, DIRECTORS AND THEIR BACKGROUND PROMOTERS:

The Company's promoters are Mr. Asit C. Mehta and Mrs. Deena A. Mehta and their details are given as under:

MR. ASIT C. MEHTA (Age 59)

Mr. Asit C. Mehta, the Chairman-Cum-Whole time Director of the Company is a qualified Chartered Accountant, securities law graduate and a Seasoned Capital Market Professional.

He started his career in the corporate finance markets in the year 1983 by associating with leading Government Security brokers of those times. He concentrated on Corporate Debt comprising of ICDs, Bill Discounting, Syndication of Loans, Issue of commercial papers, Short-term debentures, etc. He was amongst the initial players activated in the UTI 64 secondary market.

Within the group he focused on debt business comprising of Government Securities and Corporate Paper. His efforts which started in the year 1987 has seen the company (subsequently incorporated) as a leading broker in the interbank, G-SEC market with significant market share with Banks/ Institutional clients.

He expanded the product portfolio by adding both the inter bank interbank, forex broking and retail money changing and latter on money transfer services. Besides, his passion for technology led him to the technology sector way back in 1996 with certain assignments in business process, GIS and data management solutions.

He has been the Principal officer of the company's portfolio management activities at the time of the company's earlier registration with SEBI as a Portfolio Manager during the period 1st January, 2007 to 31st December, 2012 and was also the Principal Officer of the portfolio management services division of the erstwhile Nucleus Securities Limited (NSL) which held SEBI registration as a Portfolio Manager from 1st April, 1999 to 31st December, 2006. All in all as the group Chairman of the Nucleus group of companies (including this company), he provides the guidance and direction to the group, which operates many associate locations spread out all over the country, managed by many professionals.

MRS. DEENA ASIT MEHTA (Age 58)

Mrs. Deena Mehta is a qualified Chartered Accountant, has a post graduate diploma in Securities Law and has done her Master of Management Studies, specializing in finance. She has spent almost her entire career in the Capital Market and more specifically in equity and derivatives. Mrs. Mehta is Managing Director of Asit C. Mehta Investment Intermediates Ltd. and is in-charge of the overall operations (including marketing, dealing, research, HR, systems and regulations) of the company. As a promoter of the company, she has taken the responsibility of HR, systems, regulations and operations. The company specializes in advising investments in various financial products to retail customers. Mrs. Mehta has been associated with several reforms in Capital Market including setting up of BOLT system at BSE, setting up Central Depository Service, Streaming of Clearing Corporation BOISL. She has been on BSE Board for 9 years and served as Vice President and President of the BSE. Mrs. Mehta has served on several SEBI committees for past 22 years since SEBI's inception and contributed to various reforms undertaken by SEBI. Mrs. Mehta is a founder member of SAFE, Association of Stock Exchanges of SAARC countries.

Her basic interest in the well being of the Indian Capital market led her to be one of the active broker directors (including that as a President) of BSE. She had extensive interactions with regulators, technocrats and over saw the transition of the exchange from the open outcry system to an on-line trading system of International standards.

She has been on various committees of the Stock Exchange and SEBI. Besides she is a regular speaker on various forums of the capital market and contributes regularly to various publications. She was a Trading Member Director on the Board of BSE Limited during the period from 7th August 2009 till 6th August 2012.

As a group Director and a Co-promoter her involvement and interest extend beyond equity to all areas of Capital Markets. Several organizations have awarded her for her contribution to Capital Markets including Jaycees International as Outstanding Young Person, IMC for contribution to Banking and Finance, Zee Business for contribution to capital markets.

THE BOARD OF DIRECTORS:

The present Board of Directors of the Company consists of the following Directors:

Mr. Asit C. Mehta – Chairman-Cum-Whole-Time Director)
Mrs. Deena A. Mehta – Managing Director) Details given above

MR. KIRIT H. VORA (Age 59)

Mr. Kirit H. Vora, a qualified Chartered Accountant and securities law graduate, is also a seasoned Capital Market professional as the other co-directors / promoters. He also is Whole-Time Director of the Company

He began his career in the year 1982 in the corporate finance department of Larsen & Toubro Ltd., where he was involved in Cement and Shipping project financing and had extensive interactions with Indian institutions, banks and some of the overseas bodies like CDC and IFC Washington.

He has been associated with the group since 1988 as a group Director. His area of responsibility ranged from equity dealing, marketing, and research, Human Resources, System Designs and General Management.

Having spent over 30 years with the group, he has seen the transition of the Capital Market and was involved as part of the top management team to keep the company as one of the top-notch brokers.

MR. C.L. JAIN (Age 84)

An extremely educated professional with degrees from C.A., C.S. and C.W.A from India and Management, Cost and Secretarial Degrees from London. He has over 40 years of experience with large Corporates like ICI, Hindustan Lever, Hoechst etc. He has been a visiting faculty of Bajaj Institute for over two decades. He is closely associated with finance and broking industry. His understanding of corporate and securities law is extremely useful as a board level input. He is associated with the Company for over 15 years .

MR. SHIRISH SHAH (77)

An engineer involved in family business of construction of various reputed projects in India and Overseas. He brings his wide contacts and experience in the business community to help the Company. He is associated with the company over 23 years.

MR. PUNDARIK SANYAL (68):

He is a BSC Tech by qualification. He is associated with the company for over 2 years as an independent director and has 34 years of experience in Financial services. He has been the Chief Manager with the Bank of India and Managing Director of STCI Finance Limited.

