



## **BASANT MAHESHWARI WEALTH ADVISERS LLP**

**Office No. 701, 7th Floor, Plot - 211, Dalamal Tower, Free Press Journal Marg,  
Nariman Point, Mumbai - 400021, India**

**Portfolio Manager's SEBI Regn No. INP000004946  
Investment Adviser's SEBI Regn No. INA000018498**

### **PORTFOLIO MANAGEMENT SERVICES**

#### **DISCLOSURE DOCUMENT**



**Basant Maheshwari Wealth Advisers LLP**

**SEBI Registration Number: INP000004946**

**Key Information**

- This Disclosure Document has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- 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 decisions for engaging Basant Maheshwari Wealth Advisers LLP as a Portfolio Manager.
- This disclosure document sets forth concisely the necessary information about Basant Maheshwari Wealth Advisers LLP that is required by a prospective investor before investing.
- All the intermediaries involved in the scheme are registered with SEBI as on date of the document.
- The investor should carefully read the entire disclosure document prior to making a decision to avail of the Portfolio Management Services and should retain this Disclosure document for future reference.

**Principal Officer**

**Mr. Basant Maheshwari**

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Dalamal Tower, Free Press Journal  
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**PORTFOLIO MANAGER**

**Basant Maheshwari Wealth  
Advisers LLP**

Office No. 701, 7th Floor, Plot -  
211, Dalamal Tower, Free Press  
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Mumbai - 400021

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The Disclosure document is dated 30<sup>th</sup> October, 2023



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### **1. Disclaimer Clause**

This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations 2020 as amended till date and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

The performance related information provided in this Document is not verified by SEBI.





## 2. Definitions

In this disclosure document, the following words and expressions shall have the meanings specified herein, unless the context otherwise requires:

Act	means the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Board	means the Securities and Exchange Board of India
Client or Investor	means any person who signs an Agreement with the Portfolio Manager for availing portfolio management services.
Disclosure Document	This document issued by Basant Maheshwari Wealth Advisers LLP for offering Portfolio management services, prepared in terms of Regulations 22 of SEBI (Portfolio Managers) Regulations, 2020.
Discretionary Portfolio Management Services	Discretionary Portfolio Management Services” means Portfolio Management Services provided by the Portfolio Manager exercising any degree of discretion as to investments, or management of the Portfolio of the securities or the funds of clients, as the case may be, as per the Agreement relating to portfolio management and to ensure that all benefits accrue to the Client’s Portfolio, for an agreed fee structure, and for a definite period as described, entirely at the Client’s risk.
Financial year	means the year starting from April 1 and ending on March 31 of the following year.
Funds	means the money and/or market value of securities placed by the Client with the Portfolio Manager and any accretions thereto.
Initial Corpus	means the value of the funds and the market value of readily realizable securities brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager.
NRI	Non-Resident Indian as defined in Section 2(30) of the Income Tax Act, 1961
Portfolio	means the total holdings of securities managed by the Portfolio Manager on behalf of the client, on the terms and conditions contained in the agreement and includes any further securities placed by the client with the Portfolio Manager for being managed pursuant to the Agreement, securities acquired by the Portfolio Manager through Investment of Funds and bonus and rights shares in respect of securities forming part of the portfolio, so long as the same is being managed by the Portfolio Manager.



Portfolio Manager	Basant Maheshwari Wealth Advisers LLP incorporated under the LLP Act, 2008 and registered with SEBI to act as a Portfolio Manager vide SEBI Registration No.INP000004946
RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.
Regulations	means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 including rules, guidelines or circulars issued in relation thereto from time to time.
Rules	means the rules framed by Securities and Exchange Board of India with regard to Portfolio Managers from time to time.
SEBI	means The Securities and Exchange Board of India.
The Agreement	The agreement executed between the Portfolio Manager and its clients in terms of Regulation 22 and as per Schedule IV of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and amendments to the act from time to time.
Securities	Security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other applicable law.

Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in Regulations.





### 3. Description

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

Basant Maheshwari Wealth Advisers LLP was incorporated on 30<sup>th</sup> July, 2015 and offers Portfolio Management & Advisory Services to investors.

It is engaged in the business of rendering fund management services to funds, alternative investment funds, individuals, corporate, institutions and all such classes of investors and to act as an advisors and consultants and to render advisory and management services in the field of investments, finance, business, trade, industry, management, commercial, economic, technical, human resources, legal and all other allied, connected or related fields. Basant Maheshwari Wealth Advisers LLP has received approval for rendering portfolio management services on 24<sup>th</sup> November, 2015 vide registration number INP000004946.

