

FORM C

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

Name of the Portfolio Manager : ZEN Wealth Management Services Limited

Registered Office Address : 6-3-788/32, Vamsee Estates, 3<sup>rd</sup> Floor, Ameerpet,  
Hyderabad, 500 016, India

Telephone : +91 40 4423 2266

E-mail Id : [pms@zenwealth.in](mailto:pms@zenwealth.in)

We confirm that:

- a. 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.
- b. 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 in the Portfolio Management Services.
- c. The Disclosure Document has been duly certified by an Independent Chartered Accountant on 29/08/2023 and a copy of the said Certificate is enclosed herewith.

For and on behalf of

ZEN Wealth Management Services Ltd



Rama Krishna Neti  
Principal Officer  
Place: Hyderabad  
Date: 29.08.2023



# SHAH KAPADIA & ASSOCIATES

## CHARTERED ACCOUNTANTS

Office No. 328, 3<sup>rd</sup> floor, Champaklal Industrial Estate, Plot No. 105,  
Sion Koliwada Road, Sion East, Mumbai 400022.

Tel No: 022-49741224 | Web: [www.theSKA.in](http://www.theSKA.in) | Email: [SKA@theSKA.in](mailto:SKA@theSKA.in)

### CERTIFICATE FOR DISCLOSURE DOCUMENT

#### 1. Introduction:

This certificate is issued pursuant to Regulations 22 of the Securities and Exchange Board of India ("SEBI") (Portfolio Managers) Regulations, 2020, ('the Regulations') and at the specific request of **ZEN WEALTH MANAGEMENT SERVICES LIMITED (SEBI Reg. No. INP000000936)** having its registered office at **6-3-788/32, 3rd Floor, Vamsee Estates, Opp. Chandan Brothers, Ameerpet, Hyderabad, Telangana – 500 016**. As informed by the company, this certificate needs to be submitted to **SEBI and the Portfolio Management Service Clients**.

#### 2. Management's Responsibility:

The management of the Company is responsible for preparation of the attached Disclosure document in accordance with the Regulations.

#### 3. Our Responsibility:

Our responsibility is to issue the certificate based on our review which is primarily limited to inquiries of the Company's personnel, tracing the financial information from the audited financial statements for the year ended 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023, previous disclosure document submitted to SEBI, other relevant records, the information, explanations and representations furnished by the Management. We have relied upon the representation given by the Management about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure Document.

The Disclosure made in the document is made on the model disclosure document as stated in Schedule V of Regulation 22 of the Securities and Exchange Board of India ("SEBI") (Portfolio Managers) Regulations, 2020.

We have conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the standards on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.



## SHAH KAPADIA & ASSOCIATES CHARTERED ACCOUNTANTS

Office No. 328, 3<sup>rd</sup> floor, Champaklal Industrial Estate, Plot No. 105,  
Sion Koliwada Road, Sion East, Mumbai 400022.

Tel No: 022-49741224 | Web: [www.theSKA.in](http://www.theSKA.in) | Email: [SKA@theSKA.in](mailto:SKA@theSKA.in)

#### 4. Opinion:

Based on the review of the attached Disclosure Document, we hereby certify that the disclosures made in the disclosure document dated **29<sup>th</sup> August 2023** are true, fair and adequate to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.

#### Restriction on use:

The certificate is addressed to and provided to **SEBI and the Portfolio Management Service Clients** solely for the purpose of providing essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager and should not be used by any other person or for any other purpose.

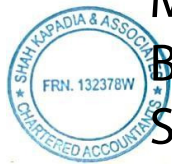
Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place: Mumbai

Date: 29-08-2023

UDIN: 23121326BGWSPF6775

For Shah Kapadia & Associates  
Chartered Accountants



Mehul  
Bharat  
Shah

Digitally signed  
by Mehul Bharat  
Shah  
Date:  
2023.08.29  
16:03:06 +05'30'

CA Mehul B Shah

Partner

Membership No: 121326

FRN: 132378W

**DISCLOSURE DOCUMENT**

**SEBI PMS Registration Number: INP000000936**



**(Schedule V – Regulation 22, SEBI (Portfolio Managers) Regulations, 2020**

Disclosure Document for Portfolio Management Services

SEBI PMS Registration Number: INP000000936

- The Document has been filed with the Board 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 Management Services of ZEN Wealth Management Services Limited (ZWMSL) in a manner to assist and enable the investors in making informed decision for engaging ZEN Wealth Management Services Ltd for managing their Portfolio.
- The necessary information about the Portfolio Manager required by an investor before investing are given herein, and the investor is advised to retain this Document for future reference.
- Details of the Principal Officer:

Name	Rama Krishna Neti
Address	ZEN Wealth Management Services Limited, 6-3-788/32, 3 <sup>rd</sup> Floor, Vamsee Estates, Ameerpet, Hyderabad – 500 016
Phone	+91 40 4423 2266, +91 40 4423 2361
E-mail Id	<a href="mailto:ramakrishna@zenwealth.in">ramakrishna@zenwealth.in</a>

