

FORM C

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

(Regulation 22)

Name of the Portfolio Manager : QRC Investment Advisors LLP  
Address : 4 Capri, 9, Manav Mandir Road,  
Malabar Hill, Mumbai - 400006  
Phone : +91 9833872723  
E-mail : [saurabh@qrcia.com](mailto:saurabh@qrcia.com)

**We confirm that:** 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;

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;

The Disclosure Document has been duly certified by an independent Chartered Accountant as on 25<sup>th</sup> November, 2020. The details of the Chartered Accountant are as follows:

Name of the Firm : Shah Kapadia & Associates  
Partner : Samir J. Kapadia  
Membership No : 123349  
Address : Office No. 328, 3<sup>rd</sup> Floor, Champaklal Industrial Estate, Plot No. 105, Sion  
Koliwada Road, Sion East, Mumbai 400022  
Telephone : 022 - 49741224

The copy of the certificate is enclosed herewith.

For QRC Investment Advisors LLP



Saurabh Shroff

**Principal Officer and Designated Partner**

4 Capri, 9, Manav Mandir Road,  
Malabar Hill, Mumbai - 400006

Date: 03<sup>rd</sup> December 2020

Place: Mumbai

SHAH KAPADIA AND 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)

November 25, 2020

QRC Investment Advisors LLP

Suite 232, 2nd Floor, Raheja Chambers

Free Press Journal Road, Nariman Point, Mumbai – 400021

Dear Sir,

We hereby certify that the disclosure made in the enclosed Disclosure Document prepared and forwarded by QRC Investment Advisors LLP in terms of the Securities and Exchange Board of India (Portfolio Managers) Regulations 2020, and the guidelines and directives issued by the Board from time to time are true, fair and adequate to enable the investors to make a well informed decision.

This certification is issued on the basis of information and documents provided before us and on the basis of representation made by QRC Investment Advisors LLP.

For Shah Kapadia & Associates

Chartered Accountants

Samir Kapadia

Partner

Membership No. 123349

Mumbai

UDIN No.: 20123349AAAANG5726



**QRC INVESTMENT ADVISORS LLP**

**Portfolio Management Services**

**SEBI Registration Number INP000005892**

**DISCLOSURE DOCUMENT**

## **QRC INVESTMENT ADVISORS LLP**

### **DISCLOSURE DOCUMENT**

The Disclosure Document has been filed with the SEBI along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Manager) Regulations, 2020.

1. The purpose of the Disclosure Document is to provide essential information about the Portfolio Management Services in a manner to assist and enable the investors / clients in making informed decision for engaging QRC Investment Advisors LLP as a Portfolio Manager.
2. The Disclosure Document contains necessary information about the Portfolio Manager required by an investor / client before investing. The investor/client is advised to retain the Disclosure Document for future reference.
3. The name, phone number, e-mail address of the Principal Officer so designated by QRC Investment Advisors LLP is:

**Name of the Principal Officer:**

Saurabh Shroff

**Phone:**

+91 9833872723 (mobile)

**E-mail:**

[saurabh@qrcia.com](mailto:saurabh@qrcia.com)

**Address:**

4 Capri, 9, Manav Mandir Road, Malabar Hill,  
Mumbai - 400006

For **QRC Investment Advisors LLP**

.....

Principal Officer

Date: November 25, 2020

Place: Mumbai

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**1. DISCLAIMER**

- 1.1. The particulars given in this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI (as defined below). This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI (as defined below) certified the accuracy or adequacy of the contents of the Disclosure Document.
- 1.2. Disclaimers in respect of jurisdiction: The possession, circulation and/or distribution of this Document may be restricted or regulated in certain jurisdictions by appropriate laws. No action has been or will be taken by QRC in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Document shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. QRC requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to QRC. Any dispute arising out of this Document shall be subject to the exclusive jurisdiction of the Courts in India.
- 1.3. The Client is advised to retain the copy of this Disclosure document for future reference.

