

B N RATHI SECURITIES LIMITED

PORTFOLIO MANAGEMENT SERVICES

DISCLOSURE DOCUMENT

FORM - C



FORM C

(Regulation 22)

Securities & Exchange Board of India
(Portfolio Managers) Regulations, 2020
(Regulation 22)

B N RATHI SECURITIES LIMITED

6-3-652, 4th Floor, Kautilya, Amrutha Estates, Somajiguda, Telangana Pin Code: 500082

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 as on February 07, 2025. A copy of the Chartered Accountant certificate is enclosed. The details of the Chartered Accountant are as follows:

Name of the Firm : Kamlesh P. Mehta Associates
Proprietor : Kamlesh P. Mehta
Membership No. : 045573
Address : Office #606, Aura Biplax, S.V. Road, Borivali (W), Mumbai
400092
Telephone No. : (022) 28629188

For B N RATHI SECURITIES LIMITED

For B.N. RATHI SECURITIES LTD.

Name: Chetan Rathi

Designation: Executive Director

Address: 6-3-652, 4th Floor, Kautilya, Amrutha Estates, Somajiguda, Telangana Pin Code: 500082

Date: 07/02/2025

Place: Hyderabad

CHETAN RATHI
Executive Director



B N RATHI SECURITIES LIMITED

PORTFOLIO MANAGEMENT SERVICES – DISCLOSURE DOCUMENT

- (i) This 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.
- (ii) The purpose of this Document is to provide essential information about the portfolio services in a manner to assist and enable you in making an informed decision for engaging us as a Portfolio Manager.
- (iii) This document gives necessary information about us as a 'Portfolio Manager' required by you as an investor before investing. You are advised to read this document and retain this document for future reference.
- (iv) The details of Principal Officer are as follows:

Name of the principal officer	Mr. Anand Gupta
Phone number	040-40526279
E-mail address	anand.gupta@bnrathi.com



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B N RATHI SECURITIES LIMITED

PORTFOLIO MANAGEMENT SERVICES – DISCLOSURE DOCUMENT

1. Disclaimer clause

This document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with the Securities and Exchange Board of India (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.

2. Definitions

In this Disclosure Document, unless the context otherwise requires:

“Act” means the Securities and Exchange Board of India Act, 1992 (Act No. 15 of 1992).

“Bank Account” means one or more bank accounts opened, maintained and operated by the Portfolio Manager in the name of clients or a pool account in the name of the Portfolio Manager in which the funds handed over by the client shall be held by the Portfolio Manager on behalf of the Client.

“Board” or “SEBI” means the Securities and Exchange Board of India established under section of the Act.

“Client” means any person who registers with the Portfolio Manager for availing the services of portfolio management by the Portfolio Manager.

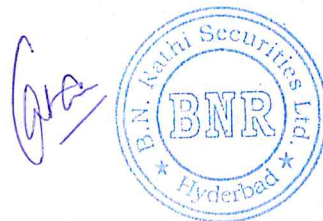
“Custodian” means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.

“Depository Account” means any account of the Client or for the Client with an entity registered as a depository participant under the SEBI (Depositories and Participants) Regulations, 1996.

“Distributor” means a person/entity who may refer a client to avail services of Portfolio Manager in lieu of commission/charges (whether known as Channel Partners, Agents, Referral Interfaces or by any other name)

“Document” refers to the risk disclosure document.

“Group companies” means group companies where there is common directorship/management of the Portfolio Manager



"Financial Year" means the year starting from April 1 and ending on March 31 in the following year.

"Funds" means the moneys placed by the Client with the Portfolio Manager and shall include all accretions thereto.

"Funds Managed" means the market value of the Portfolio of the Client as on a date.

"Capital Contribution" or "Initial Corpus" means the value of the Funds and the market value of Securities brought in by the Client and accepted by the Portfolio Manager at the time of registering as a client with the Portfolio Manager.

"Investment Approach" is a broad outlay of the type of securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and securities and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.

"Portfolio" means the total holdings of all investments, securities and funds belonging to the Client.

