

# PORTFOLIO MANAGEMENT SERVICES

## DISCLOSURE DOCUMENT

- i) This Document has been filed with the Securities & Exchange Board of India (SEBI) along with the Certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- ii) The purpose of this Document is to provide essential Information about the portfolio service in a manner to assist and enable the investor in making informed decisions in engaging a portfolio Manager.
- iii) This Document contains necessary information about Microsec Capital Limited (Portfolio Managers) required by investor before investing. The investor is advised to retain this document for future reference.
- iv) The name, phone numbers and e-mail address of the Principal Officer are given below.

Name of the Principal Officer

Mr. Manish Kumar Agarwal

Contact No.

033-40541759

E-mail address

[mkagarwal@microsec.in](mailto:mkagarwal@microsec.in)

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### **1. DISCLAIMER :**

The particulars have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and filed with SEBI. (This document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.)

### **2. DEFINITIONS :**

"Act" means the Securities and Exchange Board of India Act, 1992.

"Portfolio" means the total holdings of Securities belonging to any person;

"Portfolio Manager" means any person who pursuant to a contract or arrangement with a client, advises or under takes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of Securities or the funds of the client as the case may be.

"Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.

"Clients" means any person who registers with the Portfolio Manager for availing Portfolio Management Services.

"Initial Corpus" means the value of the funds and market value of the Securities brought in by the Client and accepted by the Portfolio Manager at the time of registration as client.

"Depository Account" means an account of the client with any entity registered as Depository Participant.

"Discretionary Portfolio manager" means a portfolio manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of portfolio of securities or the funds of the client, as the case may be.

"Principal Officer" means an employee of the portfolio manager who has been designated as such by the portfolio manager.

The Definition are not exhaustive and shall carry the meaning assigned to them in the rules and regulations governing Portfolio Management Services.

### **3. HISTORY, PRESENT BUSINESS AND BACKGROUND OF PORTFOLIO MANAGER:**

The company was incorporated in the year 1995 in the name of Lokpriya Mercantile Pvt. Ltd. There after the name of the Company was changed to Microsec India Ltd and Microsec Capital Ltd subsequently. The company acquired membership of ISE in 2000 & started as a sub broker in 2001. In 2003, the company got the Merchant Banker License. In 2004 the company became member of NSE both Cash & Derivatives Segments. In 2005 the company got membership of BSE, NSDL and Underwriters Certificate. In 2007 the company also got the membership of CDSL. In 2008, the company got membership of NSE-Currency Derivatives Segment. In 2009 the Company got membership of Metropolitan Stock Exchange of India Limited for Currency Derivatives Segment. In 2012 the company became member of MSEI for Cash & Derivatives Segments. In 2013 the company became Insurance repository of CIRL. As a Stock Broker, the Company is providing services to more than 45,000 customers.

Microsec Capital Ltd. provides financial services in the arena of Stock Broking, Investment Banking, Portfolio Management Services, and Wealth Management Consultancy. Also as a Lead Manager the company has managed around 12 Public Issues/IPO's.

#### 4. DETAILS OF PROMOTER & DIRECTORS OF PORTFOLIO MANAGER AND THEIR BACKGROUND

Name	Status / Designation	Qualification	Background
Mr. Krishnanand Narnolia	Promoter	Graduate	Mr. Krishnanand Narnolia is the Promoter & Chairman of Narnolia Group. He is having more than 20 years of vast experience in Capital Market.
Mr. Vikash Ranjan Sahay	Director	FCA	Mr. Sahay's is a dynamic team builder and business strategist with specialist skills. A finance professional having wide experience of more than 11 years in Securities Market operations.
Mr. Pankaj Harlalka	Director	FCS	Mr. Harlalka has vast experience in dealing with Corporates and played a major role in the execution of major assignments in the Merchant Banking division. Mr. Harlalka is having more than 13 years of experience in Merchant Banking and securities market.
Mr. Vikram Vilas Wadekar	Director	Master degree in Personal Management	Mr. Vikram Wadekar is a Management visionary with fast track career celebrated with impactful roles. He has more than 20 years of experience in Capital Market operation in Manpower Management.



