



**VARANIUM CAPITAL ADVISORS PRIVATE LIMITED**

**DISCLOSURE DOCUMENT**

[As required under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020]

---

**I. Declaration:**

- a) The Disclosure Document (hereinafter referred as the “**Document**”) has been filed with the Board along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- b) 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 Varanium Capital Advisors Private Limited (hereinafter referred as the “**Portfolio Manager**”) as the portfolio manager.
- c) The Document contains 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
- d) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager are as follows:

**PRINCIPAL OFFICER**

**Name :** Mr. Vaibhav Chowdhry

**Phone :** 022 62104000

**Fax :** 022 62104099

**E-mail :** [vaibhav.c@varaniumgroup.com](mailto:vaibhav.c@varaniumgroup.com)

**PORTFOLIO MANAGER**

Varanium Capital Advisors Private Limited

**Registered Office Address:** Plot No. A-3,4 & 5 Sector-125,  
Gautam Buddha Nagar, Noida UP 201301

**Corporate Office Address:**

1416, 14<sup>th</sup> Floor, One Lodha Place, Senapati Bapat-Marg,  
Lower Parel, Mumbai- 400013

Tel: 022- 62104000

Fax: 022- 62104099



## II INDEX

1) Disclaimer .....	3
2) Abbreviations & Definitions.....	3
3) Description.....	5
4) Penalties, pending litigation or proceedings .....	8
5) Services Offered .....	9
6) Risk factors.....	10
7) Client Representation:.....	15
8) The Financial Performance of portfolio manager .....	16
9) Portfolio Management performance .....	16
10) Audit Observations.....	17
11) Nature of Expenses.....	18
12) Taxation .....	18
13) Accounting policies .....	26
14) Investors services .....	26
15) General .....	288

### **III. Contents:**

#### **1) Disclaimer**

- a) Particulars of this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020, as amended till date and filed with SEBI.
- b) This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

#### **2) Abbreviations & Definitions**

##### **(a) Agreement**

The portfolio management services agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.

##### **(b) Capital Contribution**

Means the amounts contributed by the Client for investments in accordance with the terms of the Agreement.

##### **(c) Chartered Accountant**

A Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.

##### **(d) Client / Investor**

Means individuals, company/body corporate, partnership firm, trust, society, association of persons, limited liability partnership, permitted foreign individual/entity and such other persons as may be deemed by the Portfolio Manager, to be eligible to avail of the services of the Portfolio Manager from time to time under the PMS.

##### **(e) Capital Commitment**

Means the aggregate amount agreed by a Client to be invested through the Portfolio Manager in terms of the Agreement (if applicable with respect to a Product, under the Agreement).

##### **(f) Commitment Period**

Means the period during which the Portfolio Manager Shall Drawdown the Capital Commitment of the Client in terms of the Agreement (if applicable with respect to a Product under the Agreement).

##### **(g) Discretionary Portfolio Manager**

A portfolio manager who exercises or may exercise, under a contract relating to portfolio management entered into with the client / investor, any degree of discretion, as to the investments or management of the portfolio of securities or the funds of the client/investor, as the case may be.

**(h) Disclosure Document**

This Document issued by the Portfolio Manager – Varanium Capital Advisors Private Limited.

**(i) Entry Fee**

Means a fee payable by the Client on the execution of the Agreement (if payable under the Agreement in accordance with the terms contained therein).

**(j) Drawdown**

Means a Capital Contribution made by a Client pursuant to the issuance of a Drawdown Notice by the Portfolio Manager (if applicable on a Product under the terms of the Agreement).

**(k) Drawdown Notice**

Means a notice issued by the Portfolio Manager to the Client, calling for the making of Capital Contribution from the amount of Capital Commitment not drawn down (if applicable on a Product under the terms of the Agreement).

**(l) Financial Year:**

A financial year shall be the period of 12 months commencing on 1<sup>st</sup> of April and ending on the 31<sup>st</sup> March of the succeeding year.

**(m) Performance Fee**

Means the performance-linked fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

**(n) Portfolio Manager or VCAPL**

Varanium Capital Advisors Private Limited (VCAPL), who pursuant to a contract or arrangement with a Client / Investor, advises or directs or undertakes on behalf of the Client / Investor (whether as a Discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the Client / Investor, as the case may be.

**(o) Portfolio Entity**

Means an unlisted/listed company, enterprise or entity in Securities/Products of which the monies of the Portfolio are invested subject to applicable laws.

**(p) Portfolio or Client Portfolio**

Means the total holding of all investments, Securities and funds belonging to the Client in accordance with the Agreement.

**(q) Principal Officer**

An employee of the Portfolio Manager who is designated as the Principal Officer under Regulations by the Portfolio Manager.

**(r) PMS**

Shall mean the portfolio management services platform provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement entered with its Client/Investor and in accordance with the terms of this Document.

**(s) PML Laws**

Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time.

**(t) Product / Option**

Means the investment products/options with the respective investment strategy/ features, introduced by the Portfolio Manager from time to time.

**(u) Regulations**

The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

**(v) Securities**

Mean and include securities/instruments of Portfolio Entities, all marketable securities including equity shares, quasi equity shares, preference shares, debentures (whether convertible or non-convertible and whether secured or unsecured and whether listed or unlisted), convertible securities, depository receipts, bonds, secured premium notes, government securities, pass-through certificates, treasury bills, units, derivatives, equity linked products, debt, hybrid debt products, mortgage-backed securities, commercial debt papers, notes, units of a trust, units of a domestic venture capital fund and any other instrument falling within the definition of 'security' under section 2(h) of the Securities Contract (Regulation) Act, 1956.

**(w) SEBI**

Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.

**(x) Term**

The term of the Agreement as reflected in the respective Agreement entered with the Client by the Portfolio Manager.

**(y) Termination Fee/Withdrawal Charge/s**

Means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

Any term used in this Document but not defined herein (but defined in the Regulations) shall have the same meaning as assigned to them in the Regulations.