**2. DEFINITIONS**

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

- 2.1. “**Act**” means the Securities and Exchange Board of India, Act 1992 as amended from time to time;
- 2.2. “**Advisory Services**” shall mean the non-binding investment advisory services rendered by the Portfolio Manager (QRC Investment Advisors LLP) to the Client. The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment / divestment of Securities;
- 2.3. “**PMS Agreement**” means the agreement between Portfolio Manager and its Client and shall include all schedules and annexures attached thereto regarding the management of Funds and Securities of the Client;
- 2.4. “**Application**” means the application made by the Client to the Portfolio Manager for investing the monies and/or Securities therein mentioned with the Portfolio Manager in the Products for rendering the services. Upon execution of the Agreement by the Parties, the Application shall be deemed to form an integral part of the PMS Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the PMS Agreement, the provisions of the PMS Agreement shall prevail;
- 2.5. “**Assets**” means the Portfolio and/or the Funds (as the case may be);
- 2.6. “**Bank Account**” means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in the name of the Client or the Product (as may be applicable);
- 2.7. “**Board**” or “**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;
- 2.8. “**Chartered Accountant**” means a chartered accountant as defined in Clause (b) of Sub-section (1) of Section 2 of the Chartered Accountants Act, 1949 as amended from time to time and who has

obtained a certificate of practice under Sub-section (1) of Section 6 of that Act;

- 2.9. “**Client**” means anybody, corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, statutory authority, or any other person who enters into the PMS Agreement with the Portfolio Manager for managing its Portfolio/Funds or for receiving advisory services;
- 2.10. “**Client Level**” shall mean the Product under which all the Assets of the Client shall be managed on an individual basis through a separate Bank Account and Depository Account which will be opened in the name of the Client and operated by the Portfolio Manager;
- 2.11. “**Custodian**” means any person who carries on or proposes to carry on the business of providing custodial services and shall be registered with SEBI;
- 2.12. “**Depository Account**” means one or more account or accounts opened, maintained and operated by Portfolio Manager in the name of Client or Product (as may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996;
- 2.13. “**Disclosure Document**” shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the Regulations;
- 2.14. “**Discretionary Portfolio Management Services**” shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in this PMS Agreement;
- 2.15. “**Non-Discretionary Portfolio Management Services**” shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/ instructions;
- 2.16. “**Funds**” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the PMS Agreement and includes the monies mentioned in the Application, any further monies that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to the PMS 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;
- 2.17. “**Financial Year**” means the year starting from April 1 and ending on March 31 of the following year;
- 2.18. “**IT Act**” means the Income Tax Act, 1961, modified from time to time;
- 2.19. “**Net Asset Value**” or “**NAV**” for the Products shall be calculated using the following method:  $NAV = \text{market value of all investments} + \text{cash} + \text{balance in ledger account with broker} + \text{dividend/interest receivable} - \text{accrued expenses including Portfolio Management Fee}$ .
- 2.20. “**Parties**” means the Portfolio Manager and the Client; and “**Party**” shall be construed accordingly.
- 2.21. “**Person**” includes any individual, partners in partnership, central or state government, company, body corporate, co-operative society, corporation, trust, society, Hindu undivided family or any other

body of persons, whether incorporated or not;

- 2.22. “**Portfolio Manager**” means any person who pursuant to a contract or arrangement with a Client, advises or directs or undertakes on behalf of the Client the management or administration of Portfolio of Securities or the Funds or the Assets of the Client, as the case maybe. For the purpose of this Disclosure Document, Portfolio Manager is QRC Investment Advisors LLP, incorporated under the LLP Act, 2008, and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations, 1993 vide Registration No.....
- 2.23. “**Portfolio**” means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the PMS Agreement and includes any Securities mentioned in the Application, any further Securities that may be placed by the Client with the Portfolio Manager from time to time for being managed pursuant to the PMS Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager;
- 2.24. “**Principal Officer**” means a Partner, or any senior management employee of the Portfolio Manager, who is responsible for the activities of the portfolio management and has been designated as principal officer by the Portfolio Manager;
- 2.25. “**Portfolio Management Fees**” or “**Advisory Fee**” shall have the meaning attributed thereto in Clause 8 of this Disclosure Document;
- 2.26. “**Portfolio Management Services**” means Discretionary Portfolio Management Services and Non-Discretionary Portfolio Management Services;
- 2.27. “**RBI**” mean Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time;
- 2.28. “**Regulations**” means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993, and as may be amended from time to time;
- 2.29. “**Rules**” means the Securities and Exchange Board of India (Portfolio Managers) Rules, 1993, and as may be amended from time to time;
- 2.30. “**Scheduled Commercial Bank**” means any bank included in second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);
- 2.31. “**Product**” means any current investment products or such products that may be introduced at any time in the future by the Portfolio Manager;
- 2.32. “**Securities**” includes:
- 2.32.1. shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
  - 2.32.2. derivative;
  - 2.32.3. units or any other instrument issued by any collective investment scheme to the investors in such schemes;



- 2.32.4. security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- 2.32.5. units or any other such instrument issued to the investors under any mutual fund scheme;
- 2.32.6. government securities;
- 2.32.7. such other instruments as may be declared by the Central Government to be securities; and
- 2.32.8. rights or interest in securities.