"Portfolio Manager" means B N RATHI SECURITIES LIMITED (BNRSL) a body corporate incorporated and registered under the company act 1956 and SEBI registered Portfolio Manager having registration number INP000009135

"PMS" means Portfolio Management Services offered by means B N RATHI SECURITIES LIMITED (BNRSL).

"Principal Officer" means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:

- (i) the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and
- (ii) all other operations of the portfolio manager

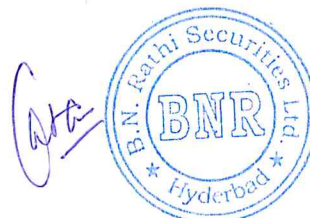
"Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

"Rules" means the Securities and Exchange Board of India (Portfolio Managers) Rules, 2020.

"NAV" shall mean the sum total of the current value of the securities plus bank balance and receivables less payables and PMS fees.

"NRI" A Non-resident Indian or a person of Indian Origin residing outside India

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 shall also carry the meaning assigned to them in the Regulations governing portfolio management services.

3. Description

A. History, present business and background of the Portfolio Manager – B N RATHI SECURITIES LIMITED

B N RATHI SECURITIES LIMITED (BNRSL) was incorporated on 30th September, 1985.

B.N.Rathi Securities Limited was incorporated on 30th day of September, 1985 as a public limited company under the name and style of M/s. Lark Leasing Limited at Hyderabad, Andhra Pradesh bearing the registration number 01-5838 of 1985-86 as evidenced by its incorporation certificate dated 30th September 1985 issued by the Registrar of Companies, Andhra Pradesh. Our Company received the Certificate for Commencement of Business on 14th day of October 1985 from the Registrar of Companies, Andhra Pradesh. Consequent to the takeover of management by the present promoters the name of the company was changed to B.N.Rathi Securities Limited pursuant to resolution of its members passed at the extraordinary general meeting dated 22nd day of August 1994, as evidenced by the fresh incorporation certificate consequent to change of name dated 15th day September 1994 issued by the Registrar of Companies, Andhra Pradesh.

The main activities of our Company are stock broking, distribution of financial products (i.e., IPOs) and Depository Participant Services. Our Company is registered as a (a) depository participant with Central Depository Services (India) Limited; (b) Trading Member of NSE in Cash, Futures & Options and Currency Derivatives segment; (c) Trading Member of BSE in Cash and Futures & Options segment; and (d) Trading Member of MCX SX in Cash, Futures & Option and Currency Derivatives Segment. Our Company is into distribution of IPOs in the capacity of member of BSE and NSE and does not require any approval for undertaking such activity.

Key Events and Milestones

Following are some of the key events and milestones in relation to our Company:

Year Event

1985 Incorporation of the Company in the name and style of "Lark Leasing Limited"

1986 Public Issue and listing of Equity Shares

1994 Name of the Company changed to B.N.Rathi Securities Limited

1994 Issue of equity shares on Rights basis

1995 Became member of NSE cash segment

2002 Obtained membership of NSE Futures & Option segment

2007 Became a Depository Participant with CDSL

2008 Obtained membership of MCX-SX Currency Segment and NSE Currency Segment

2008 Obtained membership of BSE Cash Segment

2008 Started Subsidiary company named as B.N.Rathi Comtrade Private Limited.

2010 Obtained membership in Futures & Options segment of BSE

2012 Started Subsidiary Company named as B.N. Rathi Industries Private Limited.

2019: BNRSL had become a Member of Multi Commodity Exchange of India Ltd.(MCX)

2021 Issue of equity shares on Rights basis



2023 Registered as Market Maker for SME segment in NSE and BSE
 2024 Registered as SEBI Research analyst
 2024 Obtained SEBI Approval for AIF Business in the name of B FLY Alternative Investment Trust

Paying Dividend for the past Sixteen Years

B. Designated Directors and Key Management Personnel of the Portfolio Manager and their background

Name	Hari Narayan Rathi
Correspondence Address	6-3-652, IV floor, Amrutha Estates, Kautilya, Hyderabad, Somajiguda, Hyderabad - 500082
Designation	Managing Director
Qualification	BSc
Experience	35 years