**3) Description**

**(i) History, Present Business and Background of Varanium Capital Advisors Private Limited (VCAPL), the Portfolio Manager**

The Company (previously known as Religare Portfolio Managers and Advisors Private Limited and P. N. Vijay Financial Services Private Limited) was incorporated on May 7, 1990, as a private limited company under the Companies Act, 1956 with the main object of providing various

financial services. It received authorization from SEBI to act as a Merchant Banker Category III, which was gradually upgraded to Category I and was valid until 15<sup>th</sup> March 2003. For the initial first decade, the Company had provided issue management, underwriting, corporate finance and M&A services to several companies. In the year 2001, the Company expanded its financial services activities into the area of portfolio management. It received portfolio management services registration from SEBI under the PMS Regulations vide registration no. INP00000563 with effect from September 1, 2001. The registration certificate issued to the Company was renewed from time to time in the year 2004, 2007, 2010, 2013 and 2016. Lastly the Company applied for fresh application of its registration in the year 2016 and was issued fresh registration certificate bearing registration no. INP000005281. On April 15, 2013, RGAM Investment Advisers Private Limited [formerly RGAM Corporation Private Limited] acquired 100% shareholding in the Company pursuant to SEBI approval vide letter no. IMD/DOF-I/NG/6910/2013 dated March 20, 2013. Further, pursuant to the SEBI approval vide letter no. IMD/DoF-I/TV/OW/26253/2013 dated October 14, 2013, granted to Prime Broking Company (India) Limited ("Prime"), the Company has acquired the Portfolio Management business of Prime. On July 14, 2016, Varanium Advisory Private Limited acquired 100% shareholding in the Company pursuant to SEBI approval vide letter no. SEBI/HO/IMD/DF1/OW/P/2016/17594/1 dated June 20, 2016.

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

**PROMOTER**

**Varanium Advisory Private Limited ("VAPL")**, a private limited company incorporated under the Companies Act, 1956 having its registered office at 1107, Floor 11, Plot 453, Lodha Supremus Senapati Bapat Marg, Lower Parel, Delisle Road Mumbai - 400013, Maharashtra, India

**DIRECTORS OF PORTFOLIO MANAGER:**

**1. Mr. T.S. Anantkrishnan, Director**

Mr. T.S. Anantkrishnan is qualified Chartered Financial Analyst and Financial Risk Manager (FRM) USA and has over 26 years of experience in portfolio and risk management. His work experience spans across organizations like Prime Securities, Goldman Sachs, New York, USA, Shumway Capital, USA and Bloomberg. Anant regularly presents his views on various business channels and forums on investments in Indian markets.

**Professional Qualification:** B. Tech from IIT Roorkee, MBA Finance (NYU, Stern), CFA and Financial Risk Manager, USA

**Age:** 49 years

**2. Ms. Parvathy Anantkrishnan, Director**

Ms. Parvathy Anantkrishnan is a director. She has a wide range of experience spanning Indian and International companies in assurance, audit, and finance.

**Professional Qualification:** CA, CPA

**Age:** 46 years

### **3. Mr. Aparajit Bhandarkar, Whole Time Director**

Mr. Aparajit leads the Venture Capital Practice at the firm. He has more than 15 years of experience in Investment Banking, Investor Relations and startup investments. Before joining Varanium, he was CEO of Dice Fintech Ace- a Fintech Venture fund. Before that he was Head Strategy, Jio Payments Bank and various senior roles at Yes Bank such as President, Merchant Banking and Head of Investor Relation.

**Professional Qualification:** CA, CFA and MBA from NYU stern

**Age:** 42 years

### **4. Mr. Vishal Bajpai, Non-Executive Director**

Mr. Vishal Bajpai, Director at Varanium, spearheads the Global Investments Business besides helping the firm to raise funds for its domestic funds in the Equity and Alternate space. Starting his career as a stockbroker, Vishal has 24 years of experience spanning into Wealth and Asset Management businesses, working in distribution, advisory, and portfolio Management roles. Prior to Varanium, he was head of the Investment business in India at Deutsche Bank, International Private Banking. He worked with HSBC, ICICI Bank, Birla Sunlife Mutual Fund and Motilal Oswal in the past.

**Professional Qualification:** CFA, MBA from Devi Ahilya University, Indore

**Age:** 46 years

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

Nil

\*The is based on the turnover of Group Companies as per the audited accounts for financial year ended March 31, 2023.

### **(iv) Details of the services being offered**

#### **1. Discretionary Services:**

Under the Discretionary PMS, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested / disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question except on the ground of fraud, malafide, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the applicable laws in force from time to time, including the Regulations. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients.

## **2. Non - Discretionary Services:**

Under the Non-Discretionary PMS, the assets of the client are managed in consultation with the Client. Under this service, the assets are managed as per the requirements of the Client after due consultation with the client. The Client has complete discretion to decide on the investment (quantity and price or amount). The Portfolio Manager *inter alia* manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client.

## **3. Advisory Services**

The Portfolio Manager will provide investment advisory services, in terms of the Regulations, which shall include the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the Clients portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market including NRIs, FIIs, etc. The Portfolio Manager shall be solely acting as an advisor to the portfolio of the Client and shall not be responsible for the investment / divestment of Securities and / or any administrative activities on the Client's portfolio. The Portfolio Manager shall provide advisory services in accordance with such guidelines and / or directives issued by the regulatory authorities and / or the Client, from time to time, in this regard.

**\*Direct Mode** – Client may approach us directly for our PMS Services through online portal [www.varaniumgroup.com](http://www.varaniumgroup.com) or Email at [support@varaniumgroup.com](mailto:support@varaniumgroup.com) without any intermediaries

## **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. All cases of penalties imposed by SEBI, or the directions issued by SEBI under the Act or Rules, or Regulations made there under.

In 2007, a Consent order was passed by SEBI with respect to an enquiry wherein P.N. Vijay Financial Services Private Limited was asked to deposit Rs. 5 Lakhs and the same was paid. In 2010, another Consent order was passed by SEBI with respect to an enquiry against Mr. P.N. Vijay, the Director of P.N. Vijay Financial Services Private Limited, for alleged violation of insider trading regulations during his tenure as an Independent Director of Eicher Motors Ltd. Mr. P N Vijay went for Consent settlement and paid Rs. 15 Lac as per Consent order. In 2019, an adjudication order was passed by SEBI in respect of P.N. Vijay Financial Services Private Limited for alleged violation of various provisions of Regulation 13, Schedule V read with Regulations 14 and 14 (1) (a), 14 (3) (a) and 16 (1) (a) of the PMS Regulations and SEBI Circular No. Cir/IMD/DF/13/2010 dated October 05, 2010, during the Inspection Period from April 1, 2011 to November 30, 2012. Whereby the AO levied a penalty of Rs.5 Lakhs on P.N. Vijay Financial Services Private Limited. The said penalty amount was paid.