The LLP is also registered with SEBI as an Investment Adviser vide registration number INA000018498 dated 16<sup>th</sup> October, 2023.

#### (ii) Partners of the Portfolio Managers and their background

**I. Name of Partner : Basant Maheshwari**

**Address :** Office No. 701, 7th Floor, Plot - 211, Dalamal Tower, Free Press Journal Marg, Nariman Point, Mumbai - 400021

**Qualification:** Basant Maheshwari is a Cost Accountant and a Graduate from St Xavier's College, Kolkata. He is an associate member of the Institute of Cost and Works Accountants of India. He was ranked all India 17th in the Intermediate examination of the said Institute. He has completed Post Graduate Diploma in Equity Research and analysis from the Institute of Chartered Financial Analysts of India

**Experience :** Basant brings with him 30 years of experience in financial analysis out of which the last 25 years have been spent on Equity Research and Analysis. As a full time equity investor Basant has had a history of identifying several multi baggers over the past decade prominent ones being Pantaloon Retail, TV18, Trent, Page Industries, Titan industries, Hawkins Cooker, Gruh Finance and Repco Home Finance. In 2006, he found the online portal [www.theequitydesk.com](http://www.theequitydesk.com) a platform where



investors discussed investing ideas and thoughts. The portal has more than 60,000 registered members. He is a regular commentator on various media channels like CNBC TV18; ET Now; NDTV Profit; Bloomberg India TV, CNBC Awaaz and Zee Business. Basant has also authored a book titled 'The Thoughtful Investor - A Journey to financial freedom Through Stock market investing. The March 2013 issue of Reader's Digest covered him as part of their lead story titled "Secrets of Self Made Millionaires".

**Date of Admission :** 30<sup>th</sup> July, 2015

**II Name of Partner :** **Shalu Mehra**

**Address :** Flat No.-11171, 17th Floor, ATS One Hamlet, Tower-11, Sector-104, Noida, 201304, Uttar Pradesh, India

**Qualification :** Post Graduate

**Experience:** Shalu Mehra is a Post Graduate and has more than 10 years of experience in investment in securities market and Equity Research. Shalu is a passionate independent analyst with significant personal investments in Indian Equities. A value investor, she has been managing her personal and her family's investments over the last 10 years. She has been responsible for various functions like research, compliance and operations at Basant Maheshwari Wealth Advisers LLP. Shalu Mehra has had 15+ years of professional work experience of managing positions of varied responsibilities in the Customer service, HR-recruitment & corporate training sectors and Hospitality.

**Date of Admission :** 30<sup>th</sup> July, 2015





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

Sl. No	Name of the Entities	Status
1.	BM Insights Pte Ltd.	Wholly owned subsidiary of Basant Maheshwari Wealth Advisers LLP
2.	BM Insights Technologies Limited	Promoted by Ms. Shalu Mehra

**(iv) Details of services being offered:**

Basant Maheshwari Wealth Advisers LLP is currently providing discretionary Portfolio Management and Advisory services. Kindly refer to Point 5 for more details.

**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 the Board or the directions issued by the Board under the Act or Rules or Regulations made thereunder	NO
(ii)	The nature of the penalty / direction	Not Applicable
(iii)	Penalties imposed for any economic offence and / or for violation of any securities laws	NO
(iv)	Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any	NO
(v)	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency	Two deficiencies w.r.t. appointment of Designated Partner for ensuring compliance with AML Policy and Registration with KRA were observed during the inspection held in November 2019. Necessary clarification has been submitted to the Board. No action taken against the Portfolio Manager by the Board.
(vi)	Any enquiry / adjudication proceedings initiated by the Board against the Portfolio Manager or its Partners, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its Partners, principal officer or employee, under the Act or Rules or Regulations made thereunder.	NO



## **5. SERVICES OFFERED**

### **DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES**

Under the Discretionary portfolio management services, the Portfolio Manager shall have the sole and absolute discretion to deploy assets brought in by a client in any type of security as per the Agreement. This may include the responsibility of managing and reshuffling the portfolio, buying and selling securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described, entirely at the Client's risk.

The Portfolio Manager shall have full and absolute discretion to make investment decisions on the client's behalf in any type of security as per executed Agreement. The Portfolio Manager's decision in deployment of the Clients account is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or any time thereafter except in the ground of conflict of interest, fraud, malafide intent or gross negligence by the Portfolio Manager. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Act, rules and regulations, guidelines and notifications in force from time to time.