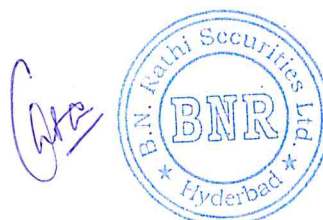
Name	Chetan Rathi
Correspondence Address	6-3-652, IV floor, Amrutha Estates, Kautilya, Hyderabad, Somajiguda, Hyderabad - 500082
Designation	Whole time Director and CFO
Qualification	MBA
Experience	14 years

Name	G Sabitha Reddy
Correspondence Address	6-3-652, IV floor, Amrutha Estates, Kautilya, Hyderabad, Somajiguda, Hyderabad - 500082
Designation	Company Secretary and compliance officer
Qualification	B COM and CS
Experience	10 years

C. Group Companies

Sr. No.	Name of Group Company	Nature of interest of applicant company
1	B-Fly India Alternative Investment Trust	Associate Company
2	B N Rathi Comtrade Private limited	Subsidiary company

The portfolio manager does not invest client funds in securities of any group companies. The portfolio manager does not avail of any financial services/ financial products from any group companies.



D. Details of the services offered:

B N RATHI SECURITIES LIMITED will provide Discretionary Portfolio Management Services. Please refer to Point 5 for further details

4. Penalties, pending litigation or proceedings, a finding of inspection and investigations for which action has been taken or initiated by any regulatory authority.

All cases of penalties imposed by SEBI or the directions issued by SEBI under the Act or Rules or Regulations made there under	Nil
The nature of the penalty/direction	Not applicable
Penalties/fines imposed for any economic offence and/ or for violation of any securities laws.	Nil
Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.	Nil
Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency.	Nil
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.	Nil

5. Services offered by the Portfolio Manager

Discretionary Services: B N RATHI SECURITIES LIMITED shall provide discretionary services wherein the Portfolio Manager will exercise sole and absolute discretion in managing funds/securities brought in by the client as per the Portfolio Management Agreement. Subject to terms in the agreement, the Portfolio Manager will have complete discretion to manage, invest and reinvest the funds including to buy, sell or deal in any securities and to take day to day decisions in respect to the portfolio of the client including ensuring safe custody of the securities and monitoring book closures, bonus, rights, dividends etc. so that all the benefits may accrue to the Client's portfolio in a timely manner. The client, under these services, may authorise or restrict the portfolio manager to invest the client's portfolio in specific instruments or securities. The portfolio manager's decision in deployment of the client's portfolio is absolute and final and is not open to review or question by the client during the currency of the agreement except on the grounds of fraud, conflict of interest or gross negligence. The portfolio of any client may differ from another clients' portfolio in the same product/ strategy as per the sole discretion of the portfolio manager.



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

The Portfolio Manager will seek to generate superior long-term returns through rigorous fundamental research of companies, deep qualitative and quantitative insights into the companies' business models and management teams as well as a thorough understanding of the range of long term valuations one can rationally ascribe to the companies under study. The investment strategy will largely be agnostic to company size in terms of market capitalization. It is possible that the Portfolio may maintain significant cash in the anticipation of suitable investment opportunity.

Investment Approach – B N Rathi Securities

Our Investment Approaches (IA):

A. BNR Magnifiq Focused Fund – Research based investment in high quality, growth-oriented stocks.

- Identifying long term trends where India benefits and select sectors and stocks also benefits.
- Companies run by competent management with a good history of capital allocation.
- A large addressable market and growing in line or faster than the broad economy.
- Good governance checks in terms of accounts, shareholding, debt, and operational metrics.
- Stocks with reasonable liquidity in the market and avoid very illiquid stocks
- Flexibility to invest in special situations with up to 20% of portfolio for short-term returns.

The goal is to take advantage of strong domestic consumption and benefit from India's growth story in the coming decades.