- II. The nature of the penalty /direction.  
Direction by SEBI to deposit certain sums pursuant to consent order.



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 SEBI or any regulatory agency

SEBI had carried out an inspection of the books of accounts and Portfolio Management Services activities of P.N. Vijay Financial Services (as VCAPL was then called) during the month of March 2013. SEBI, vide its letter dated September 12, 2013, provided its observations/findings to VCAPL with respect to:

- i. Control and management of client portfolios.
- ii. Arrangement with the designated broker.
- iii. Grievance Redressal/ Dispute Resolution mechanism; and
- iv. Fees schedule.

VCAPL has replied to SEBI on the observations/ findings stated in the inspection report vide its letter dated October 01, 2013, and has already remediated the same.

VI. Any enquiry/adjudication proceedings initiated by SEBI 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.

For Portfolio manager, its directors, principal officer, or employee: Nil

For any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer, or employee. Nil

## **5) Services Offered**

### **Varanium G2G India Portfolio**

#### **Investment Objective/ Purpose**

The investment objective of the Portfolio is to achieve and preserve long term capital appreciation by primarily gaining exposure to a diversified portfolio of equity and equity related securities in India. The Portfolio will be primarily investing in listed equities, however, it may opportunistically also invest in other permissible securities/ products in accordance with the regulations like unlisted equities, warrants, debt instruments etc.

## **Investment Strategy**

The Portfolio seeks to achieve superior returns for investors through the G2G framework which entails investing in companies during their Good-to-Great Phase and avoiding the Great-to-Good declines. This will be done by leveraging the past experience and acquired expertise of the advisory team in the listed Indian equity market.

### **G2G FRAMEWORK:**

The Portfolio aims to invest in Shares of businesses that are going from being a GOOD business to a GREAT business. This is when they have comparative advantages, a large runway of growth and generate superior returns for shareholders through a mix of earnings and multiple expansion. Most businesses, once they become GREAT also trade at GREAT Multiples and ...then they falter, become too big to grow, valuations surpass reality, competition kicks in or they are disrupted etc. The Portfolio aims to avoid such painful pitfalls of Great businesses becoming Good or average businesses.

Within the Product, the Portfolio manager can launch multiple series reflecting the broad Product theme with some variations.

### **6) Risk factors**

- i. Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.
- ii. Any past performance of the Portfolio Manager does not indicate its future performance.
- iii. Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- iv. The Client Portfolio may be affected by settlement periods and transfer procedures.
- v. The Portfolio Management Service is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single Portfolio Entity/ies. The performance of the portfolios would depend on the performance of such companies/industries/sectors of the economy.

Other risks arising from the investment objectives, investment strategy and asset allocation are stated as under:

#### **Risks associated with investments in equity and equity linked securities**

- i. Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- ii. Execution of investment strategies depends upon the ability of the Portfolio Manager to identify opportunities which may not be available at all times and that the decisions made by the Portfolio Manager may not always be profitable.

- iii. In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- iv. In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- v. The value of the Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.
- vi. Investors may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

**Risk Factors associated with investments in Derivatives**

- i. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the Investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of such strategies to be persuaded by the Portfolio Manager involve uncertainty and decision of the Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager shall be able to identify or execute such strategies.
- ii. The risks associated with the use of derivatives are different from or possibly greater than, the risk associated with investing directly in securities and other traditional investments.
- iii. As and when the Portfolio Manager on behalf of Clients would trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- iv. The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.

- v. The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- vi. Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.

#### **Risks associated with investments in Debt, Fixed Income Securities/products**

Some of the common risks associated with investments in fixed income and money market Securities are mentioned below. These risks include but are not restricted to:

- i. Interest Rate Risk: As with all debt securities, changes in interest rates affects the valuation of the portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the valuation of portfolios.
- ii. Liquidity or Marketability Risk: This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity Risk is characteristic of the Indian fixed income market.
- iii. Credit Risk: Credit risk or default risk refers to the risk, which may arise due to default on the part of the issuer of the debt/fixed income securities (i.e. risk that the issuer will be unable to make timely principal and interest payments on the security). The enforcement of security may not be effective and hence realization of investment in debt securities may become difficult in case of default by the issuer of debt.

#### **Risks attached with Exchange Traded Funds: (ETFs)**

- i. Absence of Prior Active Market: Although the units of ETFs are listed on the stock exchange for trading, there can be no assurance that an active secondary market will develop or be maintained.
- ii. Lack of Market Liquidity: Trading in units of ETFs on the stock exchange on which it is listed may be halted because of market conditions or for reasons that, in the view of the concerned stock exchange or market regulator, trading in the ETF units is inadvisable. In addition, trading in the units of ETFs is subject to trading halts caused by extraordinary market volatility pursuant to 'circuit filter' rules. There can be no assurance that the requirements of the concerned stock exchange necessary to maintain the listing of the units of ETFs will continue to be met or will remain unchanged.
- iii. Counterparty / Third Party Manager Risk: ETF's purchased on behalf of Investors would be floated by third parties, as such the Portfolio Manager does not guarantee the credit worthiness of the same.

#### **Management and Operational risks**

### **Reliance on the Portfolio Manager**

The success of the PMS will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Entities and the structuring of investments.

### **Investment in Securities/Instruments**

- i. The Client Portfolio may comprise of investment in unlisted Securities and in case of such Securities, the Portfolio Manager's ability to protect the investment in the Securities may be limited despite seeking appropriate shareholders and supervisory rights.
- ii. The in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Client Portfolio could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the agreement with Portfolio Entities. If an in specie distribution is received by the clients from the Portfolio Manager, the clients may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.
- iii. Some of the Portfolio Entities in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the Portfolio Entity for such period as may be prescribed under the applicable law, or there may be certain investments made by the Portfolio Manager which are subject to a statutory period of non-disposal and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.
- iv. The Portfolio Manager may also invest in Portfolio Entity/ies, which are new or recently established or are investment vehicles like mutual funds/trusts/venture capital funds. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance.