The portfolio of a client may differ from that of another client in the same scheme as per the discretion of the Portfolio Manager.

The investment objective is to generate capital appreciation predominantly through investments in equities with a medium to long-term perspective.

The Portfolio Manager will have a market capitalisation and benchmark agnostic strategy with a flexibility to invest across the market capitalization spectrum (i.e. large, mid and small cap companies) and across industries / sectors. The Portfolio Manager will seek to generate superior risk adjusted returns by superior stock selection based on fundamental research of companies, their businesses and the valuations at which they are quoting.

### **ADVISORY SERVICES**

The Portfolio Manager provides Advisory Portfolio Management Services, in terms of the SEBI (Portfolio Manager) Regulations, 2020. The Portfolio Manager's responsibility shall include advising on the portfolio strategy, sectoral allocation and investment and divestment of individual securities on the client portfolio, for an agreed fee structure, entirely at the Client's risk.





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 administrative activities on the client's portfolio.

The Portfolio Manager also provides the advisory services to its client through the platform of Smallcase in the name BM Vision 2030 Smallcase, BM Focused Small Cap Smallcase and BM Nifty Top 20 Smallcase. They are a basket of stock / exchange traded funds in a specified weightage backed by the research of Basant Maheshwari Wealth Advisers LLP.

**DIRECT ON-BOARDING OF CLIENT:** The Portfolio Manager also provides the facility for direct on-boarding of clients i.e., on-boarding of clients without intermediation of Distributor.

#### **INVESTMENT APPROACH**

The Portfolio Manager has one investment approach viz, **BMW Multi Cap Fund**, Equity to generate long term capital appreciation by investing in equity related instruments and other securities.

#### **Investment Objective & Policies**

The investment objective is to generate capital appreciation predominantly through investments in equities with a medium to long-term perspective. The Portfolio Manager will seek to generate superior risk adjusted returns by superior stock selection based on fundamental research of companies, their businesses and the valuations at which they are quoted.

#### **Description of Types Of Securities**

- a) Listed securities of any body-corporate eg. Equity, Preference Or Debt securities, Listed Or Unlisted, Convertible Instruments, Etc.
- b) Any other security under Securities Contract (Regulation) Act, 1956 to meet the investment objective.

#### **Basis Of Selection Of Such Types Of Securities As Part Of The Investment Approach**

Selection of securities will be done to meet client's investment objective on best effort basis depending on market conditions. The Portfolio Manager will seek to generate superior risk adjusted returns by superior stock selection based on fundamental research of companies, their businesses and the valuations at which they are quoting.

#### **Allocation Of Portfolio Across Types Of Securities**

<b>Proportion % of Net Asset</b>	<b>Minimum</b>	<b>Maximum</b>
Equity Exposure	0%	100%
Other investible securities as per Securities Contract (Regulation) Act, 1956	0%	100%





### **Appropriate Benchmark To Compare Performance And Basis For Choice Of Benchmark**

Benchmark is BSE 500TRI w.e.f 1<sup>st</sup> April 2023. Upto 31<sup>st</sup> March 2023, the benchmark was BSE 500. BSE500 TRI are in line with the fund's objective of investing in fundamentally strong companies with long term earning potential.

### **Indicative Tenure Or Investment Horizon**

The portfolio investments may be short term, medium term or long term in nature depending on investment objectives and prevailing market conditions.

### **Risks Associated With the Investment Approach**

Risk factors mentioned in Point 6

### **Salient Features**

The Portfolio will be invested in companies across market capitalizations.

### **MINIMUM INVESTMENT AMOUNT**

The Client shall deposit with the Portfolio Manager, an Initial Corpus consisting of funds of an amount prescribed by the Portfolio Manager for a specific portfolio, subject to minimum amount as specified under SEBI Regulations, as amended from time to time. The client may on one or more occasion or on a continual basis, make further placement of funds under the service. The first minimum lump-sum investment amount to be invested under the portfolio is Rs. 2,00,00,000/- (Rupees Two Crore Only), or such lower amount as may be permitted under the law at sole discretion of the Portfolio Manager.

### **POLICY FOR INVESTMENT IN ASSOCIATE / GROUP COMPANIES**

The Portfolio Manager will not invest clients' funds in its subsidiary or associate companies. Furthermore, the Portfolio Manager will avoid any conflict of interest in relation to the services offered by any associate / group company.

### **6. RISK FACTORS**

- Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of investments will be achieved.
- Past performance of the Portfolio Manager is not indicative of its future performance.
- Investors are not being offered any guaranteed or assured return/s i.e. either of Principal or appreciation on the portfolio.