Bench Mark : **Nifty 500 TRI**

B. BNR Magnifiq Momentum Fund - Active, quant/algorithm based on the momentum factor.

- Rank and sort withing our universe of stocks by volatility-adjusted returns.
- Filter stocks failing price and absolute / relative volume criteria.
- Filter stocks with recent fundamental / managerial performance issues.
- Switch to cash / cash equivalents when momentum dries up or opportunities thin out.
- Can also switch to gold or fixed income to hedge the risk during sharp market moves and unexpected triggers.
- Longevity and track record
- AUM of the Fund
- Outperformance vs the category
- Volatility
- PSU and Banking Debt
- Gilt allocations (calls depend on interest rates)
- Strong corporate bond Exposure (AA, AAA)
- Arbitrage fund (Debt Fund like returns with Equity Fund like Taxation)



Compared to pure momentum, a model combining price and volume improves our probabilities of reducing the impact of sharp drawdowns.

Bench Mark : **Nifty 500 TRI**

C. BNR Magnifiq Active Fund – Simple and Efficient Equity MF Portfolio

We invest your funds the equity markets through a well-researched, broad market mutual fund portfolio. This is a hands-off approach to investing to make meaningful inflation-beating returns, which is also tax-efficient. The broad criteria for selection:

This gives a shortlist of funds that might contain funds from different categories. We chose of client needs and on performance, volatility and track record. We rebalance once a year, if required.

Bench Mark : **Nifty 500 TRI**

D. BNR Magnifiq Passive Debt – Short/Long term and Strategic allocation

This is a suitable fund for short/long term debt allocation. This can stem from goal definitions, or from strategic their requirements of longer-term debt allocations.

The broad criteria for selection:

- Fund manager to take exposure based on interest rate cycles.
- We invest only growth funds, no dividends.

Bench Mark: **Nifty Composite Debt Index**

E. Custom Portfolios: Tailor made based on specific client requirements.

Diversification policy:

Portfolio diversification is a strategy of risk management used in investing, which allows to reduce risks by allocating the funds in multiple positions. It helps to mitigate the associated risks on the overall investment portfolio. The Portfolio Manager shall invest in equity and equity related securities. However, from time to time, the portfolio manager may also choose to invest in other permissible securities/products in accordance with the Applicable Laws.

Policy for Investment in Associate/ Group Companies:

The Portfolio Manager will not invest client funds in the securities of any associate/ group companies.

Details of investments in the securities of related parties of the Portfolio Manager

Investments in the securities of associates/related parties of Portfolio Manager:



Sr. No.	Investment Approach, if any	Name of the associate/ related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
N/A	N/A	N/A	N/A	N/A	N/A

N/A – Not Applicable

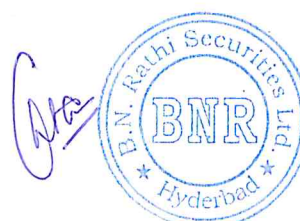
Minimum Investment Amount:

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and /or funds of an amount prescribed by 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(s) or on a continual basis, make further placement of Securities and / or funds under the service, subject to discretion of the Portfolio Manager.

6. Risk Factors

The risk factors given below are applicable to all strategies offered by the Portfolio Manager.

- Securities investments are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- Past performance of the Portfolio Manager is not indicative of its future performance. This applies to all future strategies that the Portfolio Manager may launch.
- The Portfolio Manager has limited experience and track record in managing portfolios of other investors.
- Investments made by the Portfolio Manager are subject to risks arising from the investment approach, investment objective, investment strategy and asset allocation. The investment approach, investment objective, strategy and asset allocation may differ from client to client.
- Investments in equities may be adversely affected by the performance of companies, changes in the economy, government policies, the marketplace, credit ratings, industry factors and various other macroeconomic factors.
- Investments are subject to market risk arising out of non-diversification. Diversification of portfolio across asset classes, investment themes, sectors and securities is normally considered to be less risky for investors. It is to be noted that the portfolio is more likely to be focused on a single asset class, namely 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, the portfolio could be prone to higher risk on account of non-diversification across market capitalizations in the event that the portfolio has a bias towards mid or small cap companies.
- Investors are not being offered any guaranteed or assured return/s i.e. either of Principal or appreciation on the portfolio.