## Index

Contents	Page Number
Disclaimer Clause & Definitions	4
Background and Present Business of the Portfolio Manager	7
Date of Commencement of Business	7
Promoters & Directors	7
Top 10 Group Companies of the Portfolio Manager	8
Details of Services Offered by the Portfolio Manager	8
Penalties, pending litigations or proceedings	9
Services Offered – Investment Objectives	9
Services Offered – Investment Approach	10
Policies for Investments in Associates/Group Companies; Risk Factors	13
Client Representation	14
Disclosure of Related Party Transactions	15
Financials	15
Portfolio Performance	17
Nature of Expenses	17
Audit Observations	19
Accounting Policies	19
Taxation	19
Investor Services – Contact Details	21
Grievance Redressal and Dispute Settlement Mechanism	21
Details of Investments in Securities of Related Parties of Portfolio Manager	22
Details of Diversification Policy of the Portfolio Manager	22
Custody of Services; Termination of Agreement	23
List of Approved Share Brokers	23

## 1. Disclaimer Clause

The particulars of the Portfolio Manager in this Disclosure Document have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended till date and filed with Securities and Exchange Board of India (SEBI).

This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

## 2. Definitions

Unless the context of meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:

- “ACT” means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended from time to time.
- “AGREEMENT” means agreement between Portfolio Manager and its Client and shall include all Schedules and Annexures attached thereto.
- “BODY CORPORATE” shall have the meaning assigned to it in or under clause (11) of Section 2 of the Companies Act, 2013.
- “BANK ACCOUNT” means one or more accounts opened, maintained, and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.
- “BOARD” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- “CLIENT” means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio and/or Funds.
- “DOCUMENT” means this Disclosure Document.
- “FINANCIAL YEAR” means the year starting from April 1 and ending on March 31 of the following Year.
- “FUNDS” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Portfolio Investment Management Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to Portfolio Investment Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
- “PORTFOLIO MANAGER” means any person who pursuant to a contract or agreement with a Client advises or directs or undertakes on behalf of the Client (whether as Discretionary Portfolio Manager or otherwise) the management or administration of portfolio of securities or the funds of the Client, as the case may be.



- “DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES” means the Portfolio Management Services rendered to the Client, by the Portfolio Manager on the terms and conditions contained in the Agreement, where under, the Portfolio Manager exercises any degree of discretion in investments or management of assets of the Client in accordance with the needs of the Client.
- “NON DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES” means Portfolio Investment Management Services, where the Portfolio Manager acts on the instructions received from the Client with regards to the investment of funds of the Client as per the terms and conditions contained in the Agreement between the Client and the Portfolio Manager.
- “APPLICATION” means the application made by the Client to the Portfolio Manager to place the monies and/or securities therein mentioned with the Portfolio Manager for Discretionary Portfolio Management Services or otherwise. Upon execution of this agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of this Agreement, provided that in case of any conflict between the contents of the Application and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- “ASSETS” means (i) the Portfolio and/or (ii) Funds.
- “DEPOSITORY ACCOUNT” means one or more accounts opened, maintained and operated by the Portfolio Manager in the name of the Client with any Depository Participant registered under the SEBI (Depositories and Participants) Regulations 2018.
- “CUSTODIAN” means any person who carries on or proposes to carry on the business of providing Custodial Services.
- “NET ASSET VALUE (NAV)” means the market value of the securities in the Portfolio including cash or cash equivalents. Net Asset Value is determined by calculating the closing prices of the securities on the relevant date in NSE/BSE/other Exchanges/other markets in that order.
- “PERSON” includes any Individual, Partnership Firm, Central or State Government Company, Body Corporate, Co-operative Society, Corporation, Trust, Society, Hindu Undivided Family (HUF) or any other Body of Persons, whether incorporated or not.
- “PORTFOLIO” means the securities managed by the Portfolio Manager on behalf of the Client pursuant to this agreement and includes any Securities mentioned in the Application, any further securities placed by the Client with the Portfolio Manager for being managed pursuant to this 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, INCLUDING DERIVATIVES, DERIVATIVE INSTRUMENTS, FUTURES, OPTIONS entered on behalf of the Client(s) so long as the same is managed by the Portfolio Manager.
- “REGULATIONS” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended from time to time.



- “RULES” means Securities and Exchange Board of India (Portfolio Managers) rules 2020, as may be amended from time to time.
- “SEBI” means the Securities and Exchange Board of India established under sub-section (1) of section (3) of the Securities and Exchange Board of India Act.
- “SECURITIES INCLUDES”
  - (i) “Securities” as defined under the Securities Contracts (Regulation) Act, 1956;
  - (ii) Shares, Scrips, Stocks, Bonds, Warrants, Convertible and Non-Convertible Debentures, Exchange Traded Funds, Nifty Bees, Junior Nifty Bees, Commodities, Liquid Bees, Gold Funds, Fixed Return Investments, Equity Linked Instruments, Negotiable Instruments, Deposits, Money Market Instruments, Commercial Paper, Certificates of Deposit, Units issued by the Unit Trust of India and /or by any Mutual Funds, Mortgage Backed or other Asset Backed Securities, Derivatives, Derivative Instruments, Options, Futures, Foreign Currency Commitments, Hedges, Swaps or netting off and any other Securities issued by any Company or other Body Corporate, any Trust, any Entity, the Central Government, any State Government or any Local or Statutory Authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest there in and:
  - (iii) Any other instruments or investments (including borrowing or lending of Securities) as may be permitted by applicable Law from time to time.
- “Direct on-boarding” means providing an option to Clients to be on-boarded directly, without intermediation of persons engaged in distribution services.

