**Parag Parikh Financial Advisory Services Limited**
**Regd. & Corp. Office:** 81/82, 8th Floor, Sakhar Bhavan, Ramnath Goenka Marg, 230, Nariman Point, Mumbai - 400 021, Maharashtra, INDIA.
**T:** 91 22 6140 6555 **F:** 91 22 2284 6553 **W:** www.ppfas.com **CIN NO:** U67190MH1992PLC068970

**SEBI Registration No.: INP000000241**

## DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT

(i) The Document has been filed with SEBI along with the certificate in the prescribed 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 services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.

(iii) The document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor may retain the document for future reference.

(iv) Details of the Principal Officer so designated by the Portfolio Manager:

Name: Mr. Jignesh Desai
Tel no.: +91 22 61406555
E-mail: Jignesh@ppfas.com
Registered & Corporate Office: 81/82, 8th Floor, Sakhar Bhavan, Ramnath Goenka Marg, 230, Nariman Point, Mumbai - 400021.

**Date: 1st April, 2021**



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## III. Contents of the Document.

### 1) Disclaimer clause

The particulars of the services have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended till date and filed with Securities and Exchange Board of India (SEBI). The disclosure documents has neither been approved or disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

### 2) Definitions & Abbreviations

**SEBI :** The Board established under the Securities and Exchange Board of India Act, 1992

**RBI :** Reserve Bank of India.

**PMS :** Portfolio Management Scheme.

**PPFAS :** Parag Parikh Financial Advisory Services Limited

**SEBI Regulations** : The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time and including any guidelines, circulars, press releases or notifications that may be issued by SEBI, in relation thereto.

**Fixed Income Securities:** Debt Securities created and issued by entities such as the Central Government, State Government(s), Local Authorities, Municipal Corporations, Public Sector Undertakings, Public Companies, Private Companies, Bodies Corporate and any other entities which may be recognised/ permitted which yield a return at fixed or variable rate by way of interest, premium, discount or a combination of any of them.

**Money Market Instruments :** Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an unexpired maturity up to one year, call, notice or term money, Certificate of Deposit, usance bills discounting scheme, repo/reverse repos and any other like instruments as specified from time to time by RBI.

**NAV :** Net Asset Value means the sum total of the current value of the securities plus bank balance and receivables less payables and pms fees.

**NRI :** A Non-Resident Indian or a Person of Indian Origin residing outside India.

**OCB :** Overseas Corporate Bodies, firms and societies which are held directly or indirectly but ultimately to the extent of at least 60 % by NRI's and Trusts in which at least 60% of the beneficial interest is held irrevocably by such persons.

## 3) Description

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

Parag Parikh Financial Advisory Services Limited (PPFAS) is a Portfolio Manager registered with SEBI. Equity Research and Investment-based analysis forms the core of the business model of PPFAS. Investment advice has always been the back-bone of all our operations, ever since the firm was founded in 1983. Research first enabled PPFAS to obtain a footing in the highly competitive institutional broking market and now enables us to maintain our differentiation and cutting edge. Our strength lies in giving investment advice to clients based on ideas, insight and business acumen rather than churning out detailed company or industry reports, which are primarily based on information freely available in the public domain.

Leveraging on its nucleus of investment research, PPFAS launched the Portfolio Management Services in 1996 for managing equity funds of investors and the same is known as **Cognito**.

Very often investors fall prey to their own and sometimes others' mistakes due to the use of emotions in financial decision-making. This concept is known as Behavioral Finance. We at PPFAS apply behavioral finance by understanding certain common and predictable errors made by investors and then help our clients profit from it.

PPFAS has always been a pioneer in introducing technology into its operations. It aims to create a common interface in the organisation through knowledge sharing and information database. The organisation plans to maintain a lean structure, with strong system support.

Being purely an advisory service, it aims to achieve the objective of wealth maximization through Asset Allocation. Asset Allocation Strategies are devised after a proper understanding of the risk, return and investment objectives of the investors.