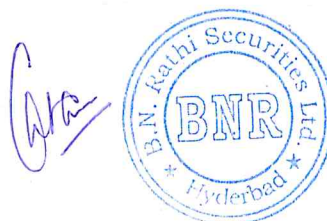


- Investors may note that the Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.
- Changes in Applicable Law may impact the performance of the Portfolio.
- The Portfolio Manager may retain substantial cash and equivalent holdings in the Portfolio of the Clients in anticipation of future opportunities. Such decisions may lead to suboptimal outcomes in terms of portfolio performance in the interim.
- 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.
- In case of a company's IPO, the investments may be subject to a 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. Such investments involve a higher degree of risk and poor performance of such investments could lead to adverse effects on the investor portfolios.
- 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. Unlisted securities 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 relatively lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investment(s) incurring losses till the security is finally sold.
- 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
- Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the Portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- 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 free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The



greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

- **Mutual Fund Risk:** This risk arises from investing in units of Mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. Further, scheme specific risk factors of each such underlying scheme, including performance of their underlying stocks, derivatives instruments, stock lending, off-shore investments etc., will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over, mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units.
- **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- **Currency Risk:** The Portfolio Manager may also invest in securities denominated in foreign currencies as permitted by the concerned regulatory authorities in India. To the extent that the portfolio of the Scheme will be invested in securities/ instruments denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/fluctuation in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- **Derivative risk:** The Portfolio Manager may use various derivative products as permitted by the Regulations. Use of derivative requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- **Political and Socio-Economic factors:** Changes in Indian law or regulations and the status of India's relations with other countries may adversely affect the value of the Portfolio. In addition, the Indian economy may differ favourably or unfavourably from other economies in several respects, including the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency, future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect investments, market conditions and prices and yields of the portfolio securities. The occurrence of selective unrest, or external tension, could adversely affect India's political and economic stability and, consequently, adversely affect investment in Portfolio Companies. India's Political, Economic and Social stability is related to various factors such as the possibility of nationalization, expropriations or taxation amounting to confiscation, political changes, government regulation, social instability, diplomatic disputes or other similar developments which are beyond the control of the Portfolio Manager, could adversely affect portfolio investments.
- **Tax risks:** Clients are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the Portfolio Manager and the environment in which the Portfolio



Manager operates and securities of the companies in which the Portfolio Manager invests are subject to change, and tax liabilities could be incurred by Clients as a result of such changes. The tax consequences of an investment in Portfolio are complex, and the full tax impact of an investment will depend on circumstances particular to each Client investor and the additional peculiarities associated with respect to activities of each Portfolio Company and securities issued by such Companies. Accordingly, prospective clients are strongly urged to consult their tax advisors with specific reference to their own situations

- Risks may also arise due to the inherent nature/ risk in stock markets such as volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of securities or market closure, small number of scrips accounting for large proportion of trading volume, among others
- Prospective clients should review / study the Disclosure Document carefully and in its entirety. They should note that this document does not claim to offer advice relating to legal, taxation, financial or investment matters and are advised to consult their own professional advisor(s) on suitability of equities as an asset class for their investments and suitability of B N RATHI SECURITIES LIMITED as a Portfolio Management Services provider.
- BNRSL, the partners and employees of BNRSL may purchase and/or sell securities in the ordinary course of business and in that manner there may arise conflicts of interest with transactions made by the portfolio manager on behalf of clients. Any securities transactions made by the portfolio manager and its employees who are directly involved in investment operations will be disclosed if found having conflict of interest with any transactions in clients' portfolios.
- The portfolio manager does not avail of any financial services/products from any group companies.
- The portfolio manager shall not transact in exchange traded commodity derivatives.