### **Portfolio-related Risks**

#### **Identification of Appropriate Investments**

The success of the PMS as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

#### **Investment and Liquidity Risks**

Poor performance by one or a few of the investments in a less diversified portfolio could severely adversely affect the total returns of the PMS. In case of listed securities, there can be no assurance that it will provide a viable exit mechanism, as these securities may suffer from low trading volumes and low market capitalization at the time of the intended disposal. Also, there may be certain lock-in on investments prescribed by the applicable laws, due to which the investments may be illiquid. For some of the unlisted securities in which the Portfolio Manager may invest, there would be no active secondary market. Such investments will be of a medium-to-long term nature. There are a variety of methods by which unlisted investments may be realized, such as the sale of investments on or after listing, or the sale or assignment of investments to joint-venture partners or to third parties subject to relevant approvals. However, there can be no guarantee that such realizations can be achieved and such investments may remain illiquid.

### **Change in Regulation**

Any change in the Regulations or any new direction of SEBI may adversely impact the operation of the PMS.

### **Tax risks**

Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the Portfolio Entities. The Government of India, State Governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Entities. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio's profitability. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by clients as a result of such changes. The full tax impact of an investment under the PMS would depend upon the circumstances of each client individually and the additional peculiarities associated with respect to activities of each Portfolio Entity. Prospective clients are therefore strongly urged to consult their tax advisors with specific reference to their own situations.

### **Potential Conflicts of interest**

The services rendered by the Portfolio Manager will be subject to conflict of interest relating to Varanium Capital Advisors Private Limited as Portfolio Manager and various other affiliates, associated companies, or group companies, directors, officers and employees of the Portfolio Manager ("Relevant Parties"), which are engaged in a broad spectrum of activities in the financial sector.

Some of the possible conflicts of interest and potential conflicts of interest are outlined below:

- The Portfolio Manager may act as a investment manager/advisor to other clients/funds/entities under its management/advisory business. Any conflict arising out of such relationships would be managed by the Portfolio Manager subject to applicable laws and Regulations.
- There could be multiple portfolios under the management of Varanium Capital Advisors Private Limited as a Portfolio Manager, thereby presenting possibility of conflict of interest in

allocating investment opportunities amongst the various portfolios. The Portfolio Manager will endeavour to resolve any such conflicts in a reasonable manner as it deems fit.

- The Portfolio Manager and/or any of the Relevant Parties can act as manager/advisor to any of the Portfolio Entity/ies, charge fee for the services rendered to them, provide broad range of financial services, from time to time in addition to the fee charged to the Client under this Agreement. Any conflict arising out of any such relationships would be managed by the Portfolio Manager subject to applicable laws and Regulations.

Conflict of interest would be inherent between the activities of the Portfolio Manager, Portfolio Entity/ies and the Relevant Parties. It is intended for such conflicts to be managed primarily by complying with the applicable laws, acting in good faith to develop equitable resolutions of known conflicts and developing policies to reduce the possibilities of such conflict. The Portfolio Manager shall ensure fair treatment to all its clients in case of conflicts of interest.

#### 7) Client Representation:

Category of Clients	No. of Clients	Funds Managed (Rs. Cr.)	Discretionary / Non-discretionary
Associates / Group Companies	NIL	NIL	NIL
Others (last three years)			
2020-21 (as of 31 <sup>st</sup> March 21)	167	299.50	Discretionary
2021-22 (as of 30 <sup>th</sup> Sep.'21)	149	344.76	
2021-22 (as of 31 <sup>st</sup> March 22)	147	295.74	
2022-23 (as of 30 <sup>th</sup> Sep.'22)	138	273.82	
2022-23 (as of 31 <sup>st</sup> March 23)	119	240.77	
2022-23 (as of 30 <sup>th</sup> Sep.'23)	81	171.68	
Till September 2023	NIL	NIL	Non-discretionary Management

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

- 1) Related party and nature of related party relationship where control exists, as per the last audited balance sheet on March 31, 2023.
  - A. Parties where control exist
    - 1.Varanium Advisory Private Limited – Holding Company
    - 2.Key Management Personnel – Mr. T.S. Anantakrishnan  
– Mr. Vishal Bajpai
  - B. Other related parties where transactions have taken place during the financial year ended March 31, 2023:

(Rs. in '000)

Name of Related Party	Nature of Transactions	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2021
Key Managerial Person	Remuneration	15,348	13,441	22,625
	Management fees received		2,987	2,088
	Loan Received		1500	-
Individuals owning directly or indirectly interest in the voting power that gives them control	Management Fees Receivable		257	255
Key Managerial Person	Loan Receivable		1500	-

2) Related parties and nature of related party relationship, where transactions have taken place during the Year.

Not Applicable

#### 8) The Financial Performance of portfolio manager (based on audited financial statements)

(Rs in Lakhs)

Particulars	2022-23	2021-22	2020-21
Paid up Capital (a)	738.09	738.09	738.09
Reserves & Surplus (b)	448.28	112.18	61.30
Net Worth (a+b)	1186.37	850.27	799.39
Investments	1185.27	1153.11	469.50
Current Assets, Loans & Advances	248.15	188.21	236.80
Less: Current Liabilities	428.23	648.63	114.63
Net Current Assets	(180.08)	(460.42)	112.17
Income	1299.83	1242.24	1349.58
Expenditure	813.52	1163.65	1503.37
Profit before Tax	486.31	78.59	(153.79)
Provision for Tax (Incl Deferred Tax)	150.21	27.72	(2.93)
Net Profit / (Loss)	<b>361.11</b>	<b>50.88</b>	<b>(150.85)</b>

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 the SEBI (Portfolio Managers) Regulations, 2020.

The returns made by VCAPL as compared to CNX Nifty in the recent 3 years had been as under:

	Financial Year 2020-21	Financial Year 2021-22	Financial Year 2022-23
Absolute Return Portfolio - AGILE PLUS AB	87.21%	39.88%	-21.55%
Varanium Emerging Leader Fund	29.23%	27.18%	-1.76%
Varanium Alpha Portfolio	62.54%	25.20%	-10.57%
Alternate Investments Portfolio	87.86%	-2.10%	25.72%
Large-Cap Focused Fund	52.20%	31.47%	-13.46%
CNX Nifty	61.05%	18.88%	-0.30%

Notes- Above performance refers to the Model client's portfolio.



## **10) Audit Observations**

Audit observations of the preceding 3 years - **None**

## **11) Nature of expenses**

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services is annexed to the Agreement in respect of each of the services provided.