## **5. GROUP COMPANIES/FIRMS OF THE PORTFOLIO MANAGER ON TURNOVER BASIS:**

- i) Narnolia Securities Limited**
- ii) G Raj And Company Consultants Limited**
- iii) Narnolia Capital Advisors Private Limited**
- iv) Narnolia Commodities Brokers Private Limited**
- v) Narnolia Knowledge Training Centre Private Limited**
- vi) Narnolia Velox Advisory Ltd**
- vii) Eastwind Capital Advisors Private Limited**
- viii) Microsec Commerze Limited**
- ix) Microsec Insurance Brokers Limited**

## **6. SERVICES OFFERED BY THE PORTFOLIO MANAGER:**

- i) The investment objective and Policy of the Portfolio Manager shall be to undertake, on behalf of the Client, the Management and administration of the Funds and Portfolio of the Client with the aim of generating a reasonable return on the client's investment, while at the same time endeavouring to reduce the risk of capital loss.**

The approach to investment is based purely on fundamental analysis.

- I) Macro factors like state of the economy, interest rates, global trends are studied, and based on these industries that are likely to perform well are chosen.**
  - II) We are using the research softwares like Ace Equity, Periodicals and Meta Stock to analyze the data and get instant access to the live data.**
  - III) Diversification is achieved by adopting a judicious mixture of investment in different sectors. Within the sectors companies are carefully chosen keeping in mind the quality of management, past track record, future growth plans, investor relations and the liquidity of the stock in the market.**
  - IV) Investment will be made on behalf of the client only in securities such as equity/derivatives and convertible bonds listed on recognized stock exchanges in India.**
- ii) Company may invest in the Shares, mutual funds, debt, deposit and other financial instrument of group Companies.**

**The Portfolio Manager broadly offers services under the following categories.**

**Discretionary Services:** In these schemes, the choice as well as the timings of the investment decision rest solely with the Portfolio Manager. The Portfolio Manager at times and at its own discretion, adheres to the views of the Client pertaining to the investment decisions of the Client's Portfolio. Periodical statements in respect of Client's Portfolio shall be sent to the respective Client. The Portfolio Manager will exercise any degree of discretion as to the investment or management of the portfolio of securities or the funds of the client.

**Non Discretionary Services:** The Portfolio Manager will not exercise any degree of discretion as to the investment or management of the portfolio of securities or the funds of the client. The Portfolio Manager will be taking care of execution, payment, settlement and custody. Portfolio Manager will be offering the investment advice while the final decision rests with the client.

**Advisory Services:** Under this arrangements, funds are not taken by the Portfolio Manager but they remain with the client. The client gives authority to the company to make investment on his behalf. The client opens broking account with a recognized stock broker. When securities are bought or sold, the client receives contract notes in his name from the broker. Payments are made by the client directly to the broker. The securities that are purchased get credited to the depository account of the client. The company receives a fee for providing these services.

**7. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATION FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INTIATED BY ANY REGULATORY AUTHORITY :**

- No penalty has been imposed by the Board on the company, nor has any directions been issued by SEBI, nor any action has been taken by SEBI against the Company/its associates.
- No penalty has been imposed for any economic offence and/or violation of any securities laws.
- There is no pending material litigation/legal proceeding against the portfolio manager/key personnel.
- No deficiency in the systems and operations of the portfolio manager has been observed either by the Board or any regulatory agency.
- No enquiry/adjudication proceedings have been initiated by the Board against the portfolio manager or its directors, principal officer or employee or any other person directly or indirectly connected with Portfolio Manager or its Directors, Principal Officer or Employee, under the act or rules or regulation made there under.

**8. RISK FACTORS:**

- Investments in Securities are subject to market risks, which include price fluctuation risk. There is no assurance or guarantee that the objectives of any of the investments will be achieved. The investments may not be suited to all categories of investors.
- The past performance of the Portfolio Manager is not indicative of the future performance. There is no assurance that the past performance will be repeated. Investors are not being offered any guarantee or indicative returns about the performance of Portfolio.
- The Portfolio Manager has 11 years experience as Portfolio Manager.
- The debt investment and other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk and reinvestment risk Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.
- Investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- The Performance of the Portfolio may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro economic factors.