- Investors may note that Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.
- The liquidity of the Portfolio's investments is inherently restricted by trading volumes in the securities in which it invests.
- The valuation of the Portfolio's investments, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. There will be no prior intimation or prior indication given to the Clients when the composition / asset allocation pattern changes.
- Risk Arising from Investment Objective, Investment Strategy and Asset Allocation Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Portfolio. Different segments of the financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio to make intended securities purchases due to settlement problems could cause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio due to the absence of a well developed and liquid secondary market for debt securities would result, at time, in potential losses to the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.
- The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/unrated securities offering higher yields and/or higher capital appreciation potential. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may choose to invest in unlisted securities that offer attractive yields and/or higher capital appreciation potential. This may however increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly





liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investments incurring losses till the security is finally sold.

- The Portfolio Manager may, subject to authorization by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell / lend out securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the Approved Intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
- To the extent that the portfolio will be invested in securities denominated in foreign currencies, the India Rupee equivalent of the net assets, distributions and income may be adversely affected by fluctuations in foreign exchange rates caused by changes in regulations concerning exchange controls, political circumstances or other restrictions on investment.
- **Interest Rate Risk:** changes in interest rates may affect valuation of the Portfolio. Debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby of possible movements in the valuations of Portfolios.
- **Liquidity or Marketability Risk:** Certain securities may become impossible to sell or not marketable due to the absence of any potential buyers. In such situations, the investment in the securities may be lost or its realization may be inordinately delayed.
- **Derivative Risk:** Derivatives are specialized instruments that require an understanding not only of the underlying interest but of derivatives itself. Schemes using derivatives / futures and Options products are affected by risks different from those associated with stock and bonds. Such products are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of the derivatives and Futures and Options. Some of the risks relate to mispricing or the improper valuation of derivatives and the inability to correlate the positions with underlying assets, rates and indices, counter party risk. Also, the market for derivatives market is nascent in India.
- **Credit Risk:** Credit Risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and carry lower





credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

- **Risks arising out of Non Diversification**

Diversification of portfolio across asset classes, investment themes, sectors and securities is normally construed to be less risky for investors. It is to be noted that the portfolio is likely to be more focused on a single asset class, i.e. equities which inherently can be volatile. Further the portfolio could be subject to more risk on account of its concentration of investments into a few sectors or a limited number of securities. In addition to limited/inadequate diversification across asset classes, themes and sectors, the portfolio could be prone to higher risk on account of non-diversification across capitalizations, particularly if the portfolio has a bias towards mid-cap and small-cap companies

- **Specific Risk factors pertaining to Unlisted Securities**

In case of a Company's IPO, the investment may be subject to regulatory lock in, if any, as prescribed by SEBI from time to time. Many of such investments made by the Portfolio Manager may be illiquid, and there can be no assurance that the Portfolio Manager will be able to realize value from such investments in a timely manner. Since such investment may involve a high degree of risk, poor performance by such investments could lead to adverse effects on investor portfolios.

- The Portfolio Manager shall not invest the client's funds in the portfolio managed or administered by another portfolio manager.
- The Portfolio Manager shall not invest client's funds based on the advice of any other entity.
- The rebalancing of portfolio between debt / liquid funds and equity funds as and when required may lead to increased transaction costs including but not limited to entry / exit loads may be levied by the Mutual Funds. Also, it will result in generation of short term / long term capital gain and levy of STT or any other transaction charges on such transactions.
- There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non - diversification of portfolio.
- The Clients may not be able to avail of securities transaction tax credit benefit and / or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients.
- After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the clients may suffer opportunity loss.



- 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.

## 7. CLIENT REPRESENTATION

(i) Details of clients and funds managed as on 31<sup>st</sup> March, 2023:

Category of Clients	No. of Clients (Total)	Funds Managed in Discretionary Services (Rs. In Crores)	Funds Managed in Non-Discretionary Services (Rs. In Crores)	Funds Managed in Advisory Services (Rs. In Crores)
<b>Associates / Group Companies</b>				
2022-23	NIL	N.A.	N.A.	N.A.
2021-22	NIL	N.A.	N.A.	N.A.
2020-21	NIL	N.A.	N.A.	N.A.
<b>Others</b>				
2022-23	175	171 clients- 202.69	NIL	4 clients - 7.29
2021-22	182	177 clients- 321.75	NIL	5 clients - 10.29
2020-21	187	175 clients- 270.50	NIL	12 clients - 25.42
<b>Total</b>				
2022-23	175	202.69	NIL	7.29
2021-22	182	321.75	NIL	10.29
2020-21	187	270.50	NIL	25.42