Words and expressions used and not defined in the Disclosure Document but defined in the Regulations/ Act shall have the meanings respectively assigned to them in the Regulations/Act.

### 3. Description

#### **History, Present business and Background of the Portfolio Manager**

We have commenced Portfolio Management Services in the name of Zen Securities Limited (ZSL) in the year 2004. Upon demerger, the Portfolio Management activity is transferred to ZEN Wealth Management Services Limited (ZWMSL) and we have transferred the SEBI Registration to ZWMSL with effect from 18<sup>th</sup> September, 2009.

M/s Zen Securities Limited was promoted by Sri. K. Ravindra Babu, a known and familiar personality in Andhra Pradesh and Telangana investing community since 1994. Sri. K. Ravindra Babu was a Stock Broker from 1987 and converted his membership in the Hyderabad Stock Exchange Limited into a Corporate membership on 2<sup>nd</sup> February, 1995.

The dominant Promoters of the Company together hold 64.17% of the company's total Equity.

#### **Date of Commencement of Business**

ZEN Wealth Management Services Limited has received Certificate for commencement of Business on 14<sup>th</sup> February, 2008 and started commercial operations from 18<sup>th</sup> September, 2009.

#### **Promoters of the Portfolio Manager, Directors and their Background**

M/s ZEN Wealth Management Services Limited was promoted by Sri. K. Ravindra Babu, a known and familiar personality in Andhra Pradesh and Telangana investing community since 1994. Sri. K. Ravindra Babu was a Stock Broker from 1987 and converted his membership in the Hyderabad Stock Exchange Limited into a Corporate membership on 2<sup>nd</sup> February, 1995. He was the Promoter of Zen Securities Limited, Member of National Stock Exchange & Bombay Stock Exchange. ZEN Wealth Management Services Limited was demerged from Zen Securities Limited in the year 2008.

#### **Directors**

- a. **Pratap Kantheti (Director):** Mr. Pratap Kantheti is a Graduate in Commerce, Post Graduate holder in Business Management (PGDBA) and is also a Chartered Financial Analyst (India). He is serving the company since 1997 and is well versed with the networking of Operations and monitoring of Financial Markets.
- b. **Satish Kantheti (Managing Director):** Mr. Satish Kantheti is a Post Graduate MBA (Finance) and a Chartered Financial Analyst (India). He is heading the Equity Research Department of the Company and is also the Chief Investment Officer.

**Top 10 Group Companies/Firms of the Portfolio Manager on Turnover basis (latest audited Financial Statements may be used for this purpose):**

- a. Zen Securities Limited.
- b. Zenmoney Insurance Broking Services Limited.

**Details of Services Offered & Core Business Areas of ZWMSL**

- a. Portfolio Management Services (Discretionary and Non-Discretionary)
- b. Investment Advisory Services.

Client Segments: Resident, Non-Resident and Institutional Investors.

On-boarding Options: Both Direct and through Distributors

**Discretionary Portfolio Management Services:** In this category, the Portfolio Manager will have complete discretion in investing and managing Clients' funds in accordance with the Portfolio Management Services (PMS) Agreement executed with the Client. The decision of the Portfolio Manager (taken in good faith) is absolute and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. Under the Discretionary Portfolio Management Services offered to the Client, the Portfolio Manager can invest in any one or combination of Financial Instruments such as Equity, Commodities, Bonds, Debentures, Mutual Fund Units, Fixed Deposits, REITS, Derivative Instruments, etc.,. Periodical statements in respect of Clients' Assets Under Management (AUM) shall be sent to the respective Clients.

Under these services, the Clients may authorize the Portfolio Manager to invest their funds in specific Financial Instruments or a mix of specific Financial Instruments or restrict the Portfolio Manager from investing in specific Financial Instruments or Securities.

**Non-Discretionary Portfolio Management Services:** In this category, the Funds of the Client will be managed by the Portfolio Manager in consultation with the Client and in accordance with the PMS Agreement executed with the Client. The Portfolio manager's role is limited to provide Research, Investment Advice and Trade execution facility to the Client. The Portfolio Manager shall execute the orders as per the mandate received from the Client.

**Investment Advisory Services:** In this category, the Portfolio Manager will provide Advisory Services in the nature of Investment Advisory and shall include the responsibility of advising on the Portfolio Strategy and Investment/Divestment of Individual securities in the Client's Portfolio in terms of the Agreement and within the overall risk profile of the Client. The Portfolio Manager shall be solely acting as an advisor in respect of Portfolio of the Client and shall not be

responsible for the Investment/Divestment of securities and/or administrative activities of the Client's Portfolio.