### ii) Promoters of the Portfolio Manager, directors and their background

#### 1) Mr. Neil Parikh, Director

**Mr.** Neil Parag Parikh is a Director of the company. He is associated with the company since June 2004. Although he was initially involved in the Research Department, he quickly moved on to the more action-oriented field of Institutional Equity Dealing. Earlier in 2004, he received his Bachelors degree in Economics from the University of North Carolina at Chapel Hill. Neil has rejoined the firm in July 2010, after completing his MBA as Associate Vice President, Wealth Management Group.

#### 2) Mr. Rajeev Thakkar, Director

Mr. Rajeev Thakkar has more than 20 years of experience in the Capital Markets. He has exposure to investment banking, corporate finance, securities broking and managing client investments in equities and fixed income securities. He has also worked with Prime Securities Ltd. and Dil Vikas Finance Ltd.

Rajeev is a strong believer in the school of "value-investing" and is heavily influenced by Warren Buffet and Charlie Munger's approach.

Rajeev is Chartered Accountant, CFA charterholder, Cost Accountant and Certified Financial Planner by training. He did his graduation in commerce from the Narsee Monjee College.

**3) Mr. Suneel Gautam, Director**

Mr. Suneel Gautam is a Chartered Accountant by profession. He is the co-founder of CLEA Advertising & Marketing which went on to become India's seventh largest advertising firm by the mid-1990s and the founder of Hanmer MSL Communications Pvt. Ltd. and Pitchfork Partners Strategic Consulting LLP. He has overall 38 years of experience. He has worked with various corporate houses over the years and he is the Non-Executive Director of the Company.

**4) Mr. Sahil Parikh, Director**

Mr. Sahil Parikh is a Director and founder of Synage Software Pvt. Ltd, a software as a service (SaaS) company based out of Mumbai, India.

**5) Mr. Shashi Kataria, Director**

Mr. Shashi Kataria is a Chartered Accountant by profession. He has 14 years of work experience in the financial and manufacturing sectors.

**(iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis**

(Amt in Lakhs)

| Sr.No. | Name of Group Companies | Turnover (April 2019 - March 2020) |
|---|---|---|
| 1 | PPFAS Asset Management Pvt. Ltd. | 1832.12 |
| 2 | Synage Software Pvt. Ltd. | 94.50 |
| 3 | PPFAS Trustee Co. Pvt. Ltd. | 8.47 |
| 4 | Empeegee Portfolio Management Services Pvt. Ltd. | 1.20 |

**(iv) Details of the services being offered: Discretionary/ Non-discretionary / Advisory.**

**Discretionary**

PPFAS has been managing a PMS for investments in equities since 1996. This is a SEBI registered discretionary portfolio management service in which the decisions of buying and selling of shares are done entirely by us. Detailed reports of the funds managed by us are provided regularly to our clients, both on the Net and through physical reports. The minimum amount of investment required per client is Rs.50,00,000/- in case of a Resident Indian and NRI. The tenure of the Portfolio management and the fees charged will be in accordance with the agreement entered with client for the same.

It also manages a PMS for investment in Mutual Funds. The Fund management department evaluates the performance of schemes and the consistency of that performance relative to other schemes. Supported by this expertise we make investments for you in different funds with impressive track record and a disciplined approach.

BSL & Co. audits the operations and returns of the above Portfolio Management Service. PMS

has averaged returns of 15.19 per cent per annum in March 31. 2020 as against 16.50 per cent for the Sensex as on March 31. 2020 (Since inception in November 1996).

| Particulars | PMS Returns | Sensex Returns |
|---|---|---|
| November 1996 (Inception) to March 2020 (Annualised) | 15.19% | 16.50% |

**The different titles given to the Funds Managed under PMS are:**
For Equity: Cognito

**Non-Discretionary**
This is a SEBI registered non-discretionary service in which the decisions of buying and selling of securities will be done entirely by the client. Detailed reports of the investment held with us will be provided regularly to our clients, both on the Net and through physical reports. The minimum amount of investment required is Rs.50,00,000/- in case of a Resident Indian and NRI. The tenure of the Portfolio management and the fees charged will be in accordance with the agreement entered with client for the same.