- i. Management fee:**  
The management fee relates to the portfolio management services offered to the Clients. The fee may be a fixed charge or a percentage of the quantum of the funds being managed.
- ii. Performance fee:**  
The performance fee relates to the share of profits charged by the Portfolio Manager, subject to hurdle rate and high-water mark principle.
- iii. Upfront Fees:**  
The Portfolio Manager may levy the charges as upfront fee at such fixed percentage as may be agreed between the Portfolio Manager and the Clients, which will be calculated on the amount of funds introduced by the Clients in the Portfolio Products. The said fees shall be recovered from the funds introduced by the Clients.
- iv. Exit Charge/Termination Fee:**  
The Portfolio Manager may charge exit charges / early withdrawal fee as may be agreed upon between the Portfolio Manager and the Clients as per the terms and conditions of a particular Portfolio Product.
- v. Services related to regular communication, account statements, etc.:**  
Charges relating to custody and transfer of shares, bonds and units, and/or any other charges in respect of the investment.
- vi. Depository/Custodian fee:**  
Charges relating to opening and operation of demat account, dematerialisation and rematerialisation, etc.
- vii. Registrars and Transfer Agents' fees:**  
Fees payable to the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty cost of affidavits, notary charges, postage stamps and courier charges.
- viii. Brokerage, Transaction Costs and other Services:**  
The brokerage and other charges like stamp duty, transaction cost and statutory levies such as service tax, securities transaction tax, turnover fees and such other levies as may be imposed from time to time. The Portfolio Manager currently deals with/through Religare Broking Limited ("RBL"), Money Logix Securities Private Limited ("MLS"), Dolat Capital Market

Pvt Limited (“DCML”) and Mangal Keshav Financial Services LLP (MKFSL) as its stockbroker/s for carrying out stock market trades for the PMS.

**ix. Fees, exit loads and charges in respect of investment in mutual funds / Exchange Traded Funds:**

Mutual Funds may be recovering expenses or management fees, exit loads and other incidental expenses along with services tax, if any, on such recoveries and such fees, exit loads and charges including services tax on such recoveries, as per the relevant regulation shall be paid to the respective asset management company of mutual funds on the Clients’ account. Such fees and charges are in addition to the portfolio management fees described above.

**x. Any other incidental or ancillary expenses:**

All incidental and ancillary expenses not covered above but incurred by the Portfolio Manager on behalf of the Client shall be charged to the Client.

## **12) Taxation**

### **(i) General**

The information furnished below outlines briefly the key tax implications applicable to the Clients investing through the Portfolio Manager. The tax implications are based on the relevant provisions of the Income-tax Act, 1961, (the “Act”), as amended by the Finance Act, 2023 (collectively referred to as “the relevant provisions”). Since the information below is based on the relevant provisions as on the date of this document, any subsequent changes in the said provisions could impact the overall tax considerations for the Client.

The following information is provided for general information purposes only. The following summary of the anticipated tax treatment does not constitute legal or tax advice and is based on the taxation law and practice in force at the date of this document. While this summary is considered to be a correct interpretation of existing laws and practice in force on the date of this document, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation, or that changes in such laws or practice will not occur. This summary does not purport to be a complete analysis of all relevant tax considerations, nor does it purport to be a complete description of all potential risks inherent in investing in the Securities through the Portfolio Manager. Clients should make their own investigation of the tax consequences of such investment and each Client is advised to consult its own tax advisor with respect to the specific tax consequences. The Portfolio Manager is not making any representation or warranty to any Client regarding any legal interpretations and tax consequences to the Client.

### **(ii) Tax Implications to Investors**

The characterization of income arising from transfer of securities as business income or as capital gains is dependent on whether the securities are held as business / trading assets or on capital account.

Based on various judicial precedents and CBDT Circulars / Instructions, certain tests are laid down to distinguish between shares held as stock in trade and shares held as investment. However, many of

the tests laid down in CBDT Circular / Instruction and by Courts are subjective and prone to individual interpretation. In light thereof, each investor will have to independently determine whether income from transfer of securities will be characterized as 'business income' or 'capital gains'.

In the following paragraphs, we have considered the broad implications under the IT Act arising in the hands of the resident clients for investments made in listed and unlisted securities under both the scenarios, viz:

- PMS securities held as Business Asset; and
- PMS securities held on Capital Account.

**(iii) Securities Transaction Tax ("STT")**

- On shares of listed companies: The purchase and sale of listed equity shares of a listed company on delivery basis on the stock exchange attracts STT @ 0.1% of the transaction value.
- On units of equity-oriented funds: The sale of units of an equity oriented fund on delivery basis on the stock exchange attracts STT @ 0.001% of the transaction value. While, the purchase of units of equity oriented fund on delivery basis on the stock exchange does not attract any STT.

The above STT is payable, irrespective of whether the securities are characterized as Business Assets or as Capital Assets.

**(iv) Tax Implications where securities are Business Assets**

**a. Profits and Gains of Business or Profession**

The following are the various income streams that can arise from securities held under the PMS:

- Gains on sale of securities.
- Dividend income on shares; and
- Interest income on debentures.

If the securities under the PMS is regarded as a 'Business/Trading Asset', then any gain / loss arising from sale of the shares would be taxed under the head 'Profits and Gains of Business or Profession' under Section 28 of the Act. The gain / loss is to be computed under the head 'Profits and Gains of Business or Profession' after allowing normal business expenses (inclusive of the expenses incurred on transfer).

However, Dividend received on shares will be chargeable to tax at applicable rate. Any expenses relating to such an income would not be allowed as a deduction while computing income from business in terms of section 14A of the Act.

Interest income arising on securities may be categorized as 'Business Income' or 'Income from Other Sources'. Expenses incurred to earn such interest income would be available as deduction, subject to the provisions of Section 37 & Section 57 of the Income Tax Act, 1961.

STT paid on securities held on Business Account is allowed as a deductible expenditure while computing taxable income under the head 'Profit and Gains from Business & Profession'.

The tax rates applicable to different categories of assessee on the income computed under the head 'Profits and Gains of Business & Profession' are as under for the financial year 2023-24

Assessee	% of Income Tax
Individual & HUF:	(Maximum being 30%)
Partnership Firms & LLPs:	30%
Domestic Companies:	
<ul style="list-style-type: none"> <li>• Company opting for section 115BA*</li> <li>• Company opting for section 115BAA**</li> <li>• Company opting for section 115BAB***</li> <li>• Company having its total turnover or gross receipt during the previous year 2020-21 does not exceed Rs. 400 Cr</li> <li>• Any other domestic company</li> </ul>	<p>25%</p> <p>22%</p> <p>15%</p> <p>25%</p> <p>30%</p>

The income tax rates specified above and elsewhere in this document are exclusive of the applicable surcharge & cess.