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

### 3. DESCRIPTION

#### 3.1. *History, Present Business and Background of the Portfolio Manager*

- 3.1.1. The Portfolio Manager was incorporated on August 27, 2017 under the provisions of LLP Act, 2008 having its registered office at 4, Capri, 9 Manav Mandir Road, Malabar Hill, Mumbai 400006. The total contribution by the partners in Portfolio Manager is Rs. 2,01,00,000 (Rupees Two Crores One Hundred Thousand).
- 3.1.2. It is engaged in the business of advisory services for domestic / foreign clients investing in capital markets in India or elsewhere. The Portfolio Manager is registered with SEBI as portfolio manager under the Regulations and has received approval for rendering portfolio management services on 01<sup>st</sup> January 2018 vide registration number INP000005892.

#### 3.2. *The Designated Partners of the Portfolio Manager and their background*

##### 3.2.1. **Mr. Saurabh Shroff**

<b>Address</b>	4, Capri, 9 Manav Mandir Road, Malabar Hill, Mumbai 400006
<b>Designation</b>	Principal Officer
<b>Qualifications</b>	<b>B.Com, CA</b> from the Institute of Chartered Accountant of India, Cleared Level III of the <b>Chartered Financial Analyst (CFA)</b> Program from the CFA Institute, USA.
<b>Experience details</b>	For a period of 11 years from June 2006 to May 2017, Mr. Shroff had been part of the institutional equity sales team at DSP Merrill Lynch Limited and Merrill Lynch (Asia-Pacific) based in Mumbai and Hong Kong respectively covering and advising mutual funds, insurance companies, foreign institutional investors (FIIs), foreign portfolio investors (FPI) and hedge funds on the

	<p>Indian stock markets.</p> <p>Prior to mid-2006, he has worked under the Equity Capital Markets team of DSP Merrill Lynch Limited where he worked along-with the execution team for several transactions including initial public offers (IPOs), sponsored American depository receipts (ADRs), block deals and various other capital market transactions. Mr. Shroff was also a part of the Corporate Finance team where he was involved with various international public equity financing transactions as well as advisory assignments.</p> <p>Prior to joining DSP Merrill Lynch Limited, Mr. Shroff was associated with the HDFC Securities Limited in 2004 where he worked in the equity research team as a research associate in the pharma sector team and was also analyzing midcap stocks on his own.</p>
<b>Date of admission to LLP</b>	August 28, 2017

3.2.2. Mr. Ayaz Motiwala

<b>Address</b>	Flat C, 27 F, Tower V, the Waterfront, TST, Hong Kong
<b>Designation</b>	Strategic Advisor
<b>Qualifications</b>	B.Com, M.B.A Finance, Institute for Technology and Management, India
<b>Experience details</b>	<p>Mr. Motiwala advises Amala Emerging Asia Fund (AEAF), a fund is focused on investing in high quality companies across Asia. He has been researching stocks and investing professionally for over 21 years.</p> <p>Prior to AEAF, he was the senior vice president at Samena Capital, a USD 1.1 billion special situations fund manager with offices in Mumbai, Hong Kong, London and Dubai. Mr. Motiwala was part of the investment team based in Hong Kong from December 2011 to February 2013.</p> <p>From April 2007 to March 2011 Mr. Motiwala was at Highbridge Capital Management Ltd, Hong Kong as a senior vice president and part of the multi-strategy investment team. He independently managed a sub-fund which invested in India and Asian countries.</p> <p>Mr. Motiwala has spent the eleven years of his professional career in India. He was part of the startup team at New Vernon Capitals' India office. This fund is amongst the first alternate funds to enter India in 2004. It managed an average AUM of USD 1.5 billion during his tenure at this fund. He was a vice president who managed a public markets sub-fund in the AUM range of USD 80-100 million. In addition, he also worked alongside the principal leading the private equity investment effort. He was associated with this fund from September 2004 till March 2007.</p> <p>Mr. Motiwala has also been a portfolio manager at Birla Sun Life Asset Management Company Limited, where in 2002, he became fund manager of the newly launch Birla Midcap Fund. On the back of a good performance, the fund grew to a USD 150 million fund in under two years. Amongst others, he also managed Birla Opportunities Fund, Birla Equity Plan and Birla Tax Plan. He spent a total of 5 years in this asset management company from September 1999 to</p>

	August 2004.
<b>Date of admission to LLP</b>	September 26, 2017

3.3. *Details of the services being offered:*

The Portfolio Manager will offer and provide Discretionary, Non- discretionary and advisory services to its Clients, details of which are provided under **Paragraph 5** below