(ii) Disclosure in respect to transaction with Related Party for the financial year ended on 31<sup>st</sup> Mar'2023

Name of the Related Party	Relation	Nature of transaction	Amount of transaction (Rs. In Lacs)
Shalu Mehra	Designated Partner	Remuneration	35.00

## 8. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER

The Financial Performance of the Portfolio Manager based on audited accounts for the financial year ended 31<sup>st</sup> March, 2023 is as under:



Particulars	For the F.Y. ended 31 <sup>st</sup> Mar'2023 (Rs. In Lacs)	For the F.Y. ended 31 <sup>st</sup> Mar'2022 (Rs. In Lacs)	For the F.Y. ended 31 <sup>st</sup> Mar'2021 (Rs. In Lacs)
Income	928.69	2607.08	399.83
Expenses	939.32	2092.13	484.90
Profit / (Loss) before tax	(10.63)	514.95	(85.07)
Total Tax Expense	25.77	143.48	12.42
Profit / (Loss) after tax	(36.40)	371.48	(97.49)

The Net-worth of the Company as on 31<sup>st</sup> March, 2023 is Rs. 5,00,00,000/-

#### 9. PERFORMANCE OF PORTFOLIO MANAGEMENT

For 01-04-2023 to 30-09-2023	
Performance of Portfolio Manager	30.48%
Performance of BSE 500 TRI	19.39%
For 01-04-2022 to 31-03-2023	
Performance of Portfolio Manager	(26.21)%
Performance of BSE 500	(2.26)%
For 01-04-2021 to 31-03-2022	
Performance of Portfolio Manager	26.10%
Performance of NSE NIFTY 50	18.88%
Performance of BSE SENSEX	18.30%
For 01-04-2020 to 31-03-2021	
Performance of Portfolio Manager	55.15%
Performance of NSE NIFTY 50	70.87%
Performance of BSE SENSEX	68.01%

Note: The Performance of the Portfolio manager is calculated using Time Weighted Rate of Return Method.

#### 10. AUDIT OBSERVATIONS OF THE PRECEDING THREE YEARS

NIL

#### 11. NATURE OF EXPENSES

The following are indicative types of costs and expenses for clients availing the Portfolio Management services:

##### (a) Management Fees

Management Fees relate to the Portfolio Management Services offered to clients. The fee may be a fixed charge or a percentage of funds or linked to portfolio returns achieved or a combination of any of these, as mutually agreed with the Client in the PMS Agreement. In the event of it being a fixed charge or a percentage of the quantum of funds managed, it shall not exceed 2% p.a. or at such other rate, agreed and calculated in the matter prescribed in the agreement executed with client.





In addition to the fixed fee, with regard to the management fees linked to portfolio returns/out performance achieved, the fee structure will be mutually decided as per the client agreement. The performance linked Management Fees fee charged by the Portfolio Manager shall be

- (a) Below 12% of Annualised Return on Portfolio -NIL
- (b) Above 12% of Annualised Return on Portfolio: 20% of the excess gains above Annualised Return.

Goods and Service tax at the applicable rate as amended from time to time will be charged separately.

**Other charges** include the following expenses, shall be charged at actual.

**(b) Custodian/Depository Fees**

The charges relating to opening and operation of dematerialized accounts, custody, Fund Administration and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts. The custody charges would range from 2 – 4 bps. Depository charges would range between Rs. 4 – 5 per debit.

**(c) Registrar and transfer agent fee**

Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.

**(d) Brokerage and transaction costs**

The brokerage charges and other transaction related charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments. Brokerage charges would be in the range of 6 bps to 15 bps.

**(e) Securities Lending and Borrowing charges**

The charges pertaining to the lending of securities, costs of borrowing including interest, and costs associated with transfers of securities connected with the lending and borrowing transfer operations.

**(f) Certification and professional charges**



Charges payable for out sourced professional services like accounting, audit, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities.

**(g) Incidental Expenses**

Charges in connection with the courier expenses, postal, telegraphic, opening and operation of bank accounts etc.

**12. TAX PROVISIONS**

**12.1 General**

In view of the individual nature of tax consequences on the income, capital gains or otherwise, arising from investments, each Client is advised to consult / his / her / its tax advisor with respect to the specific tax consequences to him/ her / it of participation in the portfolio management services.

