

**PORTFOLIO MANAGEMENT SERVICES**

**DISCLOSURE DOCUMENT**

COUNTER CYCLICAL INVESTMENTS PRIVATE LIMITED

FORM C

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

COUNTER CYCLICAL INVESTMENTS PRIVATE LIMITED

Regd. Office: Flat No. 401, Plot Number 16, Shirke Layout, Raj Nagar, Nagpur 440013.  
Corporate Office: 303, Mohta Building, Chhaoni, Nagpur 440013  
Phone: 0712 2 591144, Email id: [Info@cciplpms.com](mailto:Info@cciplpms.com)

Ref: SEBI Reg. No.: INP000006554

We confirm that:

- i) The Disclosure Document for Portfolio Management Services by Counter Cyclical Investments Private Limited, registered with SEBI to act as Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020, bearing Registration No. INP000006554.
- ii) The Disclosure Document has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.
- iii) The purpose of the Disclosure Document is 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.
- iv) The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and the investors are advised to retain the document for future reference.

Date: October 26, 2022

Place: Nagpur



Name: Mr. Gunit Singh Narang

Address: D-86, 2<sup>nd</sup> Floor, Panchasheel Enclave,  
Malviya Nagar, South Delhi, Delhi-110017



## Content

1. Disclaimer	4
2. Definitions	4-7
3. Description	8
4. Penalties, pending litigation or proceedings, findings of inspection or investigation for which action has been taken or initiated by any regulatory authority	9
5. Services offered and Investment approach	9-10
6. Risk factors	10-11
7. Client Representation	12
8. Financial Performance	13
9. Performance of Portfolio Manager	13
10. Audit Observations	13
11. Nature of Expenses	14-15
12. Taxation	15-18
13. Accounting policies	18-19
14. Investor Services	19-20
15. Annexure 1- Certificate of Independent Chartered Accountant	21



## 1. Disclaimer

The Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

Counter Cyclical Investments Private Limited has based this document on the information obtained from sources it believes to be reliable. The information contained in this document is based on the publicly available information at the time of publication which is subject to change from time to time.

This document is for information only and should not be construed as an offer or solicitation of an offer for managing the portfolio of any client.

## 2. Definitions

**"Act"** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).

**"Agreement"** means this Portfolio Management Service Agreement "PMS Agreement" executed between the Portfolio Manager and the Client in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 issued by the Securities and Exchange Board of India & includes any amendment thereto made in writing upon mutual consent of the Parties hereto and also includes the account opening form and schedules to this PMS Agreement provided that a Client request via its registered email address regarding change in information submitted by the client at the time of account opening with portfolio manager, fees, top up or redemption that has been accepted by the Portfolio Manager via its registered email address shall be considered as a valid amendment to this Agreement.

**"Applicable Laws"** means any applicable local or national statute, regulation, notification, circular, ordinance, requirement, directive, guidance or announcement issued by any Authority. For the avoidance of doubt, the term 'Applicable Law' shall also include the Regulations.

**"Application"** means the application made by the Client to the Portfolio Manager to invest its monies and/or Securities as mentioned therein with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.

**"Assets"** means (i) the Portfolio and/or (ii) the Funds and (iii) all accruals thereto, and (iv) expenses due from the Client's portfolio, payable by the Client as applicable.

**"Bank Account"** means one or more bank accounts opened, maintained and operated by the Portfolio Manager in the name of the Client or pool account managed in the name of the Portfolio Manager for the purpose of managing funds on behalf of the Client with any of the Scheduled Commercial Banks.

**"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.

**"Body Corporate"** shall have the meaning assigned to it in or under clause (11) of Section 2 of the Companies Act, 2013.

**"Chartered Accountant"** means a chartered accountant as defined in Clause (b) of Sub-Section (1) of Section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who holds a certificate of practice under the provisions therein.



**"Client"** means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio and /or Funds.

**"Client Bank Account"** means one or more bank accounts opened, maintained and operated by the Portfolio Manager for the purpose of managing funds on behalf of the Client with any Scheduled Commercial Bank.