7. A. Client Representation

B N RATHI SECURITIES LIMITED will make best efforts to manage client accounts in the best interest of the client. BNRSL charges will include management and performance linked fees charged to the client as per the agreement entered with the client. B N Rathi securities Limited is SEBI registered intermediary with the NSE, BSE, MCX Exchanges as a trading cum self-clearing Member and registered DP of CDSL.

Category of Clients	No. of Clients	Funds Managed (Rs. In Crs)	Discretionary
Associates/ Group Companies			
F.Y 2024-2025 (till date)	-	-	-
Others			
F.Y 2024-2025 (till date)	-	-	-

Note: No PMS operations started till date.



B. Related Party Transactions

Names of related parties where there were transactions during the year

Sr. No.	Name of related party	Nature of relationship
1	NA	NA
2	NA	NA

Details of related party transactions

Nature of transactions	FY 21-22	FY 22-23	FY 23-24
NA	NA	NA	NA

8. Financial Performance of the Portfolio Manager

The Portfolio Manager was incorporated on 30th September, 1985. The company commences portfolio management services only upon receipt of SEBI registration on B N RATHI SECURITIES LIMITED satisfies the minimum net-worth criteria as mandated by SEBI of INR 5 Crores in accordance with the timeline provided by SEBI (Portfolio Managers) Regulations, 2020. The Financial Performance of the company for the last seven financial years are given below: (in INR)

(Amt in Rs.)

Particulars	FY 21-22	FY 22-23	FY 23-24
Total Income	42,37,28,220	46,46,06,000	56,30,77,000
Profit / (Loss) after Tax	4,67,31,357	7,46,93,000	10,14,66,000

9. Portfolio Management Performance of the Portfolio Manager

The following table provides details of the number of investors, total assets under management (AUM) and portfolio performance (inclusive of all fees and charges) based on the 'Time Weighted Rate of Return' method in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations 2020, of the Portfolio Manager: New PMS SEBI registration Application

Note: performance related data is not applicable. We are new Applicant of PMS SEBI registration.

10. Audit Observations

The following are the details of the audit observations for the preceding 3 years:

Particulars	Audit observations
F.Y 2021-2022	Nil
F.Y 2022-2023	Nil
F.Y 2023-2024	Nil



11. Nature of fees and expenses:

The following are indicative types of expenses. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Services Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

(a.) Annual Management Fees

This fee relates to the portfolio management services offered by Portfolio Manager where the clients are charged either fixed annual management fees ranging from Nil to INR 1,25,000 or percentage based annual management fees ranging from Nil to 2.5% per annum on average daily assets under management charged annually and billed quarterly. Taxes including GST are charged on the fees as applicable.

(b.) Performance Fee

The Portfolio Manager shall charge performance based fees annually ranging from Nil to 20% on increase in portfolio value in excess of the previously achieved highest value (high watermark principle) and a pre-agreed hurdle rate. Taxes including GST are charged on the fees as applicable.

(c.) Exit Fees / Load

If the redemption is done prematurely (within 2 years of account opening) at the option of the client, the Portfolio Manager may levy Exit Charges ranging from Nil to 2% of the client corpus.

(d.) Custodian/Depository Participant fee

The charges relating to opening and operation of demat accounts, custody and transfer charges of shares, bonds and units, custodian charges, etc. will not be exceeding 10 basis points (0.10%) annually of the average daily assets under management of the client. These charges are charged on a quarterly/annual basis as specified in the Portfolio Management Services Agreement. Taxes including GST are charged on the fees as applicable.

(e.) Brokerage and transaction cost

The Brokerage and other charges like Service tax, Stamp Duty, Security Transaction Tax, SEBI fees, Exchange fees, Settlement charges, Bank charges, Turnover Tax, Foreign Tax, GST and other charges (if any), as per the rates existing from time to time, will be charged on actual. The investment by Portfolio Manager will be done by any SEBI Registered stock broker only and would be as per the rates negotiated between Portfolio Manager and the broker. The charges relating to brokerage will be recovered on actual by Portfolio Manager.