The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligations.

**12.2 Tax deduction at source**

Tax is required to be deducted at source for non-residents by the authorized dealer under section 195 of the Income Tax Act, 1961 ('the Act'). If required, tax will be withheld for non-residents. If any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard.

Any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIIB, shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the higher of the following rates, namely:

- (i) at the rate specified in the relevant provision of this Income Tax Act; or
- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

Further surcharge and cess would be levied, as applicable.

**12.3 Advance tax installment obligations**

It shall be the Client's responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Act.

**12.4 Tax implications to different Categories of Investors**

Income arising from purchase and sale of shares (for the sake of brevity, the term "shares" has been used below as an illustration but the same includes other types of securities) can give rise to business income or capital gains in the hands of the investor.



The issue of income characterization as above is essentially a question of fact and dependent on whether the shares are held as Business / Trading assets or on Capital Account. Based on judicial decisions, all of the following factors and principles need to be considered while determining the nature of assets as above:

- Motive for the purchase of shares.
- Frequency of transactions and the length of period of holding of the shares
- Treatment of the shares and profit or loss on their sale in the accounts of the assessee.
- Source of funds out of which the shares were acquired – borrowed or own.
- Existence of an object clause permitting trading in shares – relevant only in the case of corporate.
- Acquisition of the shares – from primary market or secondary market.
- Infrastructure employed for the share transactions by the client including the appointment of managers, etc.

Any single factor discussed above in isolation cannot be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously. Further, the background of the investor (Professional vs. a trader in shares) would also be a relevant factor in determining the nature of the shares.

Central Board of Direct Taxes has clarified that, it is possible for a tax payer to have two portfolios, i.e., an investment portfolio comprising of securities which are to be treated as capital assets and a trading portfolio comprising of stock-in-trade which are to be treated as trading assets. Where an assessee has two portfolios, the assessee may have income under both heads i.e., capital gains as well as business income.

Central Board of Direct Taxes advised that no single principle would be decisive and the total effect of all the principles should be considered to determine whether, in a given case, the shares are held by the assessee as investment or stock-in-trade.

In view of the above, the profits or gains arising from transaction in securities could be taxed either as "Profits or Gains of Business or Profession" under section 28 of the Act or as "Capital Gains" under section 45 of the Act.

### **12.5 Tax implications where transactions are in nature of investments**

#### **a) Dividend income**





Till FY 2019-20, dividends declared by Indian companies are exempt from tax in the hands of the Investors under section 10(34) of the IT Act. The Indian company would be liable to pay DDT at the effective rate 20.56% for F.Y.2019-20 of the dividends at the time of distributing dividends to the investors. But Finance Act 2020 has shifted the burden of taxation on recipients and will be taxed at the applicable income slab rate from FY 2020-21 onwards.

Further, such dividend received by a recipient will also attract tax deduction at source (TDS) at 10\* per cent, if it exceeds INR 5,000 in a financial year.

\*TDS rates have been reduced by 25% for the period from 14th May, 2020 to 31st March 2021. So the applicable rate of TDS on dividends would be 7.5% till 31st March 2021. [vide CBDT circular dated 14th May, 2020]

Further, dividends declared by all mutual funds are also taxable in the hands of Investors in the same manner.

#### **b) Interest income**

The Interest Income from the specified assets (which includes Debentures issued by Public Company) should be taxable at the rate prevailing under the provisions of Income Tax Act.

#### **12.6 SHORT TERM CAPITAL GAINS**

Under the provisions of the Act, listed shares, notified zero coupon bonds (ZCBs), units of equity oriented mutual fund and other securities listed on a recognized stock exchange (including listed derivatives but excluding units of mutual fund), held as capital assets, are regarded as short-term capital assets, if held for a period of 12 months or less. Other assets (including debt-oriented mutual funds and shares of unlisted companies) are regarded as short-term capital assets if held for a period of 36 months or less.

Section 111A of the Act provides that short-term capital gains arising on sale of Equity Shares of a company or units of Equity Oriented Fund entered into a recognized stock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund provided such transactions are subject to STT are chargeable to income tax at a concessional rate of 15% plus applicable surcharge and cess. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains. Other short term capital gains arising on sale of short term assets will be added to the total income. Total income including short-term capital gains will be chargeable to tax as per the relevant slab rates.

#### **12.7 LONG TERM CAPITAL GAINS**

An investment, which is not a short term capital asset, would be treated as long term capital asset.