**4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which actions may have been taken or initiated:**

1.	Cases of penalties imposed by the Board, or the directions issued by the board under the Act of Rules or Regulations made thereunder	None
2.	The nature of the penalty or direction	Not Applicable
3.	Penalties imposed for any economic offence and/or for violation of any Securities Laws	None
4.	Any pending material litigation/legal proceedings against the Portfolio Manager/Key Personnel with separate disclosure regarding pending criminal cases, if any	None
5.	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any Regulatory Agency	None
6.	Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its Directors, Principal Officer or Employee or any person directly or indirectly connected with the Portfolio Manager or its Directors, Principal Officer or Employee, under the Act or Rules or Regulations made thereunder	None

**5. Services Offered**

**a. Investment objectives and policies:**

- i. Discretionary Portfolio Management Services, which include management of the Client Portfolio on Discretionary basis by the Portfolio Manager.

The Investment objective of the Discretionary Portfolio Management Service 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 endeavoring to reduce the risk of basic capital invested.

However, the Client agrees and acknowledges that while the aforesaid is the objective, there is no guarantee of such returns or of there being no capital loss.

- ii. Investment Policy

1. Investments are made as per the Portfolio Manager's discretion only.

2. Fundamental Analysis along with Technical Analysis are used for the purpose of Portfolio Management.
3. The Portfolio Manager may react swiftly as the circumstance may dictate.

iii. Types of Securities in which Investments shall be made:

Shares, Scrips, Stocks, Bonds, Warrants, Convertible and Non-Convertible Debentures, Commodities, Exchange Traded Funds, Nifty Bees, Junior Nifty Bees, Liquid Bees, Fixed Return Investments, REITS, Equity Linked Instruments, Negotiable Instruments, Deposits, Money Market Instruments, Commercial Paper, Certificates of Deposit, Units issued by the Unit Trust of India and/or by any Mutual Funds, Mortgage backed or other Asset Backed Securities, Derivatives, Derivative Instruments, Options, Futures, Foreign Currency Commitments, Hedges, Swaps or netting off and any other Securities issued by any Company or any other Body Corporate, any Trust, any Entity, the Central Government, any State Government or any Local or Statutory Authority and all money rights or property that may at any time be offered or accrue (whether by Rights, Bonus, Redemption, Preference, Option or otherwise) and whether in Physical or Dematerialized form in respect of any of the foregoing or evidencing or representing rights of interest there in.

**b. Investment Approach (IA) of the Portfolio Manager**

ZEN Wealth Management Services Limited is offering the following currently under the Discretionary Portfolio Management Services mode:

1. Multicap Strategy
2. Emerging Opportunities Strategy
3. Focused Strategy

**Multicap Strategy**

This Strategy aims to generate consistent Long-Term (3+ Years) wealth through an Equity and Equity related Portfolio with exposure across Market Capitalization (with a minimum threshold of Rs.250Cr). The Investment Philosophy is not guided by any particular style ideology (like Growth Investing or Value Investing) but focused entirely on the process of “Investment for sustainable wealth creation in the long-term”.

A stock’s fundamental credentials like growth potential, balance sheet strength, management credibility, historical track record, valuations, etc, would be paramount

while building the Portfolio. Also, the thought process would be to build a Portfolio with stocks that are either in the top league Market leadership or aspiring Market leaders in their respective sectors. We might also take appropriate allocations towards Tactical exposures from time to time.

**Benchmark for the Multicap Strategy:** In accordance with the circular released by SEBI dated 16<sup>th</sup> December 2022 related to the Performance Benchmarking and Reporting of Performance by Portfolio Managers, the Benchmark for Performance reporting has to be selected from a maximum of three Benchmarks to be suggested by The Association of Portfolio Managers in India (APMI), reflecting the core philosophy of the Strategy. This Benchmark would be adopted effective from 1<sup>st</sup> April 2023.

Accordingly, from amongst the three Benchmarks suggested by APMI, we have chosen S&P BSE 500 Total Return Index (TRI) to be the Benchmark for reporting our PMS Performance. The S&P BSE 500 TRI constitutes the top 500 companies by Market Capitalisation and is considered as a representation of the broader market. As we build our Portfolio through a bottom-up approach from amongst the wider range of Companies by Market Capitalisation, we believe the S&P BSE 500 TRI is an apt Benchmark to report our Portfolio performance comparison.

**Risks associated with this Strategy:** In addition to the general Risks (as highlighted in Clause 6) that could impact the performance of the Portfolio, the Portfolio Performance also could also be impacted by the under-performance of any of the market cap category (like Large/Mid/Small) or particular Themes for certain period/s of time.

### **Emerging Opportunities Strategy**

This Strategy aims to generate superior risk adjusted returns for Clients through exposure to Equity and Equity related Portfolio with exposure predominantly across Mid and Small Cap stocks. The Investment Strategy will be to create superior risk adjusted returns through exposures in Companies which are Fundamentally good. The entry and exit decisions could also be guided by Technical Analysis. Focus also will be on Companies that will benefit from Special Situations, Corporate Announcements, Thematic Investments, etc,. The Portfolio will be Sector/Market Capitalisation agnostic.

**Benchmark for the Emerging Opportunities Strategy:** In accordance with the circular released by SEBI dated 16<sup>th</sup> December 2022 related to the Performance Benchmarking and Reporting of Performance by Portfolio Managers, the Benchmark for Performance reporting has to be selected from a maximum of three Benchmarks to be suggested by The Association of Portfolio Managers in India (APMI), reflecting the core philosophy of the Strategy. This Benchmark would be adopted effective from 1<sup>st</sup> April 2023.