(f.) Registrar and transfer agent fee

Charges payable to the Registrar and Share Transfer Agents in connection with effecting transfer of securities and bonds, units, etc. including stamp charges, cost of affidavit, notary charges, postage and courier charges and other related charges will be recovered on actual.

(g.) Certification charges and Professional fees

Any charges payable for outsourced professional services like taxation, auditing, and any legal services, franking charges and notarizations, etc. incurred on behalf of the client by the Portfolio Manager, will be charged to the client on actual.



(h.) Out of Pocket and Other Incidental Expenses

Charges in connection with day to day operations like courier expenses, stamp duty, document franking charges, notary charges, service tax, other statutory levies, opening of bank, trading and demat accounts and any other out of pocket expenses incurred by the Portfolio Manager, on behalf of the client, may be recovered from the client. Any other charges and levies by the Government or other regulatory authorities, such as GST and other charges levied by third parties in connection with transactions executed by the Portfolio Manager on behalf of the client maybe recovered from the client. All aforementioned expenses would be to the account of the client on the basis of actual expenses.

12. TAXATION

Clients will be responsible and liable for all taxes under the provisions of the Income Tax Act, 1961 for any income generated out of the investment made in the Portfolio Management Services including advance tax obligations. In view of the individual nature of tax consequences on any income, capital gains or otherwise, each Client is advised to consult his/her tax advisor with respect to the specific tax consequences to him/her with respect to investment in the Portfolio Management Services. The Portfolio Manager shall not be responsible for assisting in or completing the fulfilment of the Client's tax obligations.

The Portfolio Manager will provide adequate statements to the client for accounting and tax purposes. The Portfolio Manager shall not be responsible for assisting in or completing the fulfilment of the client's tax obligations.

Tax deduction at Source

Tax is required to be deducted at source for non-residents by the authorized entity under section 195 of the Income Tax Act, 1961. 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.

Health and Education cess at the applicable rates will be applicable.

Advance Tax Obligations

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



13. ACCOUNTING POLICY / VALUATIONS

The following accounting policy will be applied for the portfolio investments of the Client:

Contribution to the Portfolio

Contribution to the portfolio by way of securities is valued and recorded at the day's closing market rate from the date the securities are received by the portfolio manager. Contribution to the portfolio by way of transfer of funds (bank transfer or cheque deposit) is recorded as capital once the funds are credited to the bank account and the client account is active.

Portfolio Investments

- The Portfolio Manager shall keep and maintain proper books of accounts, records and documents, for each Client so as to explain transactions for each Client and to disclose at any point of time the financial positions of each of the Client and in particular to give a true and fair view of the state of affairs of the Portfolio of each Client.

Where the Security (equity and equity related instrument) is traded on NSE the day's closing price on NSE will be considered for valuing Securities. If it is not traded on NSE, then the day's closing price on BSE will be considered. If the Security is not traded on either exchange on that day, then the last traded price will be considered. However, if the Security is not traded for 30 days preceding the valuation date, then the Security shall be treated as non-traded security and valued accordingly.

- The previous day scheme NAVs or latest NAVs declared by Mutual Funds (as per The Association of Mutual Funds in India (AMFI) website or a market accepted third party) will be used to value Mutual Fund investments.

- For the purpose of financial statements, the Portfolio Manager shall mark all the investments on mark to market. Where market price is not available (for e.g. unlisted securities), investments will be valued by the Portfolio Manager either at cost or using standard valuation models like DCF, book value multiple, relative value or replacement value, independently or in combination.

- Dividend income shall be tracked from the date of declaration and recognized on the date of the security being quoted on an ex-dividend basis. For unlisted investments, dividend income would be recognized on the date of declaration.

- Bonus units shall be tracked from the date of declaration and recognized on the date of the Security being quoted on an ex-bonus basis. For unlisted investments, bonus units would be recognized on the date of declaration. Rights units shall be recognized on the date of the security being quoted on an ex-rights basis.

- In respect of all interest-bearing investments, income shall be, unless otherwise provided for, accrued on a daily 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 be treated as interest receivable and not added to the cost of purchase, unless the interest was included in the purchase price.