GROUP COMPANIES:--

Sr.no.	Name of the group company
1	Asit C. Mehta Financial Services Limited. (ACMFSL)
2	Nucleus IT Enabled Services Limited (NITES)
3	Asit C. Mehta Forex Pvt. Ltd
4	Asit C. Mehta Commodity Services Limited
5	Asit C. Mehta Comdex Services DMCC (Wholly owned subsidiary of ACMIL)
6	Asit C. Mehta Real Estate Services Pvt, Ltd
7	ACM Commodity Services Pvt. Ltd
8	Omniscience Capital Advisors Pvt. Ltd
9	Pentation Analytics Private Limited
10	Edgytal Digital Marketing Private Limited

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

Sr. No.	Nature	Details
1.	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made there under.	None against the company
2.	The nature of the penalty/direction.	Not Applicable
3.	Penalties imposed for any economic offence and/ or for violation of any securities laws.	Not Applicable
4.	Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	As mentioned below
5.	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	None
6.	Any enquiry / adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made there under.	As mentioned below

PENDING LITIGATIONS AGAINST THE COMPANY FOR STOCK BROKING ACTIVITIES:

We have over 100,000 registered clients for our broking services. A very small number of clients (12) have filed cases in the consumer forum/ courts for matters relating to stock exchange transactions. In the consumer forum cases, the district consumer forums as well as the state consumer forums have ruled in our favor, dismissing the claims of the clients. Further, the number of such cases is very minuscule considering the size of our business and the clients. These clients have approached the courts despite the agreement to refer disputes to the exchange grievance redressal mechanism that is available to them.

ENQUIRY / ADJUDICATION PROCEEDINGS INITIATED BY THE BOARD AGAINST THE PORTFOLIO MANAGER OR ITS DIRECTORS, PRINCIPAL OFFICER OR EMPLOYEE OR ANY PERSON DIRECTLY OR INDIRECTLY CONNECTED WITH THE PORTFOLIO MANAGER OR ITS DIRECTORS, PRINCIPAL OFFICER OR EMPLOYEE, UNDER THE ACT OR RULES OR REGULATIONS MADE THERE UNDER

The Securities and Exchange Board of India (SEBI) has passed an order against two of the directors of the company along with other respondents. The proceedings by SEBI are initiated under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 for acquisition of shares, without public announcement, by one of the said directors in a listed company promoted by the said directors themselves. The directors were fined Rs 25.00 Lacs alleging violations of the said Regulations. All the respondents (including the said directors) had filed an appeal in the Securities Appellate Tribunal (SAT) against the aforesaid SEBI order and the SAT has quashed the aforesaid decision/order of SEBI.

SERVICES OFFERED:

The company currently offers discretionary portfolio management services

DETAILS OF THE SERVICES OFFERED:

The investment objectives and policies laid down herein below apply to all portfolio management services of the company that may be a) **discretionary**, b) **non-discretionary** or c) **advisory**.

Depending on the service agreement, the policies will apply to investments/disinvestments and, recommendations or advise to invest/ disinvest.

The Portfolio Manager shall purchase, sell or otherwise deal in securities for and on behalf of the client through the various divisions/entities (details of securities for and on behalf of the client through the various divisions/entities (details of memberships/licenses of the exchanges as mentioned above) and shall be entitled to charge brokerage in respect of such transactions. In any case, these transactions will be at arm's length basis and at market prices.

PMS INVESTMENT OBJECTIVES:

The investment objectives of each of the client will be laid down to meet his needs over a life cycle keeping in mind his age, income, savings, liquidity preferences, risk return preferences and future obligations. The client may be recommended a scheme custom made for him. The investment objectives of the client are made as per parameters above and his portfolio may be divided into fixed income and/or Variable income and/or Hybrid instruments.

The objective of the fixed income portfolio is to provide regular income, annuity income or cumulative income and the objective of the variable income portfolio is to seek capital appreciation over the term of the investments.

PMS PORTFOLIOS ADVISORY

1. Government securities portfolio Advisory: This Advisory services will be mostly for regulated entities and qualified institutional players to identify and trade in government securities that meets the investment objective
2. Money Market Instruments portfolio Advisory: Advisory services mostly for regulated entities and qualified institutional players to identify money market instruments like certificate of deposits, commercial papers and instruments with a residual maturity less than one year on the basis of a separate advisory agreement.

INVESTMENT PROCESSES

From time to time, depending on the needs and requirement of the client as identified from his updated investor profile, portfolio of the client will be structured.

- Portfolio manager will *decide* based on his professional expertise about investment and liquidation of one or more or all investments, fully or partly
- Execution of his decisions will be done within the investment objectives laid down by the investor.
- Portfolio manager will also not invest in the negative list as may have been provided by the investor to the manager at the time of agreement and from time to time.
- The investor will be informed about the transactions *after* they are executed at time intervals and at frequencies as laid down in the agreement. However the investor will always have the option to pull the information on his own either from a website or any other means as may be provided by the manager from time to time.
- The fees payable under this service are provided in the agreement and the same will be collected / deducted by the portfolio manager in the manner so provided in the agreement.
- Portfolio manager will have custody of both the funds and the securities invested on behalf of the investors. For NRI client, custody of funds would be with his banker wherein he has the Portfolio Investment Scheme (PIS) bank account, and the custody of securities will be with the Depository Participant as per SEBI Rules.
- The Company (Asit C. Mehta Investment Intermediates Limited) is also a SEBI registered Stock Broker and as such the Portfolio Management Services Division of the Company will use the services of its stock broking division on arm's length basis.
- The Company has tied up with and appointed Orbis Financial Corporation Limited to act as its custodian for Portfolio Management Services activities.