Accordingly, from amongst the three Benchmarks suggested by APMI, we have chosen S&P BSE 500 Total Return Index (TRI) to be the Benchmark for reporting our PMS Performance. The S&P BSE 500 TRI constitutes the top 500 companies by Market Capitalisation and is considered as a representation of the broader market. As we build our Portfolio through a bottom-up approach from amongst the wider range of Companies by Market Capitalisation, we believe the S&P BSE 500 TRI is an apt Benchmark to report our Portfolio performance comparison.

Risks associated with this Strategy: In addition to the general Risks (as highlighted in Clause 6) that could impact the performance of the Portfolio, other Risk factors for this strategy include the inability of the Portfolio Manager to timely act on any actionables, etc.,

### **Focused Strategy**

This is a concentrated investment strategy, with holdings spread across a minimum of 2 stocks and a maximum of 15 stocks. The number of holdings within this range keeps varying from time to time depending upon the investible opportunities.

The investment approach would be market-cap agnostic with minimum market capitalisation at Rs.250Cr.

The investments could be spread across one or more sectors/themes/industry groups/sectoral opportunities as a basket. The investments would be mostly based on bottoms up study while the entry and exit decisions could also be aided by Technical studies. However, the primary basis of investment would be based on the fundamental strength of the company being invested.

Benchmark for the Focused Strategy: In accordance with the circular released by SEBI dated 16<sup>th</sup> December 2022 related to the Performance Benchmarking and Reporting of Performance by Portfolio Managers, the Benchmark for Performance reporting has to be selected from a maximum of three Benchmarks to be suggested by The Association of Portfolio Managers in India (APMI), reflecting the core philosophy of the Strategy. This Benchmark would be adopted effective from 1<sup>st</sup> April 2023.

Accordingly, from amongst the three Benchmarks suggested by APMI, we have chosen S&P BSE 500 Total Return Index (TRI) to be the Benchmark for reporting our PMS Performance. The S&P BSE 500 TRI constitutes the top 500 companies by Market Capitalization and is considered as a representation of the broader market. As we build our Portfolio through a bottom-up approach from amongst the wider range of



Companies by Market Capitalization, we believe the S&P BSE 500 TRI is an apt Benchmark to report our Portfolio performance comparison.

Risks associated with this Strategy: Being a concentrated strategy, the major risk that comes associated with such an approach is that of lower diversification level. Similarly, because the investments could be concentrated in 2 stocks or a combination of a few stocks, the impact could be more pronounced during times of high volatility in the markets. These apart, the Strategy has investment risks as highlighted in Clause 6 of this Document.

- c. Policies for Investments in Associates/Group Companies.

The Company shall not invest in any of its Associates or Group Companies.

### **6. Risk Factors**

- a. The Securities Investments are subject to Market risk and there is no assurance or guarantee that the Objectives of the Investments will be achieved.
- b. Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio Manager.
- c. Risk arising from the Investment Objective, Investment Strategy and Asset Allocation.
- d. There shall be no assurance that Investment Objectives will be achieved.
- e. All Investments have attendant risks, which may result in erosion of Capital also.
- f. The Investment Strategy is planned based on the Market forces, which may go wrong some times.
- g. Risk arising out of non-Diversification, if any: Restricting the Investment to few Sectors and Companies may result in the movement of the NAV to be more volatile compared to Investments with a more diversified Portfolio.
- h. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Portfolio Management Services.
- i. Macro-Economic Risks: Overall Economic slowdown, its impact on Corporate performance, Environmental or Political related problems, changes to Monetary or Fiscal Policies, changes to Government Policies and Regulations with regard to Industry and Exports may have direct impact on Investments made by the Portfolio Manager and consequently on the performance.

- j. The Debt Investments and other Fixed Income Securities may be subject to Interest Rate risk, Liquidity risk, Credit risk, and Re-Investment risk. Liquidity in these Investments may be affected by trading volumes, settlement periods and transfer procedures.
- k. Use of Derivatives: The Portfolio Manager may use Derivative Instruments like Index Futures, Stock Futures and Options Contracts, Warrants, Convertible Securities, Swap Agreements or any other Derivative instruments for the purpose of Hedging and Portfolio Balancing, as permitted under the Regulations and Guidelines. As and when the Portfolio Manager trades in Derivatives market, there are risks associated with the use of Derivatives. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with Stocks and Bonds. The use of Derivatives requires an understanding not only of the underlying instrument but also of the Derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into. The ability to assess the risk that a Derivative adds to the Portfolio and the ability to forecast price or interest rate movement correctly.
- l. Mutual Fund Risks: Risk factors inherent to Equities and Debt Securities are also applicable to Investments in Mutual Fund units. Further, specific risk factors to each such underlying Investment, including performance of their underlying stocks, derivative instruments, stock lending, offshore investments, etc, will be applicable in the case of Investments in Mutual Fund units. In addition, events like change in Fund Manager, take over, Mergers and other changes in status and constitution of Mutual Funds, foreclosure, change in Government policies could affect performance of the Investment in Mutual Funds. In case of Mutual Funds, the Client shall bear the recurring expenses of the Portfolio Management Services in addition to the expenses in the underlying Mutual Fund Investment. Hence, the Client may receive lower pre-tax returns compared to what he may receive if he had invested directly.
- m. Risk factor due to conflict of interest related to services offered by Group Companies of the Portfolio Manager if any: NIL.