For the Financial year 2023-24, the applicable rates for surcharge are given below:

Assessee	% of Income Tax
Individual & HUF:	
where total income exceeds Rs. 50 lakhs but is less than Rs. 1 crore	10%
where total income exceeds Rs 1 crore but is less than Rs. 2 Crore	15%
where total income exceeds Rs 2 crore but is less than Rs. 5 Crore _ Old Regime	25%
where total income exceeds Rs 5 crore _ Old Regime	37%
where total income exceeds Rs 2 crore _ New Regime	25%
Partnership Firms & LLPs:	
where total income exceeds Rs 1 crore	12%
Domestic Companies:	
Where total income exceeds Rs 1 crore but is less than Rs. 10 crores	7%
Where total income exceeds Rs 10 crore	12%
Opting for section 115BAA/ section BAB	10%

Further, health and education cess @ 4% is leviable on the income tax and surcharge as computed above.

Accordingly, the effective tax rates for financial year 2023-24 are as follows:

Assessee	% of Income Tax
<u>Individual &amp; HUF</u>	Maximum
Taxable income up to Rs 1 Crore	34.32%
Taxable income above Rs 1 Crore	35.88%
<u>Partnership Firms &amp; LLP:</u>	
Taxable income up to Rs 1 Crore	31.20%

Taxable income above Rs 1 Crore	34.944%
<u>Domestic Companies:</u> Turnover of Less than 400 Crores for FY 2020-21	
- Taxable income up to Rs 1 Crore	26.00%
- Taxable income above Rs 1 Crore & upto Rs 10 Crores	27.82%
- Taxable income above Rs 10 Crores	29.12%
<u>Domestic Companies:</u> Turnover of more than 400 Crores for FY 2020-21	
- Taxable income up to Rs 1 Crore	31.20%
- Taxable income above Rs 1 Crore & upto Rs 10 Crores	33.384%
- Taxable income above Rs 10 Crores	34.944%
<u>Domestic Companies:</u>	
- Opting for taxability under section 115BA	26.00%
- Opting for taxability under section 115BAA	25.168%
- Opting for taxability under section 115BAB	17.16%

**\* Condition to avail rate specified u/s 115BA for Domestic Companies:**

1. The Assessee is a domestic company which has been set-up and registered on or after 01.03.2016.
2. The company is not engaged in any business other than the business of manufacture or production of ,
  - any article or thing
  - research in relation to (or distribution of) such article or thing manufactured or produced by it.
3. Total income of the company is computed without claiming additional depreciation and deduction under sec.10AA,32AC,32AD,33AB,33ABA.35(1)(ii)/(iia)/(iii)/35(2AA)/(2AB),35AC, 35CCC, 35CCD and Section 80H to 80TT (not being sec-80JJAA).
4. Total income of the company is calculated without adjusting brought forward loss from any earlier year (if such loss pertains to any deduction under the aforesaid sections). Moreover, such loss will not be carried forward.
5. This Option shall be exercised on or before the due date for furnishing the returns of income, which the company is required to furnish under the Act. Once the company has exercised the option for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.

**\*\* Condition to avail lower rate specified u/s 115BAA for Domestic Companies:**

1. Such companies should not avail any exemptions/incentives under different provisions of income tax. Therefore, the total income of such company shall be computed without Claiming:
  - deduction under section 10AA especially available for units established in special economic zones
  - additional depreciation under section 32 and investment allowance under section 32AD towards new plant and machinery made in notified backward areas.
  - deduction under section 33AB

- deduction towards deposits made towards site restoration fund under section 33ABA by companies engaged in extraction or production of petroleum or natural gas or both in India
  - deduction under section 35 for expenditure made for scientific research
  - deduction under section 35AD for the capital expenditure incurred by any specified business
  - deduction for the expenditure incurred on an agriculture extension project under section 35CCC or on skill development project under section 35CCD
  - Deductions under Chapter VIA under the heading C: Deductions in respect of certain incomes, excluding deduction for additional employment u/s 80JJAA
  - a set-off of any loss carried forward from earlier years, if such losses were incurred in respect of the aforementioned deductions
2. Such companies will have to exercise this option to be taxed under the section 115BAA on or before the due date of filing income tax returns i. e. usually 30th September of the assessment year. Once the company opts for section 115BAA in a particular financial year, it cannot be withdrawn subsequently.

**\*\*\* Condition to avail lower rate specified u/s 115BAB for Domestic Companies**

1. The assessee is a domestic company, this section is not applicable to other entity types which is incorporated on or before 1st October, 2019.
2. The company has commenced the manufacture or production of an article or thing on or before 31st March, 2024.
3. The business of such company is not formed by splitting up or re-construction of a business already in existence.
4. Such company does not use second-hand machinery (except imported second-hand machinery) whose value is more than 20% of the value of the total Plant & Machinery used by the company.
5. The company does not use any building previously used as a Hotel or Convention Centre and for which a deduction under Section 80ID has been allowed.
6. The company is not engaged in any other business other than: –
  - Manufacture of an article or thing
  - Research in relation to such manufacture or production
  - Distribution of such article or thing manufactured or produced by it.
7. The company is not engaged in the following businesses: –
  - Software Development
  - Mining
  - Conversion of marble blocks or similar materials into slabs
  - Bottling of gas into cylinders
  - Printing of books
  - Production of cinematograph films
  - Any other notified business (not notified till the date of writing this article)
8. The company does not claim any of the deductions/exemptions/benefits mentioned below in computing the total income for the purpose of income tax viz: –

- Tax Holiday for Units in Special Economic Zones (Section 10AA)
- Additional Depreciation u/s 32((iia)
- Investment Linked deduction u/s 32AD
- Benefits u/s 33AB or 33ABA
- Accelerated R&D allowance (Clause (ii), (iia), (iii) of Sub Section (1), Sub Section (2AA) or Sub Section (2AB) of Section 35)
- Allowances u/s 35AD, 35CCC or 35CCD
- Deductions under Chapter VIA under the heading C: Deductions in respect of certain incomes, excluding deduction for additional employment u/s 80JJAA
- Depreciation us/ 32 has been claimed without additional depreciation u/s 32(1) (iia).

9. The company informs the Income Tax Department of exercising such option to claim lower tax rate in the prescribed form on or before the due date of filing income tax return for the company for the first AY. Option once exercised cannot be withdrawn.