**"Client Depository Account"** means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

**"Custodian"** means an entity that has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996.

**"Depository"** means Depository as defined in Depositories Act, 1996 (22 of 1996).

**"Depository Account"** means one or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

**"Derivatives"** shall have the definition as per the Securities Contract Regulation Act, 1956.

**"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.

**"Discretionary Portfolio Management Services"** (DPMS) means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the Agreement and in accordance with the various provisions of the Act, Rules and Regulations and/or other applicable laws in force and amendments made from time to time, where under the Portfolio Manager exercises discretion as to the investment and the management of the Assets of the client entirely at the Client's risk, in such manner as the Portfolio Manager may deem fit in accordance with the terms of this Agreement.

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

**"Financial Year"** means the year starting from April 01 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 the 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 the Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, withdrawals, expenses and accruals so long as the same is managed by the Portfolio Manager in accordance with the provisions of the Agreement.





**"Minimum Investment"** for the purpose of compliance with SEBI's PMS Regulations shall be computed by aggregating the market value of all securities and cash/bank balance of Client which are being managed by the Portfolio Manager at the time of such computation. Client has to adhere to minimum investment requirement specified by SEBI or the Portfolio Manager, whichever is higher.

**"Net Asset Value"** The Net Asset Value in respect of a particular year shall be determined based on daily average AUM (Assets under Management) over the course of the year. The Net Asset Value for any given day will be calculated by aggregating the following:

The total market value of all Securities as on the end of the day,  
Cash/Bank balance as at the end of the day,  
All income (dividend, interest, etc.) accrued on the investments over the course of the day.  
And reducing from this aggregate the charges, fees, expenses and other costs.  
All receivables and payables due from / to the client at the end of the day.

**"Non-discretionary Portfolio Management Services" (NDPMS)** means portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client's account in any type of security entirely at the Client's risk and ensure that all benefits accrue to the Client's Portfolio.

**"Parties"** means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.

**"Person"** includes an individual, a Hindu Undivided Family, a corporation, Company (as defined in section 2(20) of the Companies Act, 2013), a Body Corporate as defined in section 2 (11) of the Companies Act, 2013, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.

**"Portfolio"** means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes any Securities mentioned in the Application and any further Securities placed by the Client with the Portfolio Manager for being managed from time to time, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.

**"Portfolio Manager"** Counter Cyclical Investments Private Limited, a Company incorporated and registered under the Companies Act 1956 and having its registered office at **Flat no. 401, Plot number 16, Shirke layout, Raj Nagar, Nagpur 440013.**

**"Portfolio Management Services"** means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Advisory Services, as the context may be and may include services such as advisory, investment management, custody of securities and keeping track of corporate benefits associated with the securities.

**"Power of Attorney"** means the power of attorney to be executed by the Client in favor of the Portfolio Manager in the format specified by the Portfolio Manager, including any additional power of attorney(s) from time to time, in favor of the Portfolio Manager.

**"Principal Officer"** means a senior employee or director of the Portfolio Manager who assumes responsibility for the activities of the Portfolio Manager and who has been designated as such by the Portfolio Manager.



**“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time.

**“Scheduled Commercial Bank”** means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

**“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 1992 as amended from time to time.

**“Securities”** includes: “Securities” as defined under the Securities Contracts(Regulation) Act, 1956 as amended from time to time and includes:

“Securities” as defined under the Securities Contracts (Regulations) Act, 1956;

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 ; derivative ; units or any other instrument issued by any collective investment scheme to the investors in such schemes ; security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ; units or any other such instrument issued to the investors under any mutual fund scheme ; any certificate or instrument (by whatever named called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debtor receivable, including mortgage debt ; Government securities ; such other instruments as may be declared by the Central Government to be securities ; rights or interest in securities ; Exchange Traded Funds; and Liquid Funds .

*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 clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meaning assigned to them in regulations governing Portfolio Management Services.*





### 3. Description

History, present business and background Counter Cyclical Investments Private Limited was founded in March, 2018 under the Companies Act to provide services in the areas of Equity Research and Investments. The Company has an experienced team to provide Portfolio Management Services. The Company got the approval from SEBI on April 4, 2019 vide registration code INP000006554 to perform Portfolio Management Services.