## 7. Client Representation

- a. Discretionary PMS

Period	Associates Group	Funds Managed – Associates Group (Rs. Crs)	Others	Funds Managed – Others (Rs. Crs)
As on 31.03.2021	2	10.67	50	127.46
As on 31.03.2022	3	24.36	50	171.12
As on 31.03.2023	4	42.07	49	172.59

*Above Clients under “Associates Group” include Sri. K. Satish, Managing Director of ZWMSL, Sri. K. Pratap, Sri. P. Sambasiva Rao, Directors of ZWMSL & Invsearch Solutions Pvt Ltd, a Group Company*

- b. Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.
- i. List of Related Parties: Zen Securities Limited, Sri. K. Satish, Sri. K. Prasanth
  - ii. Transactions with Related Parties during the Year ended 31<sup>st</sup> March, 2023

Particulars	Relationship	Nature of Transactions	Rs.
Zen Securities Ltd	Directors are Interested	Rent received from Office Premises as per prevailing rates	34,70,776
Sri. K. Satish	Managing Director	Remuneration including allowances and perquisites	36,63,000

## 8. Financial Performance of the Portfolio Manager (based on Standalone audited Financial Statements) – Last 3 Financial years

### Income Statement

Particulars	FY 21	FY 22	FY 23
Revenue from Operations	1,12,34,045	2,22,84,234	1,63,39,268
Total Expenses	84,17,024	99,19,507	1,22,81,952
Net Profit / Loss for the year before Tax	91,68,249	1,99,04,821	1,43,66,364
Less: Provision for Tax	19,20,280	65,37,762	30,33,465
Provision for deferred tax	18,460	(4,907)	38,636
<b>Profit / Loss after Tax</b>	<b>72,29,509</b>	<b>1,33,71,966</b>	<b>1,12,94,263</b>

**Balance Sheet**

Particulars	FY 21	FY 22	FY 23
<b>Equities and Liabilities</b>			
Shareholders' Funds			
Share Capital	4,61,84,000	4,61,84,000	4,61,84,000
Reserves & Surplus	12,52,04,394	13,85,76,360	14,98,70,623
Non-Current Liabilities	24,65,682	26,65,554	26,65,554
Current Liabilities	2,79,83,891	10,70,64,504	50,85,154
<b>Total Equities and Liabilities</b>	<b>20,18,37,967</b>	<b>29,44,90,418</b>	<b>20,38,05,331</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant, Equipment and Intangible Assets	4,59,55,816	5,39,31,206	5,71,41,158
Intangible Assets	2,75,000	75,000	75,000
Non-Current Investments	50,00,000	6,81,89,015	8,25,16,516
Deferred Tax Asset	2,61,893	2,66,800	2,28,164
Long-term Loans and Advances	1,05,45,857	85,59,774	79,40,271
<b>Total Non-Current Assets</b>	<b>6,20,38,566</b>	<b>13,14,96,795</b>	<b>14,79,01,109</b>
<b>Current Assets</b>			
Current Investments	9,91,89,037	2,89,91,796	3,91,78,921
Cash and Equivalents	3,13,76,408	11,84,88,626	45,61,133
Short-term Loans and Advances	7,90,365	13,62,502	35,54,936
Other Current Assets	84,43,591	1,41,50,699	86,09,233
<b>Total Current Assets</b>	<b>13,97,99,401</b>	<b>16,29,93,623</b>	<b>5,59,04,223</b>
<b>Total Assets</b>	<b>20,18,37,967</b>	<b>29,44,90,418</b>	<b>20,38,05,331</b>

## 9. Portfolio Performance of the Portfolio Manager for the last 3 Financial Years (Audited)

### Multicap Strategy

Details	FY 21	FY 22	FY 23
Multicap Strategy – Aggregate Return, TWRR*	82.73%	31.99%	5.46%
NSE 500 Index	75.99%	20.96%	(2.26%)
S&P BSE 500 Total Return Index	78.63%	22.26%	(0.91%)

*\*Net of all Expenses, Fees*

### Emerging Opportunities Strategy

Details	FY 21*	FY 22	FY 23
Emerging Opportunities Strategy – Aggregate Return, TWRR**	46.94%	57.80%	25.06%
BSE Smallcap Index	32.04%	36.64%	(4.46%)
S&P BSE 500 Total Return Index	18.63%	22.26%	(0.91%)

*\*From 13.11.2020 to 31.03.2021; \*\*Net of all Expenses, Fees*

### Focused Strategy

Details	FY 21	FY 22	FY 23
Focused Strategy – Aggregate Return, TWRR**	NA	NA	NA
S&P BSE 500 Total Return Index	78.63%	22.26%	(0.91%)

## 10. Nature of Expenses

The following are the indicative types of costs and expenses for Clients availing our PMS Services

- a. Management Fees: Fees will be collected based on Agreement between the Client and the Portfolio Manager, either as
  - i. Fixed Management Fees – Up to a maximum of 2.5%
  - ii. Variable Management Fees – Minimum Hurdle Rate of 12% & 20% Profit Sharing

### iii. Combination of Fixed and Variable Management Fees

The exact details of the charges relating to the services of the PMS are mentioned in the Portfolio Management Agreement executed between the Portfolio Manager and the Client.