**9. CLIENT REPRESENTATION**

Category of Clients	No. of Clients	Assets under Management (Rs. Cr.)	Discretionary / Non Discretionary (if available)
<b>Associates/Group Companies</b>			
As on 30/09/2017	Nil	Nil	Nil
As on 31/03/2017	Nil	Nil	Nil
As on 31/03/2016	Nil	Nil	Nil
As on 31/03/2015	Nil	Nil	Nil
<b>Others</b>			
As on 30/09/2017	0	Nil	Discretionary
As on 31/03/2017	0	Nil	Discretionary
As on 31/03/2016	3	0.17	Discretionary
As on 31/03/2015	4	0.68	Discretionary

- A) We are availing the services of our own broking division i.e. Microsec Capital Limited for executing trades on behalf of the PMS clients. The details of transaction with related party for the period from 01-04-2017 to 30-09-2017 are as follows:

Name of the Party	Relation	Nature	Amount (Rs.)
MICROSEC CAPITAL LTD.	SELF	BROKERAGE	0.00

#### 10. FINANCIAL PERFORMANCE OF PORTFOLIO MANAGER:

##### Audited Financial Results :

Balance Sheet	31.03.2017	31.03.2016	31.03.2015
Share Capital	3,44,35,610	2,26,35,610	2,26,35,610
Reserves & Surplus	11,60,82,452	42,17,26,285	41,12,60,690
Non Current Liabilities	43,35,684	3,98,071	68,81,665
Current Liabilities	25,49,43,888	13,97,85,377	14,59,44,160
<b>TOTAL</b>	<b>40,97,97,634</b>	<b>58,45,45,343</b>	<b>58,67,22,125</b>
Non Current Assets	6,77,20,755	45,12,62,496	40,74,93,003
Current Assets	342076879	13,32,82,847	17,92,29,122
<b>TOTAL</b>	<b>40,97,97,634</b>	<b>58,45,45,343</b>	<b>58,67,22,125</b>

Income Statement			
Income	13,92,50,742	15,75,59,259	20,69,37,605
Expenditure	15,97,47,780	15,56,64,193	20,19,62,758
Profit Before Tax	(2,04,97,038)	18,95,066	49,74,847
Profit on sale of Property	1,80,87,213	40,58,302	1,72,87,584
Tax Adjustments	--	(45,12,227)	43,37,128
<b>Net Profit / Loss</b>	<b>(24,09,825)</b>	<b>1,04,65,595</b>	<b>1,79,25,303</b>

#### 11. PERFORMANCE OF PORTFOLIO MANAGER:

The Performance of Portfolio of the Portfolio Manager is as follows.

Particulars	30-09-2017	2016-17	2015-16	2014-15
Portfolio Performance (%) Net of all fees and charges levied by the Portfolio Manager	NA	NA	(11.93)	33.60
Benchmark Performance				
Nifty	NA	NA	(8.86)	26.65
Sensex	NA	NA	(9.36)	32.06

#### 12. NATURE OF EXPENSES :

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

- (I) **Investment management and Advisory Fee:** Professional Charges to the Portfolio Management Services offered to the clients. The fee may be a fixed charge or a percentage of the quantum of funds managed and may be return based or a combination of any of these.
- (II) **Custodian / Depository Fees:** The charges relating to opening and operation of dematerialize accounts, custody and transfer charges for shares, bonds and transfer charges for shares, bonds and unit s, dematerialisation, rematerialisation and other charges in connection with the operation and management of depository accounts.
- (III) **Registrar and transfer agent Fee:** Charges payable to the 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.

- (IV) **Brokerage and transaction costs** : The brokerage charges and other charges like service charges, stamp duty, transaction costs, turnover tax, security transaction tax on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.
- (V) **Certification and professional charges** : Charges payable for out sourced professional services like accounting, taxation and legal services, notarization etc. For certifications, attestations required by bankers or regulatory authorities.
- (VI) **Incidental Expenses** : Charges in connection with the courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of the bank account etc.

### 13. TAXATION:

#### General

In view of the individual nature of tax consequences, each Client is advised to consult his/her tax advisor with respect to the specific tax consequences. The Portfolio Manager shall not be responsible for assisting in or completing the fulfilment of the Client's tax obligation.

#### Tax Deducted at Source

If any tax is required to be deducted on account of any legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regards.

It shall be the Client's responsibility to meet the advance tax obligation instalment payable on the due dates under the Income - tax Act.

### 14. ACCOUNTING POLICY :

- **Contribution to Portfolio** : Contribution to portfolio by way of securities is recorded at the prevailing closing market value on the date of portfolio manager takes over securities as corpus.
- **Portfolio Investments** : Portfolio Investments i.e. Securities are stated at market/fair value prevailing as on year end.

Market value/fair value of Portfolio Investment is determined as follows. :

1) Investments in listed equity shares are valued at the closing quoted price on National Stock Exchange of India Ltd. (NSE). However, if the equity shares are not listed on NSE then the same are valued at the closing quoted price on Bombay Stock Exchange Ltd. (BSE).