As on March 31, 2022, the Company has been rendering Portfolio Management Services to 33 clients including advisory services clients with funds under management to the extent of Rs. 50.78 crores.

#### Change in principal officer of the PMS:

The management has appointed Mr. Gunit Singh Narang as the principal officer of the Company with effect from October 1, 2022.

Promoters of Portfolio Manager, Directors and their background

S.no.	Name	Holding	Background
1	Keshav Garg (Promoter & Director)	75.50%	Keshav Garg has an experience of over a decade in equity markets and is based out of Pune.
2	Parminder Pal Singh Bhatia (Promoter & Director)	10.00%	Parminder Pal Singh is a businessman based out of Nagpur.
3	Rajiv Garg (Promoter)	05.00%	Rajiv Garg is a businessman based out of Ranchi.
4	Surinder Singh Bhatia (Promoter)	05.00%	Surinder Singh Bhatia has an experience of half a decade in equity markets and is based out of Nagpur.
5	Rashmi Sharma (Promoter)	04.50%	Rashmi Sharma is a housewife based out of Lucknow.

- (i) Group Companies / firms of CCIPL: Counter Cyclical Investments Private Limited does not have any holding / subsidiary / associate companies as of now .
- (ii) Details of the services being offered:

Discretionary Portfolio Management- The portfolio account of the client is managed at the full discretion and liberty of the Portfolio Manager. Thus, the choice and timing of investment rests solely with the Portfolio Manager. The Portfolio Manager's 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 tenure of the agreement or any time thereafter except on ground of malafide, fraud, conflict of interest.





**4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority.**

All cases of penalties imposed by SEBI or the Directions issued by SEBI under the SEBI Act or Rules or Regulations made there under.	None
The nature of the penalty/direction	Not Applicable
Penalties imposed for any economic offense and/or for violation of any securities laws.	None
Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any.	None
Any deficiency in the systems and operations of the portfolio managers observed by the Board or any regulatory agency.	None
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 there under.	None

**5. Services offered and Investment approach**

CCIPL launched Portfolio Management Services (PMS) in April 2019. Absolute return idea generation is the clear and overriding objective behind our research product. Our research approach is based on the following principles:

- Bottom-up process for stock selection with emphasis on absolute return.
- Focus on stocks that offer meaningful upside.
- Stocks we select must meet our stringent research criteria of industry attractiveness, growth prospects, company track record, financial disclosure, corporate governance and future growth potential.

Though the PMS product relies on PMS research to a large extent, the PMS fund manager exercises his own skill and judgment to build and maintain portfolio.

**On-boarding of clients:**

CCIPL may on-board clients:

- (a) directly
- (b) through empaneled distributor.

The Portfolio Manager offers Discretionary Portfolio Management Services i.e. the portfolio account of the client is managed at the full discretion and liberty of the Portfolio Manager.

**Products available /Activities carried on by us:**

Discretionary Equity Investment:

- Investment in stocks taking at least 24 months view but ideally three to five-year perspective.
- Managing market exposure if market appears near any of the extremes - extremely undervalued or extremely overvalued. Exposure will primarily be managed through changing cash level in the portfolio.
- Will exit when stocks have achieved our objectives or if our thesis is no longer working.



**The present investment objectives and policies:**

- Bottom-up process for stock selection with emphasis on absolute return.
- Focus on stocks that offer meaningful upside.
- Stock selection based on our stringent research criteria of industry attractiveness, growth prospects, company track record, financial disclosure, corporate governance and future growth potential.

**Policies applicable:**

- The portfolio of each client may differ from that of the other client in the same product as per discretion of the Portfolio Manager depending on the investment horizon.
- The un-invested amounts in the schemes may be deployed by the Portfolio Manager in any other short-term investments.
- The performance of the Portfolios may not be strictly comparable with the performance of the Indices, due to the inherent differences in the construction of the portfolios. The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.
- No speculative transactions will be entered into as per SEBI regulations.
- The policies for investments in associates/ group companies of the Portfolio Manager and the maximum percentage of such investments therein would be subject to the applicable laws /regulations/ guidelines. The Portfolio Manager currently does not intend to invest in any of its associate or group companies.