BSL & Co. audit the operations and returns of the above Portfolio Management Service.

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

| | |
|---|---|
| (i) Cases of penalties imposed by SEBI or the directions issued by SEBI under the SEBI Act or Rules or Regulations made thereunder. | None |
| (ii) The nature of the penalty/direction. | Not applicable |
| (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 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 |



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**5) Services Offered**

**(i) The present investment objectives, investment approach and policies including the types of securities in which investments are made**

The investment objective of PPFAS as a portfolio manager is to maximize the annualized return on the funds placed with PPFAS through a judicious deployment in capital/money market instruments, mutual fund units or derivatives based on a professional, detailed assessment and evaluation of all relevant macro and micro factors pertaining to the economy and industry and to generate long term capital growth from and actively managed portfolio.

Buying securities at a discount to intrinsic value will help to create value for investors. We aim to avail of such opportunities, whenever available. We also intend to hold every constituent in our portfolio for several years, unless certain circumstances dictate otherwise. This will automatically reduce the churn in the portfolio, thereby resulting in a more tax-efficient investment for you.

**(ii) Investment Approaches of the portfolio Manager**

We follow a bottom-up approach to investing. We focus on fundamentals of individual companies. We try to understand their business and invest in businesses which look attractive over a long term period.

**Appropriate benchmark to compare performances**

BSE Sensex is considered for benchmark to compare the performance of the scheme.

**Indicative tenure or investment horizons**

Long Term refers to an investment horizon of 5 years and more.

The investments will be allocated in equity shares, derivatives, mutual funds: equity/ETFs, debts/ETFs, debentures, government securities and money market instruments or all of them as per the discretion of the fund manager.

Subject to any restrictions and/or prohibitions in the applicable guidelines/regulations of SEBI, the Funds shall be invested in any financial, money market or other instruments or investment including in, but not limited to shares, stocks, scripts, bonds, units, mutual funds, convertible debentures, non-convertible debentures, certificates of deposits, Government Securities, treasury bills and certificates of securities debt. However, no investment will be made in bill discounting, badla financing and lending to corporate or any other bodies and such instruments as may be expressly prohibited by SEBI/other regulatory bodies. PPFAS hereby agrees not to pledge or loan securities without the written permission of the Investor and the leveraging of portfolio shall not be permitted in respect of investment in derivatives. PPFAS may, subject to authorization by the client in writing, participate in securities lending.

The money or securities accepted by PPFAS shall not be invested or managed by PPFAS except in terms of the agreement between PPFAS and the client.

PPFAS shall not while dealing with clients' funds indulge in speculative transactions that is, it shall not enter into any transaction for purchase or sale of any security which is periodically or

ultimately settled otherwise than by actual delivery or transfer of security except the transactions in derivatives.

PPFAS shall not borrow funds or securities on behalf of the client.

PPFAS shall not lend securities held on behalf of the clients to a third person except as provided under SEBI regulations.

PPFAS shall not invest the clients' funds in the portfolio managed or administered by another portfolio manager and shall not invest client's fund based on the advice of any other entity.
PPFAS can invest in units of Mutual Funds only through direct plan and shall not charge any kind of distribution related fees to the client.

**(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 will not invest the funds of the PMS in any security of an associate or group companies of the portfolio manager.

**6) Risk factors**

(i) Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the investments will be achieved.

(ii) As with any investment in securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.

(iii) The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.

(iv) Investors are not being offered any guaranteed returns.

(v) The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the marketplace and industry specific and macro-economic factors.

(vi) Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the Net Asset Value of the portfolio may be subject to fluctuation.

(vii) Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.

(viii) Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/counter party.

(ix) The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.

(x) 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. 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.

(xi) There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.

(xii) The Net Asset Value may be affected by changes in settlement periods and transfer procedures.

(xiii) Past performance of the portfolio manager does not indicate its future performance.

(xiv) Investments are subject to market risk arising out of non-diversification, if any.

(xv) The Portfolio manager has a soundtrack record managing portfolio of client investments since November 1996.

(xvi) 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 in terms of SEBI (PMS) Regulations, 2020.