**b. Losses under the head Profits and Gains of Business or Profession**

In the case of loss under the head 'Profits and Gains of Business or Profession' (other than speculative loss), it can be set off against the income from any other source under the same head or income under any other head (except certain exceptions) in the same assessment year. If such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be set off against the profits and gains of the business (other than speculative loss), within the period of 8 subsequent assessment years.

In case the loss is in the nature of speculation loss, set-off would be available in the same assessment year only against speculation gain. Such loss can be carried forward for set-off against speculative gains within a period of 4 subsequent assessment years.

Derivatives transactions traded on a stock exchange are treated as non-speculative transaction.

**(v) Tax Implications where securities are Capital Assets**

The following are the various income streams that can arise from securities held under the PMS:

- Gains on sale of securities.
- Dividend income on shares; and
- Interest income on debentures.

Dividend received on shares will be liable to tax at applicable rate. Interest income arising on securities would be categorized as 'Income from Other Sources' at the rate mentioned above. Expenses incurred wholly and exclusively for earning such interest would be available as deduction, subject to provisions of Section 57 of the Income Tax Act, 1961.

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a company and any other securities listed on a recognized stock exchange in India (excluding listed debentures and units of Debt Mutual Funds) are considered as long-term capital assets if these are held for a period exceeding 1 year. Other securities (excluding unlisted debentures and units of Debt Mutual Funds) would be considered as long-term capital asset

if held for a period exceeding 3 years. Unlisted debentures and units of Debt Mutual Funds are considered as short-term capital asset irrespective of holding period of the assets.

The mode of computation of capital gains would be as follows:

Sale Consideration	xxx
<u>Less: Cost of Acquisition (Note 1)</u>	<u>(xxx)</u>
Expenses on such transfer (Note 2)	<u>(xxx)</u>
Capital Gains	<u>xxx</u>

**Note 1:**

In case of computation of long-term capital gains, benefit of indexation is not available, arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust as referred to in Section 112A, or bonds or debentures or units of Debt Mutual Fund.

Note: However, indexation benefit is available on two types of bonds, namely-

- Capital indexed bonds (issued by the Government)
- Sovereign Gold Bond (issued by the RBI)

**Note 2:** This would include only expenses relating to transfer of securities such as brokerage, stamp duty, etc. Normal business expenses would not be allowable. Further, STT is not allowable as a deduction in computing taxable capital gains.

The provisions of the Act, in relation to taxation of long term and short-term capital gains are provided in the following paragraphs.

**Long Term Capital Gains**

Long-term capital gains are taxable in the hands of domestic investors as under:

***(a) Listed equity shares on which STT has been paid***

As per the provisions of sub section (2) of section 112A, long-term capital gain tax @10% (plus applicable surcharge and cess) shall be levied on the amount of capital gains exceeding rupees one lakh. Long term capital gains arising from transfer of equity shares on a stock exchange would be taken into account in computing the book profit and tax payable as per the Minimum Alternate Tax provisions (section 115JB of the Act).

***(b) Securities other than listed equity shares referred in Para (a) above***

Under the provisions of Section 112 of the Act, long-term capital gains (other than those exempt under section 10(38) as discussed above) are subject to tax @ 20% (plus applicable surcharge and cess as mentioned above) with indexation benefit. In case of long-term capital gains derived on sale of listed securities (other than those exempt under section 10(38) as discussed above), there is an option to apply income tax @ 10% (plus applicable surcharge and cess as mentioned above) on gains computed before giving effect for indexation benefit.



In case of resident individuals and HUF, where taxable income (as reduced by long-term capital gains) is below the basic exemption limit, only the excess of the aggregate income over the maximum amount not chargeable to tax will be subjected to income-tax and surcharge.

***(c) Deductions from Long-term Capital Gains***

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) of the Act and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds (i.e. bonds of National Highways Authority of India and Rural Electrification Corporation Limited) within six months from the date of transfer, provided that the investment in the notified bonds by the investor during any financial year does not exceed Rs. 50 lacs. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act.

Further, according to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38) of the Act, are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

**Short term Capital Gains**

***(a) Listed equity shares on which STT has been paid***

Under Section 111A of the Act, income from Short term Capital Gains arising from transfer of equity shares (on which STT is paid) are taxable @ 15% for the financial year 2023-2024 (plus applicable surcharge and cess as mentioned above).

In case of resident individuals and HUF, where taxable income (as reduced by short-term capital gains) is below the basic exemption limit, only the excess of the aggregate income over the maximum amount not chargeable to tax will be subjected to income-tax and surcharge.

***(b) Securities other than listed equity shares referred in (a) above***

The tax rates applicable to different categories of assesses on Short term Capital Gains are as follows:

- Individual / HUF – applicable tax slab rates; maximum being 30% (plus applicable surcharge and cess as mentioned above)

- Partnership Firms / Domestic Companies – maximum being 30% (plus applicable surcharge and cess as mentioned above)

### **Capital Loss**

Losses under the head 'Capital Gains', cannot be set-off against income under any other head. Further, within the head 'Capital Gains', long-term capital losses cannot be adjusted against short-term capital gains. However, short-term capital losses can be adjusted against any capital gains.

Unabsorbed long-term capital loss can be carried forward and set off against the long-term capital gains arising in subsequent eight assessment years.

Unabsorbed short-term capital loss can be carried forward and set off against the income under the head Capital Gains in subsequent eight assessment years.

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

### **13) Accounting policies**

Following key accounting policies shall be followed:

- All listed investments will be marked to market and unlisted investments will be valued at fair market value.
- In determining the holding cost of investments and the gains or loss on sale of investments, the 'first in first out' method shall be followed.
- The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note.
- Accounting norms prevalent in the portfolio management services industry and as may be prescribed/ applicable from time to time.

### **14) Investors services**

VCAPL seeks to provide the Portfolio Clients a high standard of service. VCAPL is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Investor servicing essentially involves:

- a. Reporting portfolio actions and client statement of accounts on quarterly basis;
- b. Attending to and addressing any client query with least lead time; and
- c. Ensuring portfolio reviews at predefined frequency.