Other terms are provided for in detail in the agreement to be entered into between the client and the portfolio manager.

INVESTMENT POLICIES

The stock selection, asset allocation and portfolio management process will be guided by the following broad policies:

General policies

To ascertain investment objectives and risk appetites of each client before offering the portfolio management services and take affirmative confirmation from the client as to his investment objectives and risk return profile.

To invest client funds only in conformity with plans so chosen.

To consider the negative list as may be laid down by the client in the agreement and from time to time, as may be informed by the investor to the Manager.

To review the investment objectives and risk return appetite of the client at regular intervals or at any time should the client desire a reassessment.

To review portfolio of the client at regular intervals and reconfirm that it meets the client investment objectives and risk return profiling.

To maintain a diversified portfolio between fixed income and variable income instruments as laid down in various plans/schemes.

To invest in fixed or variable/Hybrid income securities of associated companies only after taking a specific permission from the client irrespective of the fact that the client may have chosen to avail of discretionary portfolio management services and only if other investment policies laid down here and subsequently and in each scheme are complied with.

To ensure that no naked short sales are done in cash items or derivatives, directly or indirectly.

To lend shares, if and as and when permitted through organized and approved methods by regulators if deemed fit by the portfolio manager.

To hedge the portfolio, if thought appropriate, through futures and options to the extent needed but never to exceed 100% of the portfolio at any point of time.

Ensure that while hedging the portfolio in derivatives, client will never be exposed to risks, which are greater than his portfolio value.

Fixed income portfolio :

To invest in fixed income instruments only if it meets investment grade rating from at least one rating agency or in government/PSU paper which may not have been otherwise rated.

To invest in fixed income instruments, in as diversified a manner as may be required, from risk/return point of view.

Variable income portfolio and Hybrid portfolio:

To invest in variable and/or Hybrid income instruments in such a way that the portfolio is not concentrated in one industry.

To invest in variable and/or Hybrid income instruments in such a way that no more than 30% of the total client portfolio is invested in single variable/Hybrid income instrument.

To invest in variable/Hybrid income instruments in such a way that liquidation of the client portfolio in that scrip will not take a very long time based on trade data for the scrip in one or more exchanges.

TYPES OF SECURITIES

The funds are generally invested in:

- a) Equity and Equity related securities
- b) Units and other instruments of mutual funds,
- c) Debentures, Bonds hybrids, government securities, STRIPS, treasury bills, commercial papers and any other eligible mode of investments within the meaning of the regulation issued by SEBI structured notes, CIS units, AIF units etc.

RISK FACTORS

- (i) Securities investments are subject to market risk and there is no assurance or guarantee that the objective(s) of the plan(s) will be achieved.
- (ii) Past performance is not indicative of any future performance and therefore future performance of the manager/plan(s) cannot be assured / guaranteed.
- (iii) The following risk factors need to be remembered while choosing to invest either on your own or with the assistance from the portfolio manager:

Market values, liquidity and risk return profile of Investments (Investment characteristics) in Fixed, Hybrid and variable income instruments are likely to fluctuate depending on the prevailing interest rates in the market, liquidity preferences, impact cost changes, re-ratings of the issuer or the instruments, competing instruments, performance of the industry, national and international economies, regulations and changes therein -domestically and internationally, events that are of significant impact such as war, terrorism, sanctions and trade embargoes, natural calamities, acts of God etc. These risks are generally described as Market Risks.

- (iv) Performance of the issuer companies will have significant influence on the market prices of its securities. This will further depend on, in addition to external factors, its own ability to perform, management, changes therein etc. These are known as internal risks. This is also called Stock Specific Risks.

- (v) The portfolio also faces additional risks such as timing risks, short delivery or delayed delivery from markets, reduced liquidity etc., this is also called Transactions & Settlement Risks.
- (vi) The portfolio also faces risks based on management and operational efficiencies & controls of the Portfolio manager i.e. the risk is based on the ability of the portfolio manager in identifying opportunities or misjudging trends and late investments and / or early liquidations, either at a loss or at reduced profits, or misjudging opportunities completely. This is also called Portfolio Manager Competency Risks.
- (vii) The portfolio also faces risks due to other service providers that Manager may engage to render the services such as banking, broking, clearing and settlement, custodian services, depository, courier services etc. This is also called Allied Service Provider Risks.
- (viii) The client also faces risks from usage of technology for recording transactions and accounts, communication of, information to and fro, Data computing and storage, leakages of data/information from various points including at the portfolio manager's operations etc. This is called Portfolio Allied Operations Risks.
- (ix) The portfolio also faces risks from completely unknown developments that may happen in terms of technological or Regulatory or economic changes that are not known today. These are known as "Unknown unknowns" as against the preceding Risks classified as "Known unknowns"

CLIENT REPRESENTATION: -

Category of clients	No. of clients	Funds managed (Rs. Cr)	Discretionary/ Non Discretionary (if available)
Associates / group companies (current financial year upto August 31, 2018)	1	0.48	Discretionary
Others (current financial year upto August 31, 2018)	2	0.82	Discretionary
As on 31.03.2018 (break up as follows)	2	0.96	Discretionary
Associates / group companies	1	0.48	Discretionary
Others	1	0.48	Discretionary
As on 31.03.2017	NIL	NIL	NIL
As on 31.03.2016	NIL	NIL	NIL