**Fees Structure:**

Fixed Fee: NIL

Performance Management Fee:

In addition to the Fixed Management Fee mentioned in the above clause, the Client shall be charged a Performance Management Fee, which shall be computed in accordance with the high-water mark principle. The computation shall be done on the following basis:

Up to annualized return of 10%	NIL
Annualized returns above 10%	20% of return in excess of 10% per annum

Where: Return = (Closing NAV-Starting NAV) plus dividends.

**6. Risk factors**

- Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved. Investment decisions are taken keeping the SEBI Rules and Regulations in mind.
- Past performance of the Portfolio Manager does not indicate its future Performance.





- iii. The investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.
- iv. The investments made by the Portfolio Manager are subject to risks arising out of non-diversification etc.
- v. The Portfolio Manager has been operating since May, 2019 in Portfolio Management Services and the track record of CCIPL is set-out in forthcoming paragraphs of this Disclosure Document.
- vi. The investments in equity related instruments of mutual funds are subject to interest rate risks, credit risks, political and geopolitical risks currency risks, country risks, and risks arising from changing business dynamics. This may adversely affect returns.
- vii. At times the performance of the Portfolio would depend on the performance of such companies / industries / sectors of the economy / class of assets. Technology, pharmaceutical stocks and some of the investments in niche sectors run the risk of high volatility, high valuation, obsolescence and low liquidity.
- viii. The various factors which may impact the value of the Portfolios' investments include, but are not limited to, fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- ix. Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the Portfolios as the prices of securities generally increase as interest rates declines and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short- term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- x. The investments made are subject to external risks such as War, natural calamities, policy changes of Local / International Markets which affects stock markets.
- xi. Any policy change, technology change, obsolescence of technology would affect the investments made in a particular industry.
- xii. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.
- xiii. The Portfolio Manager is not guaranteeing or assuring any return on investment.
- xiv. Performance of the Portfolios may be impacted as a result of specific investment restrictions provided by the client.
- xv. The names of plans do not in any manner indicate their prospectus or returns, or does not guarantee the performance or return of the plan.
- xvi. Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- xvii. The Client Portfolio may be affected by settlement periods and transfer procedures.



## 7. Client Representation:

- (i). The Company has commenced providing Portfolio Management services (PMS) to its clients from May 2019.

Details of the Clients for last 3 years is as under:

**As at March 31, 2022**

Category of clients	No. of clients	Funds managed (Amount in Crore INR)	Discretionary/Non- Discretionary (if available)
Associate/Group Companies	0	0	Discretionary
Others	33	50.78	Discretionary
<b>Total</b>	<b>33</b>	<b>50.78</b>	

**As at March 31, 2021**

Category of clients	No. of clients	Funds managed (Amount in Crore INR)	Discretionary/Non- Discretionary (if available)
Associate/Group Companies	0	0	Discretionary
Others	7	8.66	Discretionary
<b>Total</b>	<b>7</b>	<b>8.66</b>	

**As at March 31, 2020**

Category of clients	No. of clients	Funds managed (Amount in Crore INR)	Discretionary/Non- Discretionary (if available)
Associate/Group Companies	0	0	Discretionary
Others	1	0.167	Discretionary
<b>Total</b>	<b>1</b>	<b>0.167</b>	

- (ii). Related Party Disclosure –

- (a) Key Management Personnel -

- Mr. Keshav Garg
- Mr. Parminder Pal Singh Bhatia

- (b) Transactions with Related Parties-

All amounts in Rs. Lacs			
Particulars	2021-22	2020-21	2019-20
Parminder Pal Singh Bhatia (Rent)	0	0	0.12
Parminder Pal Singh Bhatia (Loan Accepted)	5		
Parminder Pal Singh Bhatia (Loan Repaid)	5		
<b>PMS Client -</b>			
Maninder Singh Bhatia (Son of Director)	-	4.55	4.51





## 8. Financial Performance of the Portfolio Manager:

All amounts in Rs. Lacs

Profit & Loss Account:	2021-22	2020-21	2019-20
	Audited	Audited	Audited
Total income	329.36	62.42	1.39
Total Expenses	35.03	11.82	6.49
Profit before tax	294.32	50.61	-5.1
Tax	47.82	6.43	0
Profit after tax	246.49	44.18	-5.1