- First in First out (FIFO) method shall be followed to determine the holding cost of investments and profit/ loss on sale of investments.
- Purchase and sale transactions shall be recognized on the trade date and not as of the settlement date, so that all the investments made during a period are recorded and reflected in the same period. In case of failure of settlement, the record shall be appropriately readjusted. Where investment trades are made outside the stock exchange (example units of mutual fund, private equity, etc.), the purchase transaction would be recorded as of the date on which the Client obtains an enforceable obligation to pay the purchase consideration and the sale transaction would be recorded as of the date on which the Client obtains an enforceable right to collect the sale consideration.
- Where any income receivable on investments has accrued and is due but not received for a period of greater than 6 months, adequate provisions shall be made.
- The cost of investments acquired and/or purchased shall include all such costs incurred for effecting such acquisition/purchase. In respect of privately placed Securities, any front-end discount offered shall be reduced from the cost of investment.
- The accounting policies and standards as stated above may be modified from time to time by the Portfolio Manager, subject to such modifications being in conformity with the applicable regulations.
- The Client may contact the customer services official of the Portfolio Manager for clarifying or elaborating on any of the above policy issues.

14. Investor Services

(a.) Details of the investor relations officer

Name, address and telephone number of the investor relations officer who shall attend to the Client's queries and complaints:

Name	G Sabitha Reddy
Designation	Compliance officer
Address	6-3-652,IV Floor,Kautilya Amrutha Estates.Somajiguda,Hyderabad-500082
Telephone	040 40527777
Email	pmsinvestorgrievances@bnrathi.com

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and the wherewithal to handle investor complaints.

(b.) Grievance Redressal and Dispute Settlement mechanism

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time.



B N RATHI SECURITIES LIMITED has designated **G Sabitha Reddy as Compliance Officer** to receive and redress all the queries. The designated email address for all such queries is pmsinvestorgrievances@bnrathi.com. A complaint form is provided on the portfolio manager's website where a client can submit any complaints/ grievances he has directly to the portfolio manager.

The internal deadline for resolving all complaints will be as follows:

- 1) Matters relating to B N RATHI SECURITIES LIMITED operations i.e. regarding portfolio performance, fund allocation: within 5 working days
- 2) Matters relating to the appointed Custodian: within 7 working days
- 3) Matters relating to dividends and other corporate actions: will be followed up rigorously with all agencies concerned under intimation to Clients.

B N RATHI SECURITIES LIMITED will ensure that every complaint is attended to immediately and an acknowledgement is given in a timely manner. The register of complaints and grievances received on email will be made available to the internal/ external auditors during the time of Audit and to the regulatory authorities.

15. SEBI SCORES Platform and Online Dispute Resolution (ODR) Portal

The portfolio manager shall redress the complaints received by it from the investors in a timely manner as per the process laid down. However, where an investor is not satisfied with such redressal, he may lodge a complaint on the SCORES platform which is a centralized web-based complaints redress system launched by SEBI to enable investors to lodge, follow up and track the status of complaints from anywhere. This also enables the market intermediaries to receive the complaints from investors against them, redress such complaints and report redressal. Investors can register/ lodge complaints online on the SCORES (SEBI Complaints Redress System) portal at <https://scores.sebi.gov.in/scores-home>.

Where an investor is not satisfied with the outcome given by the SCORES platform or is not satisfied with the resolution given by the portfolio manager or at any stage of the subsequent escalations, the investor can initiate dispute resolution through the Online Dispute Resolution Portal ("ODR Portal") which is a common platform to harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market. Investors can register/ lodge complaints online on the ODR portal at <https://smartodr.in/login> by first registering and then raising a dispute against the concerned intermediary.

For **B N RATHI SECURITIES LIMITED**
For **B.N. RATHI SECURITIES LTD.**

 **CHETAN RATHI**
Executive Director

Place: Hyderabad
Date: 07/02/2025



For Kamlesh P. Mehta Associates;
Chartered Accountants

Kamlesh P. Mehta
Proprietor
Membership No. : 045573