As per Budget 2018, long term capital gains on the sale of equity shares/ units of equity oriented fund if more than Rs 1 lakh will be taxed at @ 10% without the benefit of indexation. Uptil 31st March 2018, investors had a relief to exempt amount of capital gains up to 31 Jan 2018. The amount of gains made thereafter the cut-off date will be taxed.

The provisions for taxation of long-term capital gains for different categories of assessee will apply differently as per Indian tax laws, at the applicable tax rates, depending on facts.

## **12.8 PROFITS AND GAINS OF BUSINESS OR PROFESSION**

- 12.8.1 If the investment under the Portfolio Management Services is regarded as "Business / Trading Asset" then the gain / loss arising there from is likely to be taxed as income from business.
- 12.8.2 Where income referred to above is treated as Business Income, the person is eligible for deduction u/s 36(1)(xv), for the amount of STT paid.
- 12.8.3 As per the Finance Bill 2015, taxation on Business Income will apply at slab rates for individuals and HUFs and at applicable tax rate of 30 percent for firms, companies and limited liability partnerships. Foreign companies will be liable to tax at 40 percent on Business Income. Additionally, applicable surcharge and education cess will apply.

## **12.9 MAT**

Corporate and non-corporate entities are liable to pay Alternative Minimum Tax (applicable to non-corporate entities) and Minimum Alternative Tax (applicable to corporate entities) including on long term capital gains, at the rate of 18.5 percent (15% from FY 20-21). Additionally, applicable surcharge and education cess will apply.

## **13. ACCOUNTING POLICIES**

- A. The LLP shall maintain a separate Portfolio record in the name of the client to account for the assets of the client and any receipts, income and expenses in connection therewith as provided under SEBI (Portfolio Managers) Regulations 2020.
- B. For every Client Portfolio, the LLP shall keep and maintain proper books of accounts, records and documents, for the Client, on mercantile system of accounting, so as to explain its transactions and to disclose at any





point of time the financial position of the Client Portfolio and Financial Statements and in particular give a true and fair view of the state of affairs.

- C. The following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts, records for the client:
1. For the purposes of the financial statements, the LLP shall carry all investments in the balance sheet at cost.
  2. Investments introduced by the client in his portfolio will be booked at the market value as of the date of introduction to the portfolio.
  3. Dividend income earned by a Client shall be recognized, not on the date the dividend is declared, but on the date the shares are quoted on an ex-dividend basis. For investments which are not quoted on a stock exchange, dividend income shall be recognized on the date of actual receipt.
  4. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
  5. In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.
  6. Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that same year.
  7. Bonus shares to which the Client becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
  8. Rights entitlement shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
  9. The cost of investments acquired or purchased shall include brokerage, Goods and Service tax, securities transaction tax, stamp duty and any other charges customarily included in the broker's contract note.
  10. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
  11. All other income & expenses shall be accounted on accrual basis.
  12. Investments in equities and exchange traded funds will be valued at the closing market prices at the stock exchange (Bombay Stock Exchange (BSE) or National Stock Exchange (NSE) as the case may be). Debt instruments will be valued at market value at the cutoff date, or the last





available price. In case any securities are not traded on the valuation date, the last available traded price shall be used for the valuation of those securities.

13. Investments in units of Mutual Funds shall be valued at the repurchase price or the NAV published by the Mutual Fund Houses on the date of the report. Where no NAV is published for a particular day, the last working day's published NAV will be taken for valuation purpose.
  14. Open positions in derivative transactions, will be marked to market on the valuation date.
  15. Pending listing on BSE/NSE, securities relating from a demerger are valued at their apportioned costs as per the ratios / values in terms of the scheme.
  16. Private equity / Pre IPO placements will be valued at cost or at an available last deal price at which the company has placed similar securities to other inventors.
  17. Unrealized gain / losses is the difference, between the current market value / Net Asset Value and the historical cost of the securities.
  18. The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting, if the same is mutually agreed between them.
- 14. PREVENTION OF MONEY LAUNDERING & KNOW YOUR CUSTOMER (KYC) REQUIREMENTS.**

SEBI has mandated that all registered intermediaries to formulate and implement a comprehensive policy framework on anti-money laundering and adopt Know Your Customer ( KYC ) norms as per the Applicable Law.

Accordingly, the Investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of Applicable Law, including the provisions of Income Tax Act 1961, Prevention of Money Laundering Act 2002, Anti-Corruption Act and or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti money laundering laws and regulations in all of its operations.