No Upfront Fees is charged to Clients either directly or indirectly.

The Fees charged for rendering the Portfolio Management Services do not guarantee or assure, either directly or indirectly, any return to the Investment made by the Client.

### b. Custodian and DP Charges – As per actuals

These are the charges relating to opening and operating of Depository accounts, Custody, Fund Accounting, Transfer charges for Shares, Bonds and Units, Dematerialization, Re-Materialization and other charges in connection with the operation and management of Depository accounts. These charges are levied to the Client as per actuals.

### c. Brokerage and Transaction Charges – Up to a maximum of 0.5% of the Transaction value, subject to a minimum of 5 paise per share.

The Brokerage and Transaction costs are charged at actuals basis. The amount of Brokerage incurred on Investments is disclosed in the Reports that are shared with the Clients. The PMS transactions are executed through registered members of the Stock Exchanges. The relevant Transaction charges will be as per Annexure II (Fees Schedule) of the PMS Agreement & Account Opening Form.

### d. GST – As applicable from time to time

### e. STT – As applicable from time to time

### f. Securities Lending and Borrowing charges – The charges pertaining to the lending of Securities, Cost of Borrowing including interest, and costs associated with transfer of Securities connected with Lending and Borrowing.

### g. Certification, Logistics and Professional charges – Charges payable for outsourced professional services like Auditing, Legal, Regulatory, etc, are levied on actual basis.

### h. Exit Load – Early withdrawals are subjected to Exit Load as mentioned in the PMS Agreement & Account Opening Form.

### i. Investment Management and Advisory Fees – NIL

- j. Registrar and Transfer Agent Fees – NIL

### 11. Audit Observations

No major Audit observations were found in the past 3 years.

### 12. Accounting Policies

- a. Investments introduced by the Client in his Portfolio are booked at the Market Value as of the date of introduction to the PMS.
- b. Profit or Loss on sale of Investment is calculated by considering the Average Pricing Method.
- c. Capital Gains would be calculated by considering the First In First Out method. As far as possible, we are complying with the accounting standards issued by the Institute of Chartered Accounts of India. Investments are value in accordance with AS-2 valuation of Inventories. Revenue arising from interest and dividend are accounted in accordance with AS-9 on Revenue Recognition. Investments are accounted in accordance with AS-13 on Accounting for Investments.
- d. The Investments under PMS are made on behalf of the respective names of the Clients. Hence, separate Demat and Bank accounts may be opened in the name of the Client, which are operated by the Portfolio Manager.

### 13. Taxation

In view of the individual nature of tax consequences, 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 products.

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

Note: Provisions of Income Tax Act, 1961 undergoes changes frequently thus the Client is advised to consult his / her / its tax consultant for appropriate advice on tax treatment of income indicated herein.

The following are the tax provisions applicable to Clients investing in the Portfolio Management Scheme under the taxation laws on the date herewith.

Deduction of securities transaction tax paid.

Deduction shall be allowed for securities transaction tax paid u/s 36(1) (xv), for the purpose of computation of business income.



### Tax on Short-term capital gains

In case of listed securities (except for units other than units of equity oriented mutual fund) are held for less than 12 months or in case of unlisted securities and for units other than units of equity oriented mutual funds are held for less than 36 months from the date of purchase, the resultant gains or losses are termed as short-term capital gains or losses.

Short term gains arising out of transfer of equity shares if the securities are sold on a recognized stock exchange in India and on which securities transaction tax has been paid are taxed at a concessional rate of 15% (as increased by surcharge plus education cess). In other cases they would be taxed at the slab rate applicable to the respective client category.

### Tax on Long-term capital gains

In case of listed securities (except for units other than units of equity oriented mutual fund) are held for more than 12 months or in case of unlisted securities and for units other than units of equity oriented mutual funds are held more than 36 months from the date of purchase, the resultant gains or losses are termed as long-term capital gains or losses.

The Finance Act, 2018 inserts a new Section 112A with effect from Assessment Year 2019-20. As per the new section capital gains arising from transfer of a long-term capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at the rate of 10 % of such capital gains exceeding Rs. 1,00,000.

A taxpayer who has earned long-term capital gains from transfer of any listed security or any unit of UTI or mutual fund (whether listed or not), not being covered under Section 112A, and Zero-coupon bonds shall have the following two options:

a) Avail of the benefit of indexation; the capital gains so computed will be charged to tax at normal rate of 20% (plus surcharge and cess as applicable).

b) Do not avail of the benefit of indexation; the capital gain so computed is charged to tax @ 10% (plus surcharge and cess as applicable).