(xvii) Portfolio Manager shall make disclosure of conflict of interest related to services offered by group companies of the portfolio manager if any.

**7) Client Representation**
**(i) Category of clients and Fund Managed:**

| **Category of clients** | **No. of Clients** | **Funds managed (Rs.in Crores)** | **Discretionary / Non Discretionary** |
|---|---|---|---|
| **As on 31/03/2020** | | | |
| **I. Associates/Group Companies** | 0 | 0.00 | Discretionary |
| **II. Others** | | | |
| Individual - Resident | 0 | 0.00 | Discretionary |



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| | | | |
|---|---|---|---|
| Individual – Non Resident | 7 | 7.24 | Discretionary |
| **Total** | **7** | **7.24** | |
| **I. Associates/Group Companies** | 0 | 0.00 | Non-Discretionary |
| **II. Others** | | | |
| Individual - Resident | 2 | 10.66 | Non-Discretionary |
| Individual – Non-Resident | 5 | 10.17 | Non-Discretionary |
| **Total** | **7** | **20.83** | |

| **Category of clients** | **No. of Clients** | **Funds managed (Rs.in Crores)** | **Discretionary / Non-Discretionary** |
|---|---|---|---|
| **As on 31/03/2019** | | | |
| **I. Associates/Group Companies** | 0 | 0.00 | Discretionary |
| **II. Others** | | | |
| Individual - Resident | 0 | 0.00 | Discretionary |
| Individual – Non-Resident | 7 | 9.18 | Discretionary |
| **Total** | **7** | **9.18** | |
| **I. Associates/Group Companies** | 0 | 0.00 | Non-Discretionary |
| **II. Others** | | | |
| Individual - Resident | 2 | 5.04 | Non-Discretionary |
| Individual – Non-Resident | 5 | 6.11 | Non-Discretionary |
| **Total** | **7** | **11.15** | |

| **Category of clients** | **No. of Clients** | **Funds managed (Rs.in Crores)** | **Discretionary / Non Discretionary** |
|---|---|---|---|
| **As on 31/03/2018** | | | |
| **I. Associates/Group Companies** | 0 | 0.00 | Discretionary |
| **II. Others** | | | |
| Individual - Resident | 0 | 0.00 | Discretionary |
| Individual – Non Resident | 8 | 8.24 | Discretionary |
| **Total** | **8** | **8.24** | |
| **I. Associates/Group Companies** | 0 | 0.00 | Non-Discretionary |
| **II. Others** | | | |
| Individual - Resident | 2 | 4.79 | Non-Discretionary |
| Individual – Non Resident | 5 | 7.49 | Non-Discretionary |
| **Total** | **10** | **12.28** | |

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

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standards are given below:



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| Name of the Related Party. | Relationship | Nature of Payment | Amount (Rs. In lakhs) Audited for FY 19-20 |
|---|---|---|---|
| PPFAS Asset Management Private Ltd | Subsidiary Company | Shared Service Cost Received | 84.70 |

The PMS division has no clients from the family of promoter.

| Name | Relationship with Promoter | Amount of Portfolio Fund Managed (Rs. In Lakhs) |
|---|---|---|
| N.A. | N.A. | N.A. |

All the above are treated as clients for PMS.

**8) Financial Performance of the portfolio manager**

**Financial results of PPFAS – Portfolio manager for the PMS**

**(Rs. In Lakhs)**

| Particulars | 31.03.2020 | 31.03.2019 | 31.03.2018 |
|---|---|---|---|
| Operating Income | 35.52 | 40.18 | 44.28 |
| Other Income | 105.29 | 81.79 | 61.69 |
| Total Income | 140.81 | 121.97 | 105.97 |
| Profit /(Loss) before Depreciation & tax | 37.33 | 19.89 | 21.28 |
| Depreciation | 0.24 | 0.69 | 1.61 |
| Profit /(Loss) before tax | 37.09 | 19.20 | 19.67 |
| Tax Expense | 18.77 | 0.99 | 1.31 |
| Profit / (Loss) after tax | 18.32 | 18.21 | 18.36 |
| Share Capital | 717.41 | 717.41 | 717.41 |
| Reserves & Surplus | 3590.15 | 3571.83 | 3553.61 |