2) Purchase and Sale of investments are accounted for on trade date basis. Cost of Purchase and Sale includes consideration for scrip, brokerage (including service tax thereon) and securities transaction tax on purchase/sale of securities.

- **Revenue** :

**Realized Gain** : Realized gain/loss on sale of Securities is accounted on Trade date basis by comparing sale consideration with the purchase cost. The cost of investment is calculated by following First-in-First-Out (FIFO) method.

**Unrealized Gain** : Un realized gain/loss is not accounted for, but same is recognized on trade date basis by comparing Market Value of Securities with purchase cost.

Dividend credited to the clients account directly is not known to us and hence not accounted for in the statement.

- **Expenses**:

**Portfolio Manager Fees** is recorded in books on accrual basis. Fees shall be computed on the basis of High water mark principle. High water mark shall be the highest value that the portfolio Account has reached. Value of portfolio for computation of High water mark shall be taken to the value on the date when the performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manger shall charge performance based fee only on increase in portfolio value in excess of previously achieved High water mark.



#### 15. INVESTOR'S SERVICE :

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

**Mr. Manish Kumar Agarwal**

Compliance Officer

Microsec Capital Limited

Arch Waterfront, 5<sup>th</sup> Floor,

Block GP, Plot F4, Sector V,

Saltlake, Nabadiganta,

Kolkata – 700091.

Telephone: (033) 4054 1759

#### 16. GRIEVANCE REDRESSAL AND DISPUTE SETTLEMENT MECHANISM :

The Grievances, if any that may arise pursuant to Portfolio Management Services shall be solved in the manner detailed below:

While resolving the Grievance, acts done in good faith, risk or losses arising out of normal business practices, which have been disclosed in the Agreement or have bearing on the normal operations, shall be taken into consideration.

At the out-set, the grievance is referred to the Dealing Officer, who shall try to resolve the same within a week

In the event of non-redressal of Grievance within the stipulated time, the same is escalated to Investor Relation Officer, who shall resolve the same within 3 days of the reference

The Client can also refer the Matter to Arbitration as provided in the Agreement under Arbitration and Conciliation Act, if he is not satisfied of its resolution by the Investor Relation Officer. Such arbitration proceedings shall be held at Kolkata or such other place as may be deemed fit by the Portfolio Manager.

#### 17. MATERIAL CHANGES SINCE LAST SUBMISSION:

There has been change in the control of the Company whereby M/s G Raj & Company Consultants Ltd. (100% Subsidiary Company of Narnolia Securities Ltd. led by Mr. Krishnanand Narnolia) has acquired the Control of the Company as per prior approval of SEBI dated 26<sup>th</sup> Oct 2017.

Signed & Approved by 2 Directors of Microsec Capital Ltd.

Name of Directors	Designation	Signature
Mr. Vikash Ranjan Sahay	Director	Sd/-
Mr. Pankaj Harlalka	Director	Sd/-

Date : 1<sup>st</sup> February 2018

Place : Kolkata

## Form C

### **Securities and Exchange Board of India (Portfolio Managers) Regulations 1993 (Regulation14)**

**Dear Investor,**

We confirm that:

- i) The Disclosure Document forwarded to Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time.
- ii) The disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make well informed decisions regarding entrusting the management of the portfolio to us / investment in the portfolio Management.
- iii) The Disclosure Documents has been duly Verified by an independent Chartered Accountant A Singhi & Co., 1, R.N. Mukherjee Road, 4th Floor, R.No. 37, Kolkata 700001, Tel: 033-40034769.

**For Microsec Capital Limited**

Manish Kumar Agarwal  
Principal Officer

Date: 1<sup>st</sup> February 2018  
Place: Kolkata

## **A Singhi & Co.**

1, R.N.Mukherjee Road,  
4<sup>th</sup> Floor , R. No. 37,  
Kolkata-700 001.  
Tel: 033-40034769

### **TO WHOM IT MAY CONCERN**

We hereby certify that all relevant disclosures have been made in the disclosure document of M/s Microsec Capital Limited, having their registered office at Shivam Chambers, 1<sup>st</sup> Floor, 53, Syed Amir Ali Avenue, Kolkata – 700019. We also certify that all the relevant disclosures made in the documents are true, fair and adequate to enable the investors to make a well informed decision.

#### **For A Singhi & Co.**

Firm Registration Number: 319226E

Chartered Accountant

Sd/-

Sunil Singhi

Partner

Membership No. 053088

Place: Kolkata

Date: 1<sup>st</sup> February 2018