COMPLETE DISCLOSURE IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES AS PER THE STANDARDS SPECIFIED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The Company has entered into following related party transactions during the period April 1, 2017 to March 31, 2018

SR. NO	PARTICULARS	YEAR ENDED 31.03.2018 (Rs.)	YEAR ENDED 31.03.2017 (Rs.)
A	HOLDING COMPANY:		
1	Re-imburement (recovered) of expenses	NIL	1,47,068
2	Leave and License Fees	1,65,60,000	1,65,60,000
3	Amounts payable	NIL	52,600
4	RE-imburement of expenses	NIL	5,06,338
5	Deposits for premises	2,62,51,740	2,62,51,740
B	ASSOCIATES:		
1	Loans given to associates/group companies	12,61,90,228	29,78,64,584
2	Loans received back from associate companies	12,83,30,472	24,27,52,761
3	Interest Income	52,08,678	95,43,753
4	Re-imburement (recovered) of expenses	NIL	15,521
5	Professional fees paid	10,49,254	18,09,849
6	Remuneration (including contribution to PF)	69,08,558	63,16,413
7	Investments	3,17,14,370	3,17,14,370
9	Amounts receivable on loan amount	29,44,001	28,53,773
10	Other Amounts receivable	75,00,000	6,27,30,472
11	Marketing expenses	28,47,895	15,21,584
12	Interest paid	31,270	-
C	DIRECTORS		
1	Leave and License fees paid	21,60,000	21,60,000
2	Interest on debentures	NIL	25,20,000
3	Deposits for premises	4,30,00,000	4,30,00,000

THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER (BASED ON AUDITED FINANCIAL STATEMENTS)

The following table sets forth our selected financial information as of / for the fiscal year ended March 2018 and derived from the audited financial statements. These financial statements have been prepared in accordance with Indian Accounting Standards and the Companies Act

(In Rs.)

Particulars		No te No.	As at 31/03/2018	As at 31/03/2017
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share Capital	2	19,31,11,110	19,11,11,110
	(b) Reserves and Surplus	3	(3,84,59,835)	(5,28,33,594)
			15,46,51,275	13,82,77,516
2	Non-current Liabilities			
	(a) Long-term borrowings	4	1,23,35,085	1,95,87,954
	(b) Other long-term liabilities	5	3,54,27,255	3,49,36,418
			4,77,62,339	5,45,24,372
3	Current Liabilities			
	(a) Short Term borrowing	6	16,24,62,876	15,09,73,669
	(b) Trade payables	7	95,72,942	1,82,45,126
	(c) Other current liabilities	8	63,15,39,126	45,94,73,618
	(c) Short term provisions	9	15,21,929	4,90,124
			80,50,96,873	62,91,82,537
	TOTAL		1,00,75,10,492	82,19,84,427
II	ASSETS			
1	Non-current Assets			
	(a) Fixed assets	10		
	(i) Tangible assets		1,97,57,770	2,43,05,784
	(ii) Intangible assets		75,38,291	84,67,648
	(iii) Capital work in progress		81,75,880	1,00,000
			3,54,71,940	3,28,73,431
	(b) Non-current investments	11	4,69,96,189	3,20,23,588
	c) Deferred tax assets (net)	12	60,93,516	73,37,104
	d) Long-term loans and advances	13	10,42,35,433	10,02,14,532
	e) Other non-current assets	14	1,86,81,703	3,85,37,143
			17,60,06,841	17,81,12,367
2	Current Assets			
	(a) Trade Receivables	15	68,97,471	67,08,520
	(b) Cash and bank balances	16	42,45,49,993	28,55,59,818
	(c) Short-term loans and advances	17	26,76,86,910	18,70,20,158
	(d) Other Current Assets	18	9,68,97,336	13,17,10,134
			79,60,31,710	61,09,98,628
	TOTAL		1,00,75,10,492	82,19,84,427

(Rs.in lacs)		
Particulars	As on 31.03.2018	As on 31.03.2017
Represented by Net worth		
Share Capital	1931.11	1911.11
Reserves and Surplus	-384.6	-528.34
Total	1546.51	1382.77

(In Rs.)

Particulars		For the year ended 31/03/2018	For the year ended 31/03/2017
I	INCOME		
1	Revenue from operations	38,42,97,104	29,62,35,745
2	Other Income	2,39,30,116	2,64,19,424
	Total Revenue	40,82,27,220	32,26,55,168
II	EXPENDITURE		
1	Employee benefits expense	10,16,61,941	8,41,25,869
2	Finance Costs	1,78,56,655	3,12,80,615
3	Depreciation and amortization expense	87,35,126	80,31,458
4	Other expenses	26,83,45,840	21,62,42,362
	Total Expenses	39,65,99,562	33,96,80,303
III	Profit / (Loss) before Exceptional and Extra Ordinary items and Tax	1,16,27,688	-1,70,25,135
	Add: Exceptional and Extra Ordinary items	-	-
IV	Profit / (Loss) before tax	1,16,27,688	-1,70,25,135
	Tax expense		
	(1) Current Tax	-	-
	(2) Deferred tax (net)	-12,43,588	-61,62,044
	(3))(Short)/Excess tax of earlier years (Income Tax Refund)	-10,311	-37,021
V	Profit / (Loss) after tax for the year	1,03,73,760	-2,32,24,199
VI	Earnings per equity share		
	(Face value of Rs.10/- Per Share)		
	(1) Basic	0.93	-1.83
	(2) Diluted	0.93	-1.83