**4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY.**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Status</b>
1.	All cases of penalties imposed by the SEBI or directions issued by SEBI under the Act or Rules or Regulations made thereunder. The nature of the penalty/direction. Penalties imposed for any economic offence and/ or for violation of any securities laws.	<b>NIL</b>
2.	The nature of penalty/direction	<b>NIL</b>
3.	Penalties imposed for any economic offence and/or for violation of any securities laws	<b>NIL</b>
4.	Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any.	<b>NIL</b>
5.	Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency.	<b>NIL</b>
6.	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 thereunder.	<b>NIL</b>

**5. SERVICES OFFERED**

5.1. Discretionary Portfolio Management Service

5.1.1. Under this service the Portfolio Manager shall have the sole and absolute discretion to invest the Client's Assets and Funds in any type of Securities as per the executed PMS Agreement and make such changes in the investments and invest some or all of the Client's funds in such manner and in such markets as it deems fit and would benefit the Client. The Securities invested / disinvested by the Portfolio Manager for Clients in the same Product/scheme may differ from Client to Client.

5.1.2. The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the Portfolio, buying and selling the Securities, keeping safe custody of the Securities and monitoring book closures, dividend, bonus, rights etc. and any other benefits that accrues to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

5.1.3. The Portfolio Manager's decision in deployment of the Clients' Assets is absolute and final and cannot be called in question or be open to review at any time during the validity of the PMS Agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Rules and Regulations, guidelines and notifications in force from time to time.

5.1.4. Objective

- (a) The investment objective of the Discretionary PMS is to invest in companies and/or firms which have consistently delivered healthy fundamentals over long periods of time historically and have their present organizational DNA robust enough to deliver similar consistency of returns in future as well.
- (b) Portfolio is agnostic to benchmark & market cap and can invest in companies across large/mid/small cap companies. The objective is to generate healthy portfolio performance with reduced uncertainty regardless of the nature of prevailing macro-economic environment at any point of time.
- (c) Investments can be made in all the Securities including cash equities, futures and options, money market instruments, mutual funds etc. to avail the opportunities available in the market

5.1.5. Investment Approach and Strategy

- (a) To create a Portfolio with an objective to generate capital appreciation over the long term using the above philosophy. The Portfolio Manager shall follow a research-based approach for selecting stocks in the Portfolio with a combination of top down and bottom up process.
- (b) The investment approach would be to generate equity returns by investing in firms which are good on capital allocation and/or demonstrating financial improvements, and clean on accounting quality and corporate governance.
- (c) After screening through these frameworks, subjective assessments will be made to narrow down to the final portfolio of stocks.

## 5.2. Non-Discretionary Portfolio Management Services

- 5.2.1. The Client here appoints the Portfolio Manager to provide Non-Discretionary Portfolio Management Services and administrative services for the Funds put in by the Client in accordance with the provisions of the PMS Agreement. The Portfolio Manager shall be responsible for rendering such services in accordance with the Act, Rules, Regulation, and guidelines issued under the Act and any other laws, regulations, rules, and guidelines etc., as may be applicable from time to time. The investments will be with the Client's oral and / or written consent and the Client will be wholly responsible for the decisions on the investments.
- 5.2.2. The Portfolio Manager will provide Non-Discretionary Portfolio Management Services which shall be in the nature of investment consultancy/management services, and may include the responsibility of managing, renewing and reshuffling the Portfolio, buying and selling the Securities with the client's oral and/or written consent. Additionally the Portfolio Manager will keep the safe custody of the Securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's Assets and accretions thereto. Account consisting of investments, accruals and monetary and non-monetary corporate action & benefits, if any.

## 5.3. Advisory Services:

The Portfolio Manager will provide Advisory Services which shall be in the nature of non-binding investment advice and may include the responsibility of inter alia advising for renewing and reshuffling the Portfolio, buying and selling the Securities. Additionally, the Portfolio Manager may advise on the safe custody of the Securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

## 5.4. Derivative Investment Strategy: The terms for the investment in derivative are as follows:

- 5.4.1. The usage of derivative Products and transactions will be to maximize the profits and may not be limited to single Product or strategy but will also include the transactions for the purpose of hedging and portfolio rebalancing. The quantum of exposure to derivatives will be maximum up to 100 % the aggregate assets (net of existing derivatives investments) of the Client at the disposal of the Portfolio Manager.
- 5.4.2. The type of derivative instruments will be of all the kinds including stock futures, index futures, stock option and index option those that are traded on the floor of the recognized stock exchanges namely National Stock Exchange of India Limited (“NSE”) and BSE Limited, in the derivative market segment. Similarly, all or any type of derivative positions will be adopted.
- 5.4.3. Client Level position limits and market wide position limits as specified by SEBI from time to time will be observed.
- 5.4.4. The terms of valuing and liquidating derivative contracts in the event of liquidation of

portfolio management Product, will be at the best rate on the floor of the stock exchanges, namely, NSE and the BSE Limited, in the derivatives market segment. On termination of the Portfolio Management Services, the Portfolio Manager shall unwind the positions in the derivative segment as soon as possible.