Net Worth	31-Mar-22	31-Mar-21	31-Mar-20
	Audited	Audited	Audited
Paid up Equity Capital	225.00	225.00	225.00
Add: Free Reserves (excluding reserves created out of revaluation)	285.98	39.49	-4.69
Less: Accumulated losses			
Less: Deferred Expenditure not written off (including miscellaneous expenses not written off)	0.77	4.87	8.98
Less: Minimum Capital Adequacy / Net worth requirement for any other activity under other SEBI regulations			
Net worth	510.21	259.62	211.33

## 9. Performance of Portfolio Manager for the last 3 years

Performance Returns	1 Year	2 Year	Since Inception
Strategy Returns	120.63%	183.56%	82.29%

## 10. Audit Observation

The details of PMS client audit observation are as follows:

Particulars	Audit Observation
FY 2021-22	None
FY 2020-21	None
FY 2019-20	None



## **11. Nature of Expenses**

The following are the general costs and expenses to be borne by the client availing the services of the Portfolio Manager. However, the exact quantum and nature of expenses relating to each of the following services is annexed to the Portfolio Management Agreement in respect of each of the services provided.

### **Portfolio Management Fees**

The Portfolio Management Fees is charged for managing the portfolio of the Client. The fee may be a fixed management fees or performance-based fee or a combination of both, as agreed by the client in the PMS Agreement. The fee structure may differ from client to client in the same product. The performance fee shall be charged based on High Water Mark Principle. The Fees may be charged at the end of the specified tenure as agreed between the Client and the Portfolio Manager.

### **Demat fees**

The charges pertaining to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization, rematerialization and other charges in connection with the operation and management of the depository accounts.

### **Registrar and Transfer Agent Fee**

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

### **Brokerage and transaction costs**

The brokerage charges and other charges like Goods and service tax (GST), securities transaction tax, service charges, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.

### **Securities Lending and Borrowing Charges -**

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

### **Exit Fees for early exit**

CC IPL does not charge any early exit fee. Performance fee due till the date of exit, if any, shall be charged at the time of exit.

### **Custodian/Depository Fees**

Custodian/Depository fees relate to the charges relating to opening and operation of dematerialized accounts, custody and transfer charges for securities, dematerialization and other charges in connection with the operation and management of the depository accounts.

### **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.





**Any other incidental and ancillary charges**

All incidental and ancillary expenses viz stamp duty, goods and service tax (GST), postal stamps, opening and operation of bank accounts, etc. not recovered above but incurred by the Portfolio Manager on behalf of the client shall be charged to the Client. The Portfolio Manager may, subject to the specific permission from the client, charge such fees from the client for each activity for which service is rendered by the Portfolio Manager directly or indirectly (where such service is outsourced such as custodian services, fund accounting etc). The Portfolio Manager shall deduct directly from the cash account of the client all the fees/costs as specified above.

**12. Taxation**

*The Information stated is based on The Portfolio Manager's Understanding of Such Tax Laws in Force as of the Date of This Document. Provisions of Income Tax Act, 1961 Undergoes Changes Frequently, And Hence each Investor Is Advised to Consult with His or Her Own Tax Consultant with Respect to the Specific tax Implications arising. The Portfolio Manager is Not Responsible for Assisting or Completing the Client's Tax Obligation.*

**A. Dividend**

Income by way of dividends distributed by domestic companies and income received in respect of units of a Mutual Fund registered with SEBI, held in the Portfolio, is taxable in the hands of the investors/recipients. Companies declaring dividend are required to withhold taxes thereon.

**B. Advance tax installment obligations**

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

**C. Capital Gains**

Long term Capital Gains:

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 per cent of such capital gains exceeding Rs. 1,00,000.

This concessional rate of 10 per cent will be applicable if:

- a) in a case of an equity share in a company, securities transaction tax has been paid on both acquisition and transfer of such capital asset; and
- b) in a case a unit of an equity-oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.

The cost of acquisitions of a listed equity share acquired by the taxpayer before February 1, 2018, shall be deemed to be the higher of following:

- a) The actual cost of acquisition of such asset; or
- b) Lower of following:
  - (i) Fair market value of such shares as on January 31, 2018; or
  - (ii) Actual sales consideration accruing on its transfer.