WEIGHTED AVERAGE PORTFOLIO RETURNS

Portfolio Management performance of the portfolio manager for the last three years, and in case of discretionary Portfolio Manager disclosure of performance indicators calculated using weighted average method in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

Particulars	Year 1	Year 2	Year 3	Year 4
	Current financial year (01.04.2018 till 31.08.2018)	2017-2018 (from 21.08.2017-31.03.2018)*	2016-2017 (01.04.2016 - 31.03.2017)	2015-2016 (01.04.2015 To 31.03.2016)
(a) DISCRETIONARY (POOL AND NON POOL)				
Portfolio Performance (%), Net of all fees and charges levied by the portfolio manager.	6.7	-4.74	NIL	NIL
No of Clients	3	2	NIL	NIL
b) NON DISCRETIONARY				
Portfolio Performance (%), Net of all fees and charges levied by the portfolio manager.	NIL	NIL	NIL	NIL
No of Clients	NIL	NIL	NIL	NIL
Benchmark Performance %	NIL	NIL	NIL	NIL

THE PAST PERFORMANCE MAY OR MAY NOT BE SUSTAINED IN FUTURE.

NATURE OF EXPENSES:

The portfolio management service includes broadly the following activities undertaken by the Manager or other service providers. Portfolio manager may collect the fees directly from the client or the service providers may collect it from the client as may be appropriate.

(i) Investment management and advisory fees

This service includes client profiling, market research, execution/advising investment decisions in Primary and secondary markets, reporting and reviewing the portfolio etc.

The Fees are structured in two parts namely fixed fees and variable fees. Fixed fees will be charged / deducted to/from the client portfolio irrespective of the performance of the portfolio entrusted or advice rendered.

The fixed fees to be paid by the client to the manager would depend on case-to-case basis depending on type of client i.e. individual, company etc. However, the maximum fees will not exceed more than 2% per annum (charged proportionately on quarterly basis)

In addition to above, a variable performance-based management fees would also be charged for positive returns on the portfolio at the rate as may be mutually agreed.-Is it specified in the agreement?

Fees are dependent on the nature of the service availed, viz. discretionary or non-discretionary or advisory. Fees will also vary from client to client, amounts entrusted, period, scheme as well as performance of the manager. These will vary also from time to time but will not be subject to change midway unless mutually agreed upon.

(ii) Custodian fee

This service entails receiving and delivering, on behalf of the client, securities and funds towards the transactions undertaken on behalf of the client. It also involves receiving benefits on the securities such as interest, maturity proceeds, dividends, bonus, rights etc. The fees payable by the client for custodian services will be laid down in the agreement. The portfolio manager may deliver these services by its own staff or by using external services. Currently, the Company has appointed Orbis Financial Corporation Limited as Custodian. The custodian deducts the fees directly from the funds of the client lying with it.

(iii) Registrar and transfer agent fee

The securities bought in secondary markets need to be registered in the client name from time to time and deliveries need to be made for sales. The R & T Agent may levy transfer charges, Power of Attorney lodgment charges, postage etc. The portfolio manager will pay such charges and collect the same from the client as provided in the agreement.

(iv) Brokerage and transaction cost

The execution of investment decisions in primary and secondary markets will be through registered broker(s). The broker(s) (including Asit C. Mehta Investment Intermediates Ltd.) charge brokerage, taxes & duties, and other transaction costs especially for the secondary market trades. The same are normally included in the contract and bills. The Portfolio manager will pay the fees and charges directly to the Brokers as part of the investment process and the same shall not exceed the limit prescribed by the exchanges.

The manager with a view to get economies of scale may negotiate the rates of any of these charges. The benefits, if any, will be passed on to the clients without any extra additions.

GST (Applicable from 1st July 2017)

GST will be applied based on the State of the Client and Charged in Bill cum Contract notes.

In case client is in Maharashtra than GST will be charged as SGST 9% and CGST 9%.

In case client is outside Maharashtra and other than UTT than IGST will be charged @18%

In case client belongs to Union Territory than UTT will be charged @18%

GST will be applied on Transaction charges / Brokerage / Depository charges and other charges falls under chargeable category.

Necessary Fees if any will be collected with GST.

STATEMENT OF TAX BENEFIT:

The taxation treatment of investments, valuations, returns and losses thereon depend upon various enactments made under the Income Tax Act, 1961 and relevant enactments there under from time to time. It also depends on the residential status of investor, category of the investor viz. individual, company, mutual fund etc., nature of income viz. capital gains v/s business income etc. Similarly the tax deduction at source provisions also depends on a variety of factors. These may undergo change without any notice. Given below is overview of these provisions, as they exist today. Client is advised to consult practicing tax advisors for up to date and accurate advice on these matters from time to time.

TO ALL CATEGORIES OF CLIENT:

In case the equity shares are held as an investment by resident and are sold after 12 months from the date of purchase, the resultant gains or losses are termed as long-term capital gains or losses.

In terms of section 10(38) of the ITA, the long term capital gains arising on sale of equity shares in a company or units of an equity oriented fund or units of business trust , which are chargeable to STT, are exempt from tax upto 31 March 2018. Consequently, any long term loss arising on such transaction is also to be ignored.