- 5.4.5. The derivative positions will not be held for Non-Resident Indian (“**NRI**”), and accordingly the NRI’s Portfolio may differ to that extent with the other persons in this Product.

5.5. Investment Structure and Reporting

- 5.5.1. The Discretionary Portfolio shall be operated on “Client Level” basis. All investors’ Assets will be in Client wise individual separate Depository Account. The Portfolio Manager may at its discretion ordinarily purchase or sell Securities in aggregate for economy of scale and thereafter inter se allocate the same amongst its Client on pro-rata basis as per applicable regulations.

- 5.5.2. The Portfolio Manager shall not hold any Securities, belonging to the Portfolio account, in its own name on behalf of the Clients. Additionally, through the PMS Agreement the Client shall provide a power of attorney authorizing the Portfolio Manager to perform all its investment decisions and all other obligations. All Clients shall receive monthly transaction and performance report. Further, at the year-end an audited performance report specifying the long term, short term and dividend received during the year shall be sent to the Client for assisting him/it to file the returns.

5.6. Minimum Investment Amount

To participate in the Discretionary Portfolio, the minimum investment by the Client shall be Rs. 50,00,000 (Rupees Fifty lakhs) or as may be provided under the applicable Regulations (“**Minimum Investment Amount**”). In the event the Client is interested in investing in the Minimum Investment Amount in the form of traded shares or mutual fund units, the Client may transfer the same to the demat account created for the PMS.

## **6. RISK FACTORS**

- 6.1. All investments under the Portfolio are subject to market and other related risks and there is no assurance or guarantee that the value of or return on investments will always be accretive, it could depreciate to an unpredictable extent.
- 6.2. Any investments made in Securities are subject to market risk and there is no assurance or guarantee that the objective of the investments will be achieved. The value of or return on the investments made may appreciate, or it could depreciate to an unpredictable extent. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Client availing the Portfolio Manager's Products.
- 6.3. The below risks factors are non-exhaustive and are intended to highlight certain risks associated with investing in Securities. Following are the risk factors as perceived by the management and as may be applicable depending on the Product for which Portfolio Manager's services are utilized:
  - 6.3.1. Investments in Securities are subject to market risks and there is no assurance or guarantee that the objective of the investment/Products/Services will be achieved. The past performance of the Portfolio Manager does not indicate its future performance. There is no assurance that past performances will be repeated. The Clients are not being offered any guaranteed or indicative returns by the Portfolio Manager. Investment decisions or recommendations made by the Portfolio Manager may not always be profitable.
  - 6.3.2. As with any investment in Securities, the NAV of the Portfolio can go up or down depending upon the factors and forces affecting the capital market.
  - 6.3.3. The performance of the Portfolio may be affected by changes in government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
  - 6.3.4. Investments in the products/services which the Clients have opted are subject to wide range of risks which inter alia also include but not limited to economic slowdown, volatility & illiquidity of the stocks, poor corporate performance, economic policies, changes of government and its policies, acts of God, acts of war, civil disturbance, sovereign action and /or such other acts/ circumstance beyond the control of the Portfolio Manager.
  - 6.3.5. The names of the products/services offered by the Portfolio Manager do not in any manner indicate their prospects or returns. The performance may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors. Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the Portfolio of a client may be subject to the fluctuation.