Note: "Listed Securities" as defined under the explanation to section 112(1) of Income Tax Act, means the securities as defined in clause 2(h) of Securities Contract (Regulations) Act, 1956 and listed on any recognized stock exchange in India.

"Unlisted Securities" means securities other than listed securities.

"Units" shall have the meaning assigned to it in clause (b) of explanation to section 115AB of Income Tax Act, 1961.

### TDS

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. Interest and dividends would be subject to tax as per prevailing provisions of the Income Tax Act, 1961.

### ADVANCE TAX OBLIGATIONS

It shall be the client's responsibility to meet the advance tax obligations payable on the due dates as per the Income Tax Act, 1961.

### 14. Investor Services

Name, Address and Telephone Number of the Investment Relation Officer:

Rama Krishna Neti,  
Principal Officer & Fund Manager,  
ZEN Wealth Management Services Limited,  
6-3-788/32, 3<sup>rd</sup> Floor, Vamsee Estates, Ameerpet, Hyderabad – 500 016  
E-Mail: ramakrishna@zenwealth.in, Phone No: +91 40 4423 2266

### 15. Grievance Redressal and Dispute Settlement Mechanism

1. Grievance Redressal: Investment Relationship Officer may be contacted for the Redressal of any Complaint. All the complaints/grievances shall be resolved in a period of 30 days. Matter may also be referred to the Principal Officer for his intervention.
2. Complaints can be lodged online with SEBI through SCORES ([www.scores.gov.in](http://www.scores.gov.in)). Also, complaints, if any, can be sent at [pmsgrievance@zenwealth.in](mailto:pmsgrievance@zenwealth.in)
3. Dispute Settlement Mechanism
  - a. The PMS Agreement is subject to the Rules and Regulations as are or may be framed / issued by the Central Government, the Reserve Bank of India (RBI), SEBI and/or any other Statutory and/or any other Competent Authority, from time to time.
  - b. All disputes, differences, claims and questions whatsoever arising from the PMS Agreement between the Client and the Portfolio Manager and/or their respective representative touching these presents or any clause or thing herein contained or otherwise in any way relating to or arising from these presents shall be referred to a sole arbitrator as appointed by the Portfolio Manager, 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 Hyderabad, India.

**16. Details of Investments in the Securities of Related Parties of the Portfolio Manager: NIL**

**17. Details of Diversification policy of the Portfolio Manager**

The objective of the Portfolio Manager is to generate consistent long-term wealth creation through Equity or Equity related Portfolio which is agnostic to Sector/Market Capitalization (with a minimum threshold of Rs.250Cr). The Investment Philosophy is not guided by any particular style ideology and is a combination of both Bottom-Up and Top-Down approaches.

Though the Portfolio Manager intends to generate performance consistently, some of the Investments might not work out as anticipated or envisaged at the time of investing or initiating exposure. To mitigate such risks arising out of Portfolio Investments, it would be the Portfolio Manager's endeavor to reasonably diversify the Portfolio and build a Portfolio with holdings not exceeding 50.

However, under special/tactical situations where the Portfolio Manager identifies a tactical Investment opportunity which requires investments to be made in a group/basket of Companies belonging to a particular Sector or a Theme or a Special Situation which is likely to play out in the near to medium term, the Portfolio Manager can invest in a "basket of Companies" in which case, the overall holdings can extend beyond 50, until the intended tactical investment opportunity plays out as expected or otherwise, and the Portfolio Manager wishes to exit these "basket Investments" completely.

18. The Portfolio Managers' decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence.

**19. Custody of Securities**

- a. Custody of all securities of the Client shall be with the Custodian who shall be appointed by the Portfolio Manager.
- b. The Custodian shall act on instruction of the Portfolio Manager.
- c. All Custodian fees, charged by the custodian shall be payable by the Client.
- d. The Portfolio Manager shall not be liable for any act of the Custodian done with or without the instruction of the Portfolio Manager, which may cause or is likely to cause any loss or damage to the Client.

e. List of Custodians involved for Portfolio Management activities

- i. Kotak Mahindra Bank Ltd.
- ii. Orbis Financial Corporation Ltd.

### 20. Termination of Agreement

- a. Notwithstanding anything contained above, the funds or securities can be withdrawn or taken back by the Client before maturity of the contract under the following circumstances, namely -
  - i. Voluntary or compulsory termination of Portfolio Management Services by the Portfolio Manager or the Client.
  - ii. Suspension or cancellation of the Certificate of registration of the Portfolio Manager by the Board.
  - iii. Bankruptcy or liquidation of the Portfolio Manager.
- b. There shall be written intimation about such termination by the terminating party.
- c. On termination of the agreement, the Portfolio Manager shall give a detailed statement of accounts to the Client and settle the account with the Client as agreed in the agreement.

### 21. List of Approved Share Broker, involved for Portfolio Management activities

- a. Zen Securities Limited  
Single SEBI Registration No. INZ 000195436
- b. Kotak Securities Limited  
Single SEBI Registration No. INZ 000200137

### 22. General

The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement.

FOR ZEN WEALTH MANAGEMENT SERVICES LIMITED

Mr. Satish Kantheti, Managing Director

Mr. Pratap Kantheti, Director

Place: Hyderabad

Date: 29.08.2023