In terms of the second proviso to section 10(38) of the ITA, the long term capital gains arising on transactions undertaken on a recognized stock exchange located in any International Financial Services Centre where STT is not chargeable and the consideration is paid or payable in foreign currency shall also be exempt from income-tax upto 31 March 2018 .

Further, in terms of the third proviso to section 10(38) (Inserted by the Finance Act, 2017 with effect from 01 April 2018) any income arising from the transfer of a long term capital asset, being equity shares of a company, shall not be exempt, if the transaction of acquisition (other than acquisition notified by the Central Government) of such equity shares is entered into on or after 01 October 2004 and such transaction is not chargeable to STT. The CBDT has vide Notification No. SO 1789(E) [No. 43/2017 (F.No. 370142/09/2017 – TPL)] dated 05 June 2017 notified certain transactions of acquisition of equity shares wherein the third proviso to section 10(38) of the ITA shall not be applicable and the same would be exempt from income-tax upto 31st March 2018 in terms of section 10(38) of the ITA.

However, in terms of the fourth proviso to section 10(38) inserted by the Finance Act, 2018 (applicable from financial year starting on 01 April 2018 i.e. Assessment Year 2019-20), any income arising from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, made on or after 01 April 2018 shall not be exempt

Further, in terms of section 112A of the ITA inserted by the Finance Act, 2018 (applicable from financial year starting on 01 April 2018 i.e. Assessment Year 2019-20), the long-term capital gains arising on transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at the rate of 10% (plus applicable surcharge and Health and Education cess., which is presently 4%) if the total long-term capital gains in a year exceeds one lakh rupees and the STT under Chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004) has been paid as follows–

- i. In a case where the long-term capital asset is in the nature of an equity share in a company, STT has been paid on acquisition and transfer of such capital asset [The Central Government may, by notification in the Official Gazette, specify the nature of acquisition in respect of which the said provision shall not apply]; or
- ii. In a case where the long-term capital asset is in the nature of a unit of an equity oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.

Further, in terms of section 112A(3) of the ITA, the long term capital gains arising on transactions undertaken on a recognized stock exchange located in any International Financial Services Centre, where STT is not paid and the consideration is paid or payable in foreign currency, shall be taxed at the rate of 10% (plus applicable surcharge and Health and Education cess, which is presently 4%).

Further, in terms of sub-section 5 and 6 of section 112A, deductions under Chapter VI-A and rebate u/s. 87A of the ITA shall not be allowed in relation to such income.

The Finance Act, 2018 has inserted section 55(2)(ac) w.e.f 01 April 2018 and grandfathered the cost of acquisition in relation to a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust referred to in section 112A, acquired before the 1st day of February, 2018 which shall be higher of—

- (i) the cost of acquisition of such asset; and
- (ii) lower of—
 - (A) the fair market value of such asset; and
 - (B) the full value of consideration received or accruing as a result of the transfer of the capital asset.

Further, the method of determining the fair market value for various long-term capital assets has also been provided in the explanation to section 55(2)(ac).

By virtue of section 111 A of IT Act, as amended, short term capital gain on transfer of equity share in the company shall be chargeable to Tax @ 15%, + Surcharge, if applicable, Education Cess, Health and Education Cess, which is presently 4%, if the transaction of such sale has been entered into on or after 1/10/2004 being the date on which Chapter VII came into force and such transaction is chargeable to Securities Transaction Tax, under that Chapter. However, where the income includes any such short term capital gains, same shall not be considered for deduction under chapter VIA.

However, if the transactions have not been done on a recognized stock exchange in India and consequently the transaction has not been subjected to STT then the gains will be taxed (income-tax including surcharge and education cess, secondary and higher education cess) at the rate applicable depending upon the status (i.e. Individual / HUF, Firms, Corporate, etc.) and the income level of Clients.

RESIDENT INDIVIDUALS:

- By virtue of section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115 O of the IT Act, are exempt from Tax in the hands of shareholder. However, w.e.f. 01 April 2017 in terms of section 115BBDA inserted vide the Finance Act, 2016 any income by way of dividend from domestic companies in excess of Rs. 10 lakh shall be chargeable to tax in the case of any person other than a domestic company, entities specified under sub clause (iv) or (v) or (vi) or (via) of clause (23C) of section 10 and a trust or institution registered under section 12A or 12AA.
- The taxation of dividend income in excess of Rs. 10 lakh shall be on gross basis. Also no deduction in respect of any expenditure or allowance or set-off of loss shall be allowed to the client under any provisions of the Income-tax Act, 1961 in computing the income by way of dividends

- In terms of section 10 (23D) of the IT Act all notified mutual funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities And Exchange Board of India or Authorized by Reserve Bank of India subject to conditions specified therein are eligible for exemption from Income Tax on their entire Income.
- In case of an individual or HUF, being a resident of India, where the total income as reduced by such long term capital gains or short term capital gains is below the maximum amount which is not chargeable to income-tax then such long term capital gains or short term capital gains shall be reduced by such shortfall amount and only remaining balance of such long term capital gains or short term capital gains shall be subject to tax at the applicable rate.
- Under Section 112 of the IT Act, and other relevant provisions of the said Act, long term Capital gain arising on transfer of shares in a domestic company (other than Sec. 10(38) cases stated above) and held for a period exceeding 12 months shall be taxed @ 20% (+ applicable surcharge and Health and Education cess, which is presently 4%) after indexation as provided in the second proviso to section 48 or @10% of book profits (+applicable surcharge and Education and Higher Education cess, which is presently 4%) (without indexation) at the option of the shareholder Indexation is not available if investments are made in Foreign Currency as per the first proviso to sec. 48.