**9) 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 Time weighted rate of return method in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020**

**Portfolio Management performance for the last three years:**

Fund Managed (Discretionary) (Rs.in Crores)

| Particulars | 31.03.2020 | 31.03.2019 | 31.03.2018 |
|---|---|---|---|
| Equity | 7.24 | 9.18 | 8.24 |



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**Performance of PMS, since inception (Annualised)**

| Particular | Period |
|---|---|
| Portfolio Performance (%), Net of all fees and charges levied by the portfolio manager. | Since Inception |
| Discretionary Clients | 15.19% |
| Sensex | 16.50% |
| NIFTY 50 | 16.05% |

**Performance of PMS using 'Time Weighted Rate of Return'**

| Particular | Period | | |
|---|---|---|---|
| Portfolio Performance (%), Net of all fees and charges levied by the portfolio manager. | 2019-20 | 2018-19 | 2017-18 |
| Discretionary Clients | 7.72% | 12.95% | 16.78% |
| Sensex | 5.93% | 17.74% | 15.02% |
| NIFTY 50 | 3.74% | 15.33% | 14.42% |

Note: The performance related information provided above has not been verified by SEBI.

**10) Audit Observation**

There has been no adverse observation reported by Statutory auditor in last Three preceding years.

**11) Nature of expenses**

(i)Investment management and advisory fees

Subject to other terms and conditions of the Original Agreement, the remuneration to be paid by the Investor to PPFAS for the services provided under this Agreement is:

| Sr. No. | Investment Approach | Particulars/ Condition of Fees to be charged | Duration When Charged |
|---|---|---|---|
| I | Cognito (Fixed Fees) | Fixed Fees 2% p.a. of the NAV | Quarterly |
| II | Cognito ND (Non-Discretionary) | Rs.10000/- p.a. | Half Yearly |
| III | Profit Sharing | Fixed Fees 1% p.a. Of the NAV + 10% of profits | Half Yearly |

Also, Portfolio Manager may retain right to pay referral or distribution Fees out of its pocket to service providers, distributors, advisors etc. as per mutually agreed upon terms at no incremental cost to clients and which is in compliance with SEBI (PMS) Regulations, 2020 and SEBI Circular no. SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020.

Provided that PPFAS shall always have the discretion to charge a lower rate for the services provided.

The other deductions made are for:

| | |
|---|---|
| Security Transaction Tax | Actual |
| Brokerage | Actual |
| Custody charges | Actual |
| Registration and transfer fees | Actual |

The other charges will be:

Goods and Service Tax (w.e.f. 01.07.2017) on above fees as per the prevailing rate of taxes.

**Notes: -**

1. Investment management & advisory fees represents cost of managing the portfolio.
2. Custodian fees represent cost incurred in connection with the Custody of the securities and dematerialsation, rematerialisation and other cost related thereto.
3. Registrar and transfer agent fee represent cost incurred in connection with the transfer of securities in the name of the client, stamp charges, correspondence and delivery charges related thereto.
4. Brokerage and transaction cost represent cost incurred in connection with the purchase and sale of securities through a broker being a member of a recognised Stock Exchange.

**12) Taxation**

Under the PMS, the onus of income tax payable on capital gains, dividends, interest or any other taxable income is on the Investor. The Portfolio Manager will provide adequate statements on a periodical basis, prior to the due dates of income tax payments, to enable the investor to meet their tax obligations under the Income Tax Act, 1961.

In the event of there being any withholding tax or tax deductible at source relating to any income received by PPFAS on behalf of the Investor on the investments, the credit in respect thereof shall be passed onto the Investor if legally permissible and practicable to do. In the event of PPFAS paying any taxes on behalf of the Investor, PPFAS may debit the same to the Investor's account and the Investor agrees to reimburse the same to PPFAS forthwith.