- 6.3.6. Engaging in Securities lending is subject to risks related to fluctuations in collateral value / settlement/ liquidity/counter party.
- 6.3.7. The Portfolio selected by the Portfolio Manager may use/recommend derivatives 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. Usage of derivatives will expose the Portfolio to certain risk inherent to such derivatives. As and when the Portfolio Manager trades in the derivatives market there are risk factors and issues concerning the use of derivatives that Clients should understand.
- 6.3.8. The NAV may be affected by changes in settlement periods, transfer procedures and/or during the period of corporate actions of the companies/firm/LLPs, however not limited to situations pertaining to Security splits, bonus, scheme of arrangements, etc.
- 6.3.9. After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.
- 6.3.10. Investments are subject to market risk arising out of non-diversification by the Portfolio Manager as well as timing the investments based on the analysis of the Portfolio Manager, whilst managing the Portfolio or making recommendations.
- 6.3.11. Risk reducing orders: Most exchanges have a facility for Clients to place “limit orders”, “stop loss orders” etc. the placing of such orders which are intended to limit losses to certain amounts may not be affective many a time because rapid movement in market conditions may make it impossible to execute such orders.
- 6.3.12. System risk: High value trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution on confirmation. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or sell side or if trading is halted in a Security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.
- 6.3.13. System/ network congestion: Trading on exchange is in electronic mode, based on satellite/ leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such other problem whereby not being able to establish access to the trading system/ network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders whether in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.
- 6.3.14. Market risk: The valuation of the Portfolio will react to the stock market movements. The investor could lose money over short periods due to fluctuation in the Portfolio in response to factors such as economic and political developments, changes in interest rates and

perceived trends in stock market movements and over longer periods during market downturns.

- 6.3.15. Lack of market liquidity: Trading in Securities on the market may be halted because of market conditions or for reasons that in the view of the market authorities or SEBI, trading in particular security is not advisable. In addition, trading in Securities is subject to trading halts caused by extraordinary market volatility and pursuant to NSE and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of Securities will continue to be met or will remain unchanged.
- 6.3.16. Asset class risk: The returns from the types of Securities which a Portfolio Manager invests in/recommends may underperform from the various general securities markets or different asset classes. Different types of Securities tend to go through cycles of out-performance and under performance in comparison of the general securities markets.
- 6.3.17. Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact the Portfolio's performance.
- 6.3.18. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Portfolio's performance.
- 6.3.19. Specific risk factors pertaining to investment in newly listed Securities by way of initial public offers: In case of an initial public offering where the Portfolio Manager has made an investment, the investment may become subject to regulatory lock in, if any, as prescribed by the SEBI from time to time. Many of such investments made by the Portfolio Manager maybe illiquid, and there can be no assurance that the Portfolio Manager will be able to realize value from such investments in a timely manner. Since such investments may involve a high degree of risk, poor performance of such investments could lead to adverse effects on the Client's Portfolio.

**7. CLIENT REPRESENTATION**

- (i) The categories of the Clients serviced by the Company for the years 2017-18, 2018-19, 2019-20 and as on 30/09/2020 are stated here under:

<b>Particulars</b>	<b>Number Of clients</b>	<b>Funds managed (Rs. in Crores)</b>	<b>Discretionary/Non-Discretionary / Advisory</b>
H1 F.Y. 2020	25	14.11	Discretionary
F.Y. 2019-2020	24	9.67	Discretionary
	1	1.49	Advisory
F.Y. 2018-2019	12	6	Discretionary
	1	1.32	Advisory
F.Y. 2017-2018	5	2	Discretionary

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

Not applicable.

## 8. FINANCIAL PERFORMANCE

The following exhibit states the key financial data pertaining to the Portfolio Manager as per the audited financial statements as on March 31, 2020, March 31, 2019 and audited financial statements as on March 31, 2018

Particulars (Amounts in Indian Rupees)	FY20	FY19	FY18
Revenue from Operations	10,76,856	5,83,256	17,306
Other Income	11,43,598	8,37,354	3,68,180
<b>Total Income</b>	<b>22,20,454</b>	<b>14,20,610</b>	<b>3,85,486</b>
Profit/(Loss) Before Tax	(1,71,143)	13,353	(5,18,535)
Profit/(Loss) After Tax	(1,71,143)	13,353	(5,18,535)
Net worth	3,00,05,181	2,73,28,669	2,17,93,996

## 9. PORTFOLIO MANAGEMENT PERFORMANCE

### Discretionary:

Particulars	Inception Date	Assets (Rs cr)	1 Month	3 Months	6 Months	1 Year	2 Year <sup>#</sup>	Since inception <sup>#</sup>
QRC Investment Advisors LLP	25-01-2018	14.11	0.77%	10.50%	25.77%	4.38%	1.95%	1.48%
BSE 500			-0.26%	10.51%	33.81%	0.28%	1.39%	-1.80%

Notes: As on 30 September 2020

# Returns over 1 year period are annualized

Past performance may or may not be sustained in the future

Returns are calculated on Time Weighted Rate of Return (TWRR) based on Daily Valuation of all the clients combined together for each investment approach. This may differ from the individual client return as the Investment Approach returns are combined for all the clients in each Investment Approach.

All cash holdings and investments in liquid funds have been considered for calculation of performance.