NON-RESIDENT INDIAN (NRI) :

- By virtue of section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115 O of the IT Act, are exempt from Tax in the hands of shareholder. However, w.e.f . 01 April, 2017 in terms of Section 115 O of the IT Act, are exempt from Tax in the hands of the shareholder. However, w.e.f. 01 April, 2017 in terms of Section 115BBDA inserted vide the Finance Act, 2016 , any income by way of dividend from domestic companies in excess of Rs. 10 lakhs shall be chargeable to tax in the case of a person other than a domestic company, entities specified under sub clause (iv) or (v) or (vi) or (via) of clause 23 C of Section 10 and a trust or institution registered under Section 12A or 12AA.
- The taxation of dividend income in excess of rs. 10 lakhs shall be on gross basis. Also , no deduction in respect of any expenditure or any allowance or set-off of loss shall be allowed to the client under any provisions of the Income-tax Act, 1961 in computing the income by way of dividends.
- A Non resident (an individual being a citizen of India or a person of Indian Origin) has an option to be governed by the provision of Chapter XII A of the IT Act.
- **In case the equity shares are held as an investment by non-resident investors and are sold after 12 months from the date of purchase the resultant gains will be termed as long-term capital gains.**

- In terms of Section 10 (38) of the ITA , the Long term capital gains arising on sale of **equity shares**, in a company or units of an equity oriented fund or units of business trust, which are chargeable to STT are exempt from tax upto 31st March, 2018. Consequently, any long term loss arising on such transaction is also to be ignored
- In terms of the second proviso to Section 10 (38) of the ITA, the long term capital gains arising on transactions undertaken on a **recognized stock exchange** located in any International Financial Services Centre where STT is not chargeable and the consideration is paid or payable in foreign currency shall also be exempt from income tax upto 31st March, 2018
- Further, in terms of the third proviso to Section 10 (38) [inserted by the Finance Act, 2017 with effect from 01 April, 2018] any income arising from the transfer of a long – term capital asset, being equity shares of company, shall not be exempt , if the transaction of acquisition (other than acquisition notified by the Central Government) of such equity shares is entered into on or after 01 October, 2004 and such transaction is not chargeable to STT. The CBDT has vide Notification No. SO 1789 (E) [No. 43/2017 (F. No. 370142/09/2017- TPL)] dated 05 June 2017 notified certain transactions of acquisition of equity shares wherein the third proviso to Section 10 (38) of the ITA shall not be applicable and the same would be exempt from income tax upto 31st March, 2018 in terms of Section 10 (38) of the ITA
- However, in terms of the fourth proviso to Section 10 (38) inserted by the Finance Act, 2018 (applicable from financial year starting on 01 April 2018 , i.e. Assessment Year 2019-20) , any income arising from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, made on or after 01 April, 2018 shall not be exempt
- Further, in terms of Section 112A of the ITA Act inserted by the Finance Act, 2018 . (applicable from financial year starting on 01 April 2018 , i.e. Assessment Year 2019-20) , the long-term capital gains arising on transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at the rate of 10% (plus applicable surcharge and Health and Education Cess which is presently 4%) if the total long-term capital gains in a year exceeds one lakh rupees and the STT under Chapter VII of the Finance (No.2) Act, 2004 (23 of 2004) has been paid as follows –
 - i. In a case where the long term capital asset is in the nature of an equity share in a company, STT has been paid on acquisition and transfer of such capital asset., the Central Government may, by notification in the Official Gazette specify the nature of acquisition in respect of which the said provision will not apply, or
 - ii. In a case where the long-term capital asset is in the nature of a unit or an equity oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.

- Further, in terms of Section 112A (3) of the ITA, the long term capital gains arising on transactions undertaken on a recognized stock exchange located in any International Financial Services Centre, where STT is not paid, and the consideration is paid or payable in foreign currency shall be taxed at the rate of 10% (plus applicable surcharge and Health and Education Cess which is presently 4%).
- The benefit of indexation will not be available to the non-resident and the capital gains arising to a non-resident will have to be determined by converting the actual amount that the shares are sold for into the currency in which the shares were initially bought. After which, the total amount of capital gains earned through the sale will then be converted into Indian rupees at the rate applicable on the date of the sale.
- In case the equity shares are held as an investment by non-resident investors and are sold within 12 months from the date of purchase the resultant gains will be termed as short-term capital gains. Short-term gains arising out of transfer of equity shares on a recognized stock exchange in India and the transaction has been subject to Securities Transaction Tax (STT) are taxed at a concessional rate of 15% plus surcharge, and Health and Education cess, which is presently 4%. However, if the transactions have not been done on a recognized stock exchange in India and consequently the transaction has not been subjected to STT then the gains will be taxed (income-tax including surcharge and Health and Education cess which is presently 4%) at the rate applicable depending upon the status (i.e. Individual / HUF, Firms, Corporate, etc.) and income level of Portfolio Management Service ("PMS") Clients
- In case of a Non-Resident Indian's PMS account, held as an investment, tax is required to be deducted at source, and the same will be deducted from the sales proceeds by the Custodian. The certificate for the same will be provided by them as per the rules laid down by the prescribed Act
- Under Section 115 E of the IT Act where shares in the domestic company are subscribed in a convertible foreign exchange, Capital gain arising on transfer of such shares held for a period exceeding 12 months shall be taxed at flat rate of 10% (+ applicable surcharge) without indexation benefit.