Accordingly, the Portfolio Manager reserves the right to reject or refund or freeze the account of the client if the client does not comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements. Further, the Portfolio Manager has put in place Client due diligence measures including screening procedures whereby names of the Investors will be screened against such database considered appropriate by the Portfolio Manager. Further, the Portfolio Manager shall take necessary action including rejection of application / refund of application money / freezing of investor account for future



transactions/ submitting suspicious transactions report (STR) to law enforcement authorities if the Portfolio Manager has reasonable grounds to believe/ suspect that the transactions involve money laundering or terrorist financing or proceeds of crime.

The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account / rejection or refund of the application etc due to non-compliance with the provisions of any of the aforesaid Regulations or Applicable Laws.

KYC is mandatory for all investors and registered intermediaries are required to upload the KYC data with Central KYC Records Registry (CKYCR). Each investor has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KYC Registration Agencies (KRA) and CKYCR. Applications shall be liable to be rejected if the investors do not comply with the aforesaid KYC requirements.

## 15. INVESTOR SERVICES

### i. Name, Address and Telephone Number of the Investor Relation Officer, who shall attend to the investor queries and complaints.

Name	:Ms. Rashmi Choudhary
Address	:Office No. 701, 7th Floor, Plot - 211, Dalamat Tower, Free Press Journal Marg, Nariman Point, Mumbai- 400021, India
Telephone	:+91(22)49707226
Mobile	:+91-9748881454
Fax	:NA
Email	:compliance@theequitydesk.com

### ii. Grievance redressal and dispute settlement mechanism

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. The Investment Relation Officer(s) shall be responsible for redressing the grievances of the Clients.

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



In addition to the above, the clients can also Login to the SEBI SCORES website [www.scores.gov.in](http://www.scores.gov.in) to register their grievances/complaints.

**Name and Signature of the partners of the Portfolio Manager:**

Sr. No.	Name of Partners	Signature
1.	Basant Maheshwari	
2.	Shalu Mehra	



Date: 30/10/23

Place: Mumbai



To  
The Designated Partners  
Basant Maheshwari Wealth Advisers LLP  
Office No. 701, 7th Floor, Plot-211,  
Dalamal Tower, Free Press Journal Marg,  
Nariman Point, Mumbai- 400021

We have examined the Disclosure Document for Portfolio Management dated 30<sup>th</sup> Oct, 2023 prepared in accordance with Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 by Basant Maheshwari Wealth Advisers LLP, SEBI Registration No. INP000004946 having its registered office at Office No. 701, 7th Floor, Plot-211, Dalamal Tower, Free Press Journal Marg, Nariman Point, Mumbai- 400021.

Based on my examination of attached Disclosure Document, unaudited accounts and other relevant records and information furnished by Management, I certify that the disclosures made in the attached Disclosure Document for Portfolio Management are true, fair and adequate to enable the investors to make a well-informed decision.

I have relied on the representations given by the management about the penalties or litigations against the Portfolio Manager mentioned in the disclosure document. I am unable to comment on the same.

This certificate has been issued on request of Basant Maheshwari Wealth Advisers LLP for submission to Securities and Exchange Board of India under SEBI (Portfolio Management) Regulations, 2020 and should not be used or referred to for any other purpose without my prior written consent.

Date: 30<sup>th</sup> October, 2023  
Place: Kolkata



For, A A A J & ASSOCIATES  
Chartered Accountants  
FRN: 322455E

*Niraj Agarwal*

[CA NIRAJ AGARWAL]  
Partner

Membership No.: 301680  
UDIN: 23301680BGXOQR5652

**FORM C**

SECURITIES AND EXCHANGE BOARD OF INDIA  
(PORTFOLIO MANAGERS) REGULATIONS, 2020  
(Regulation 22)

**Basant Maheshwari Wealth Advisers LLP**

Office No. 701, 7th Floor, Plot - 211,  
Dalamal Tower, Free Press Journal Marg,  
Nariman Point, Mumbai - 400021  
Telephone No: +91 (22) 49707226

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 Accountants, AAAJ & Associates through its Partner, Mr. Niraj Agarwal, (Membership No. 301680) having its office at 115 Cotton Street, 1<sup>st</sup> Floor, Kolkata-700007 on 30th Oct, 2023.



Date: 30<sup>th</sup> Oct, 2023  
Place: Mumbai

Signature of the Principal Officer  
Name: **Basant Maheshwari**  
Designation: **Principal Officer**  
Address: Office No. 701, 7th Floor, Plot  
211, Dalamal Tower, Free  
Press Journal Marg, Nariman  
Point, Mumbai - 400021