Performance data is net of all fees and all expenses (including taxes). Performance data and Investment Approach provided is not verified by any regulatory authority

## 10. FEES AND EXPENSES

- 10.1. **Portfolio Management Fees:** It relates to the fees payable by the Client for the Portfolio Management Services offered to the Clients by the Portfolio Manager. This fee may be a fixed charge or a percentage of quantum of Funds managed or linked to Portfolio on return achieved or a combination of any of these or for Advisory Services, as set out in the PMS Agreement/ annexure / schedules attached thereto. Performance based fee is charged when there is incremental profit, this is known as “High Water Marking”. The detailed fee schedule is available as a part of PMS Agreement and depends on the nature of Product.
- 10.2. **Depository & Custodian charges:** These charges relate to opening and maintenance of depository accounts and/or custody fee and charges (wherever required) paid to the custodians and/or depository participants, dematerialization of scrips, Securities lending & borrowing & their transfer charges in connection with the operation and management of the Client's Portfolio account.
- 10.3. **Registrar and transfer agent fee:** A fee payable to the registrar and transfer agents for effecting transfers of Securities and includes stamp charges, notary charges, cost of affidavits, courier, post etc.
- 10.4. **Brokerage and transaction cost:** These costs relate to charges payable to the broker for account opening charges, execution of transactions on the stock exchange or otherwise on purchase & sale of shares, bonds, debentures, units, and other instruments and includes charges like service charges, stamp duty, Goods and Service tax, turnover tax, transaction cost, security transaction tax, entry and/ or exit load on sale or purchase of mutual fund etc. as applicable from time to time.
- 10.5. **Securities lending and borrowing charges:** Charges pertaining to the lending of Securities and cost of borrowings including interest and cost associated with the transfer of Securities in connection with the lending and borrowing operations.
- 10.6. **Certification and professional charges:** Charges payable for outsourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc. may be charged and recovered from the Client. Additional applicable taxes shall be charged on the amount of fees.
- 10.7. **Fees, entry/exit loads and charges in respect of investment in mutual funds:** In case of investments in mutual funds, mutual fund shall be recovering expenses or management fees, entry/exit loads and other incidental expenses along with goods and service tax, if any, on such recoveries and such fees, entry/exit loads and charges including goods and service tax on such recoveries shall be paid to the asset management company of these mutual funds on the Clients' account. Such fees and charges are in addition to the Portfolio Management Fees described above.
- 10.8. **Incidental expenses:** Charges in connection with day to day operations like courier expenses, stamp duty, goods and service tax, postal, telegraphic, opening and operation of Bank Account or any other out of pocket expenses as may be incurred by the Portfolio Manager.

## **11. TAXATION& ACCOUNTING POLICIES**

### **11.1. General:**

- 11.1.1. The information given hereinafter is only for general information purpose and is based on the law and practice currently in force in India and the Clients should be aware that the relevant fiscal rules or their interpretation may change from time to time.
- 11.1.2. Clients will be responsible and liable for taxes under the provisions of the Income Tax Act, 1961 for any income generated out of the investment made in the portfolio management scheme.
- 11.1.3. QRC Investment Advisors LLP will not deduct tax on the capital gains generated out of the investment to be made in the portfolio management scheme. However, this will be subject to any of the provisions of the Income Tax Act, 1961 or the Finance Bill, as applicable.
- 11.1.4. QRC Investment Advisors LLP shall provide adequate statements to the clients for accounting purpose.
- 11.1.5. For non-resident clients, the short-term Capital Gains tax is deducted at source by the bank.
- 11.1.6. In view of the above, and since the individual nature of tax consequences may differ in each case on its merits and facts, each investor is advised to consult his/her or its own professional tax advisor with respect to the specific tax implication arising out of its participation in the Portfolio management strategy/option as an investor, in terms of the provisions of the Income-tax Act, 1961.
- 11.1.7. The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the Client's tax obligations.
- 11.1.8. The provisions of the Income Tax Act,1961 shall apply to the Client and Portfolio Manager in respect of their individual income.