**13) Accounting policies**

**13. 1. Following are the key accounting policies.**

a) All Investments will be marked to market. Investment in shares will be valued on the basis of closing market prices of the National Stock Exchange of India Ltd. If securities are not listed on the National Stock Exchange of India Ltd., then the closing market values on the Bombay Stock Exchange Ltd or on any other exchange on which the securities are listed will be considered for valuation.

b) Investment in units of Mutual Funds will be valued on the basis of closing NAV declared by the respective Mutual Funds.

c) All debt instruments will be valued using CRISIL Bond Valuer and Government Securities will be valued based on FIMDA Yield.

d) Realized gains/losses will be on the basis of FIFO (First in First out) principle. For example, the earliest purchased quantity will be reckoned for the current / most recent sale at the respective prices at both points in time.

e) The equity shares of Private Limited Companies will be valued on the fair value at the year / period end based on the valuation certificates of qualified Chartered Accountants.

f) Transactions relating to equity instruments will be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during the year are recorded and reflected in the financial statement for that year.

g) The costs of investments acquired or purchased would include brokerage, service tax, transaction charges, stamp charges and any charge customarily included in the brokers' contract note / trade confirmation or levied by any statute,

h) For derivative transactions (if any) unrealized gains and losses on open Positions will be calculated by the mark to market method.

**13.2 Basis of Accounting**

The following Accounting Policies will be applied for accounting the Investments of the Client and reporting to them.
a. The Books of Account of the Client is maintained on an historical cost basis.

b. Realized gains/losses will be calculated by applying the first in/first out method.

c. For derivatives/futures and options, unrealized gains and losses will be calculated by marking all the open positions to market.

d. Unrealized gains/losses are the differences between the current market values/NAV and the historical cost of the securities.

e. All income will be accounted on accrual or receipt basis, whichever is earlier.

f. All expenses will be accounted on due or payment basis, whichever is earlier.

g.The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investment or for accounting the same, as may be mutually agreed between them on a case-by-case basis.

h. Purchase and Sale transactions are accounted for on trade date basis.

i. Purchases are accounted at the cost of acquisition inclusive of brokerage, service tax, stamp duty, transaction charges, or any other charges charged by the Broker and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, service tax,

stamp duty, transaction charges and exit loads in case of-units of mutual fund. Securities Transaction Tax and Demat charges on purchase / sale transaction would be accounted as expense on receipt of bills.

j. Bonus shares are recorded on the ex-benefit date (ex-date).

k. Dividend income is recorded on the ex-dividend date (ex-date).

l. Interest on Debt instruments / Fixed Deposit with banks are accounted on accrual basis.

m. Tax deducted at source (TDS) on interest on Fixed Deposits is considered as withdrawal of Portfolio and debited accordingly.

**13.3. Books of accounts** would be separately maintained in the name of the client as are necessary to account for the assets and any additions, income, receipts and disbursements in connection therewith as provided under SEBI (Portfolio Managers) Regulations, 2020.

**13.4 Audit of Accounts**
The Portfolio accounts of the Portfolio Manager shall be audited annually by an independent Chartered Accountant and a copy of the certificate issued by the Chartered Accountant shall be given to the clients.

**13.5** The client may appoint a Chartered Accountant to audit the books and accounts of the Portfolio Manager relating to his transactions and the Portfolio Manager shall co-operate with such Chartered Accountant in course of the audit.

**14) Investors services**
**(i) Name, address and telephone number of the investor relation officer**

Ms. Neeta Shukla
Parag Parikh Financial Advisory Services Limited
81/82, 8th Floor, Sakhar Bhavan, Ramnath Goenka Marg,
230, Nariman Point, Mumbai - 400 021.
Ph: 022 6140 6555

**(ii) Grievances redressal and dispute settlement mechanism**
All grievances and disputes will be received at the registered office of the Portfolio Manager (as mentioned in clause 14(i) above or through email at email@ppfas.com and the portfolio manager will ensure timely and prompt redressal of the grievances and disputes.

**Date: 1st April, 2021**
**Place: Mumbai**

**Mr. Shashi Kataria**
**Director**

PARAG PARIKH FINANCIAL ADVISORY SERVICES LTD. MUMBAI

**Mr. Neil P. Parikh**
**Director**



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