FOREIGN INSTITUTIONAL INVESTORS (FIIs):

- By virtue of section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115 O of the IT Act, are exempt from Tax in the hands of shareholder.
- The Income by way of short term capital gains or long term capital gains realized by FIIs on sale of shares in a domestic company would be taxed at the following rates as per section 115 AD of the IT ACT.
 - Short Term Capital Gain - 30% (+ Health and Education Cess, which is presently 4%) (Other than those referred in sec.111 A)
 - Long term capital gain - 10% (without cost indexation + Health and Education Cess, which is presently 4%).

For portfolio management service, the effects of these are ignored and all evaluations are done before accounting for taxation. The client has to report the income, losses, valuations, obligations etc. separately in his tax returns.

GENERAL:

(a) The loss arising on sale of equity shares purchased within 3 months prior to the record date for the entitlement of exempt dividend and sold within 3 months after such record date, is to be ignored to the extent of the dividend received or receivable on such equity shares for the purpose of computing the taxable income

(b) Advance Tax Installment Obligations:

It shall be the Client's responsibility to meet the obligations on account of advance tax installments payable on the due dates as per the Income-tax Act, 1961 and as amended from time to time

(c) Securities Transaction Tax (STT) is applicable on transactions of such purchase or sale equity shares in a company. The STT rates are applicable as per the Finance Act, 2009 and amended thereafter

NOTES:

1. In view of the individual nature of tax consequences, each potential customer is advised to consult his/her own Tax advisor with respect to specific tax consequences of his/her participation in the scheme.
2. The above tax benefits are as per the current tax laws as amended by the Finance Act , 2018
3. In respect of NRIs taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between Indian and the country in which the Non-resident is domiciled.

ACCOUNTING POLICIES

Accounting policies for the Client Portfolio:

The Company shall follow the accounting policies as stipulated by the Institute of Chartered Accountants of India and SEBI for valuation of Portfolio assets and liabilities and recognizing income, expense, gains, benefits, impairments and losses. The accounting policies may be modified from time to time so as to conform to the changes in guidelines, if any.

System of accounting	: Mercantile basis
Valuation basis	: Valued at lower of cost or Market Value
Stock Valuation	: Market Value
Obligations	: On accrual

Benefits Accounting:

	Timing	Value
Dividends :	On ex dividend date	Net of expenses
Interest :	On ex-interest date	Net of expenses
Bonus :	On ex-bonus date	On weighted Average
Rights :	On ex-rights date	On market value of renunciations
Discounts :	On maturity	Redemption value
Transactions costs :		
PMS fees – fixed :	Quarterly	Revenue expense
PMS fees – variable :	Annually	Revenue expense
Brokerages :	On transactions date	Revenue expense
Taxes & Duties :	On transactions date	Revenue expense
Other charges :	On transactions date	Revenue expense
R&T charges :	On transactions date	Revenue expense
Custodian Charges :	On transactions date	Revenue expense
Securities Transaction Tax :	On transactions date	Revenue expense

Provision for tax

No provision for tax has been made on the income earned during the period since as per the Discretionary Portfolio Management Services Agreement, all tax liabilities are the Client's sole responsibility. Tax Deducted at Source on interest income is recorded on confirmation obtained from Bank.

The above accounting policies are as per Portfolio Clients Financial Statements year ended March 31, 2017 and the same accounting policies are proposed to be consistently applied by the Portfolio Manager.

INVESTORS SERVICES:

Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints.

Mr. Jaideep Vaidya
Compliance Officer
Telephone Number : +91(0)22 28583021.
Fax : +91(0)22 28571140.

Email : investorgrievance@acm.co.in

GRIEVANCE REDRESSAL & DISPUTE SETTLEMENT MECHANISM

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

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

The Client may lodge his complaint with SEBI on <http://scores.gov.in>

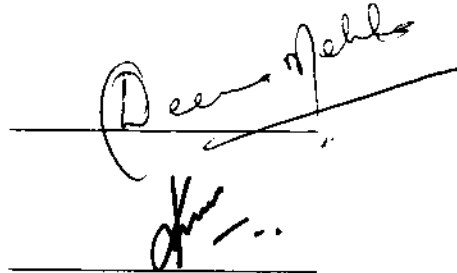
All dispute, differences, questions, claims whatsoever arising between client and Asit C. Mehta Investment Intermediates Ltd. and or their respective representative shall be settled in accordance with the provisions of the Arbitration and Conciliation Act, 1996 read alongwith the Arbitration and Conciliation (Amendment) Act, 2015 or any enactment / modification or re-enactment thereof for the time being in force. Such Arbitration proceedings shall be held at Mumbai or at such other places as Asit C. Mehta Investment Intermediates Ltd. thinks fit.

Date : September 11, 2018

Place: Mumbai

MRS. DEENA A. MEHTA

MR. KIRIT H. VORA



The image shows two handwritten signatures. The top signature is written in cursive and appears to read 'Deena Mehta'. The bottom signature is also in cursive and appears to read 'Kirit H. Vora'. Both signatures are written over horizontal lines that serve as baselines for the text.