### **11.2. Accounting Policies**

- 11.2.1. The Portfolio Manager will maintain a separate portfolio record in the name of the Client to account for the assets of the Client and any receipts, income and expenses in connection therewith as provided under the Regulations.
- 11.2.2. For every Client Portfolio, the Portfolio Manager shall keep and maintain proper books of accounts, records and documents, on mercantile system of accounting, so as to explain its transactions and to disclose at any point of time the financial position of the Client Portfolio and financial statements and in particular give a true and fair view of the state of affairs.
- 11.2.3. The following accounting policies are proposed to be followed for the purpose of maintaining books of accounts, records for the client:

- (a) For the purposes of the financial statements, the Portfolio Manager shall carry all investments in the balance sheet at cost;
- (b) Investments introduced by the Client in his Portfolio will be booked at the market value as of the date of introduction to the Portfolio;
- (c) Dividend income earned by a Client shall be recognized, not on the date the dividend is declared, but on the date the shares are quoted on an ex-dividend basis. For investments which are not quoted on a stock exchange, dividend income shall be recognized on the date of actual receipt;
- (d) In respect of all interest-bearing investments, income shall accrue on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to “interest recoverable account”, Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to the sale value but shall be credited to “interest recoverable account”;
- (e) In determining the holding cost of investments and the gains or loss on sale of investments, the first in first out (FIFO) method shall be followed;
- (f) Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that same year;
- (g) Bonus shares to which the client becomes entitled shall be recognized only after the ex-date of the bonus issuance of the original shares;
- (h) Rights entitlement shall be recognized after the allotment of the new shares as per the rights entitlement;
- (i) The cost of investments acquired or purchased shall include brokerage, goods and service tax, STT, stamp duty and any other charges customarily included in the broker's contract note. However, STT paid will not be included as cost of shares while computing short term capital gains;
- (j) All other income & expenses like custody fees, fund accounting charges, account opening fees, auditor fees, etc. shall be accounted on an accrual or actual payment basis;
- (k) Portfolio management fees could include a fixed management fee and a variable performance fee. The amount of fixed and variable fees as well as frequency of charging and method of calculation will be as agreed with the Client and defined in the individual PMS Agreement. The fixed management fee will be payable monthly. The performance fees as agreed with the Client in the PMS Agreement will be based on returns over a hurdle rate as agreed in the client agreement, with a high watermark.
- (l) Investments in equities and exchange traded funds will be valued at the closing

market prices at the stock exchange (BSE Limited or NSE as the case may be), In case any Securities are not traded on the valuation date, the last available traded price shall be used for the valuation of those Securities. Debt instruments will be valued at the clean price;

- (m) Investments in units of mutual funds shall be valued at the repurchase price or the NAV published by the mutual fund houses on the date of the report, Where no NAV is published for a particular day, the last working day's published NAV will be taken for valuation purpose;
- (n) Open positions in derivative transactions, will be marked to market on the valuation date;
- (o) Pending listing on BSE Limited/ NSE, securities relating from a demerger are valued at their apportioned costs as per the ratios / values in terms of the scheme;
- (p) Private equity / pre-initial public offer placements will be valued at cost or at an available last deal price at which the company has placed similar Securities to other investors;
- (q) Unrealized gain/losses are the difference, between the current market value / NAV and the historical cost of the Securities; and



- (r) In the event of aggregation of purchases or sales for economy of scale inter se, the Portfolio Manager shall do allocation on pro rata basis at weighted average price of the day's transaction. The Portfolio Manager will not keep open position in respect of allocation of sales or purchases in a day.

11.2.4. The Portfolio Manager will however, continue to review its accounting policies and practices on an ongoing basis to make sure that such policies and practices are in line with best market practices.

## 12. CLIENT/INVESTOR SERVICES

12.1. The detail of Client/investor Relation Officer who shall attend to the Client's queries and complaints is mentioned here below:

Full name:	Mr. Kunal Satam
Designation:	Compliance Officer
Address:	4 Capri, 9, Manav Mandir Road, Malabar Hill, Mumbai - 400006
Telephone:	+91 98214 44039
Email:	finance@qrcia.com

12.2. Grievances, if any, that may arise pursuant to the PMS Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and the same shall be subject to Regulations and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

12.3. The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time (i.e. within 30 (thirty) days of receipt of complaint).

12.4. If the dispute cannot be resolved then all such disputes, difference, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with the provision of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") or any statutory requirement, modification or re-enactment thereof for the time being in force. The Client and the Portfolio Manager shall appoint a sole arbitrator under the provisions of the Arbitration Act. Such arbitration proceedings shall have their seat and venue at Mumbai.

12.5. Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System); Link- <http://scores.gov.in/Admin/>, post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

- 12.6. The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said Funds. The Portfolio Manager may stop all the trading activities for such Client/s and take such actions as may be required under the Regulations and the Agreement, including closure of account.
- 12.7. Notwithstanding anything contained in this Disclosure Document, the provisions of the Act, Rules, Regulations, Prevention of Money Laundering Act and the other guidelines thereunder shall be applicable. The Clients are advised to read the Disclosure Document carefully before entering into the PMS agreement with the Portfolio Manager.

For QRC INVESTMENTADVISORS LLP

Saurabh Shroff  
(Authorized Signatory)