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

Name: Mr. Atharva Shirodkar  
Address: Varanium Capital Advisors Private Limited  
1416, One Lodha Place, Senapati Bapat-Marg, Lower Parel, Mumbai- 400013  
Contact no.: 022 - 62104000 (Board) 022 - 62104004 (Direct).  
Email id: atharva.s@varaniumgroup.com

**Grievance redressal and dispute settlement mechanism:**

The personnel of VCAPL specified below will attend to and address any Client query/concern/grievance, in the manner/sequence provided below:

VCAPL has appointed a grievance redressal committee and laid down procedure to ensure redressal of grievances within 10 working days. As per the procedure any investor grievance is first dealt with by the concerned Relationship Manager. If within 4 working days, such grievance is not resolved, it is then taken up by the Head of Client Management. If the grievance remains unresolved for another 2 days, it may be brought to the attention of the Grievance Redressal Committee by means of a letter or e-mail to the Investor Relation Officer.

**First Contact (Relationship Manager):**

Name: Mr. Atharva Shirodkar  
Address: Varanium Capital Advisors Private Limited  
1416, One Lodha Place, Senapati Bapat-Marg, Lower Parel, Mumbai- 400013  
Contact no.: 022 - 62104000 Email id: atharva.s@varaniumgroup.com

**Second Contact (Head of Client Management):**

Name: Ms. Rita Panchal  
Address: Varanium Capital Advisors Private Limited  
1416, One Lodha Place, Senapati Bapat-Marg, Lower Parel, Mumbai- 400013  
Contact no.: 022 - 62104000 Email: rita.panchal@varaniumgroup.com

**Third and Final Contact:**

If the Client remains dissatisfied with the remedies offered or the stand taken by the officers above, then the Client can escalate the issue to the Grievance Redressal Committee through the Investor Relation Officer:

Name: Mr. Aparajit Bhandarkar  
Address: Varanium Capital Advisors Private Limited  
1416, One Lodha Place, Senapati Bapat-Marg, Lower Parel, Mumbai- 400013  
Contact no.: 022 – 62104000 Email: [aparajit.b@varaniumgroup.com](mailto:aparajit.b@varaniumgroup.com)

**Powers and Authority:**

VCAPL will ensure that the aforesaid officials are vested with the necessary authority and independence to handle client complaints independently. Upon receiving any complaint from the Client, the aforesaid official/s will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the client. Effective grievance

management would be an essential element of VCAPL's PMS and the aforesaid official/s may adopt the following approach to manage grievance effectively and expeditiously:

1. **Quick action**- As soon as the grievance arises, it would be identified and resolved. This will lower the detrimental effects of grievance.
2. **Acknowledging grievance**- The aforesaid officer/s shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
3. **Gathering facts**- The aforesaid official/s shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
4. **Examining the causes of grievance**- The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.
5. **Decision making** - After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analysed and accordingly decision should be taken by the aforesaid official/s. The aforesaid official/s would execute the decision quickly.
6. **Review** - After implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

**Arbitration and Dispute Settlement** – If the Client still remains dissatisfied with the remedies offered or the stand taken by the personnel/s of the Portfolio Manager, the Client and the Portfolio Manager shall abide by the dispute settlement mechanism whereby such dispute shall be submitted to arbitration by parties under the Arbitration and Conciliation Act, 1996. The Portfolio manager and the Client shall first resort to arbitration and not directly approach the Courts. The arbitration shall be before three arbitrators, with each Party entitled to appoint an arbitrator and the third arbitrator being the presiding arbitrator appointed by the two arbitrators. Each Party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. Further, the cost of appointing the presiding arbitrator will be borne equally by both the parties. Such Arbitration proceedings shall be held at Mumbai and the language of the arbitration shall be English. The Agreement between the Portfolio manager and Client shall be governed by the laws of India and the Courts of Mumbai shall have exclusive jurisdiction to adjudicate upon the claims of the parties. Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (Sebi Coplaints Redress System), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

## 15) General

### Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 ("**PML Act**") came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and

suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'.

The Client(s), including guardian(s) where Client is a minor, should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including *inter alia* identity, residential address(es), occupation and financial information by the Portfolio Manager. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the client account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.



#### **Client Information**

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorised/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines there under shall be applicable. Clients/Investors are advised to read the Document carefully before entering into an Agreement with the Portfolio Manager.

**For and on behalf of Varanium Capital Advisors Private Limited**

<b>Aparajit Bhandarkar Whole Time Director</b>	:	
<b>T S Anantakrishnan Director</b>	:	

Date: October 25, 2023



**SANDIP SHAH & CO**  
CHARTERED ACCOUNTANTS

**CHARTERED ACCOUNTANT CERTIFICATE**

I have been requested by Varanium Capital Advisors Private Limited to certify the contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

I have verified the data from the respective documents and Management Information System reports provided by the Management. I have relied on various representations made to me by the Management of the Company wherever necessary.

Based on my verification of the records and information provided to me, I certify that the contents and information provided in the Disclosure Document dated October 25, 2023 are true, fair, and adequate as required under Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

For **Sandip Shah & Co,**  
**Chartered Accountants**



**Sandip Shah**  
Proprietor  
M No: 103125  
UDIN: 23103125BGWCPN8976

Place: Mumbai  
Date: October 25, 2023

FORM C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

[Regulation 22]

Varanium Capital Advisors Private Limited

Registered Office: Plot No. A-3, 4 & 5 Sector-125, Gautam Buddha Nagar, Noida UP 201301

Corporate Office: 1416, One Lodha Place, Senapati Bapat-Marg, Lower Parel, Mumbai- 400013

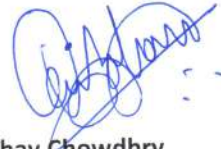
Tel: 022-62104000 Fax: 022-62104099 Email: operation@varaniumgroup.com

We confirm that:

- (i) the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 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 through the Portfolio Manager.
- (iii) the Disclosure Document has been duly certified by an independent Chartered Accountant Sandip Shah & Co., B/402, 4<sup>th</sup> Floor, Sahyog CHS Ltd., S V Road, Kandivali (West), Mumbai - 400 067 Tel: 022-65616681 on October 25, 2023 (enclosed is a 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).



Signature of the Principal Officer:



Vaibhav Chowdhry

Date: October 25, 2023

Varanium Capital Advisors Private Limited

CIN: U74899UP1990PTC044922

Corp. Off.: 1416, 14<sup>th</sup> Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel, Mumbai- 400013 Tel: 022-62104000

Regd. Off.: Plot No. A-3,4 & 5 Sector-125, Noida Gautam Buddha Nagar, UP - 201301

www.varaniumgroup.com