The Fair market value of listed equity share shall mean its highest price quoted on the stock exchange as on January 31, 2018. However, if there is no trading in such shares on January 31, 2018, the highest price of such share on a date immediately preceding January 31, 2018 on which trading happens in that share shall be deemed as its fair market value.

In case of units which are not listed on recognized stock exchange, the net asset value of such units as on January 31, 2018 shall be deemed to be its FMV.

In a case where the capital asset is an equity share in a company which is not listed on a recognized stock exchange as on 31-1-2018 but listed on the date of transfer, the cost of unlisted shares as increased by cost inflation index for the financial year 2017-18 shall be deemed to be its FMV.

Long-term capital gains arising from transfer of specified asset:

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).

The selection of the option is to be done by computing the tax liability under both the options, and the option with lower tax liability is to be selected.

Short term Capital Gains arising from transfer of specified asset:

In case the securities are sold within a year from the date of purchase/acquisition, the resultant gains are termed as Short-term capital gain. Short term Capital gain arising out of transfer of equity shares or units of Mutual Fund are taxed at a concessional rates of 15% (as increased by surcharge plus education cess and secondary education cess and higher education cess), if the securities are sold on a recognized stock exchange in India (in case of equity shares) and on which Securities Transaction Tax has been paid, failing which, they would be taxed at the rate applicable depending upon the status (i.e. individual, HUF, Firm, Corporates etc.) and Income level of client (plus surcharge plus education cess and secondary education cess and higher education cess).

#### **D. Tax deduction at source**

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 behalf.

#### **E. Tax on Income from business in securities**

For those carrying on business in securities, the profit from such dealings is taxable, though such dealing may be liable to Securities Transaction Tax (STT). STT is deductible while computing business income, for the transactions for which STT is paid.





## **F. Special Provisions for Non-Resident Investors**

### **1. Exchange Rate Fluctuation**

As per the first proviso to section 48 of the Income Tax Act when a non-resident sells shares or debentures of an Indian company, the capital gain thereon shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the sale consideration to the same currency that was initially utilized to purchase the shares or debentures, calculating the gain thereon and re-converting the gain into Indian Rupees for the purpose of taxation. The benefit of adjusting the cost of acquisition with the cost inflation index is not available in this case.

### **2. Benefit of Double Taxation Avoidance Agreement**

As per the provisions of Section 90(2) of the Income Tax Act, the provisions of the Double Taxation Avoidance Agreement ("DTAA") or the Income Tax Act, whichever are more beneficial to the assessee shall apply. Accordingly, if the Investor is a resident of a treaty country, the provisions of the DTAA or of the Income Tax Act, whichever are more beneficial to the Investor, shall apply.

## **G. Interest Income**

Interest income earned, if any on the investments, shall be chargeable to tax at the applicable rates in force.

### **Chapter XIIA benefits**

The provisions of Chapter XIIA of the Income Tax Act provide for beneficial tax treatment for investment income of Non-resident Indians, from investment in specified assets purchased in convertible foreign exchange. Specified assets inter alia include:

- a. Shares in an Indian Company
- b. Debentures issued by an Indian Company (other than a private company)
- c. Deposits with an Indian company which is not a private company.
- d. Any security of central Government.
- e. Any other notified Assets (No asset has been notified as of yet).

Investment Income (other than dividends declared by an Indian company) [as defined] is taxable at 20% (as increased by the applicable surcharge and education cess and Secondary and Higher Education cess) and specified long-term capital gains are chargeable to tax at 10% (as increased by the applicable surcharge and education cess and secondary and higher education cess).

The Investor has the option to be governed either by the provisions of Chapter XIIA or the normal provisions of the Income Tax Act.

The Central Board of Direct Taxes has notified Rules 114F to 114H, as part of the Income Tax Rules, 1962, which require Indian Financial Institutions to seek additional personal, tax and beneficial owner information and certain certifications and documentation from all our unit holders. In relevant cases, information will have to be reported to tax authorities / appointed agencies. Towards compliance, we may also be required to provide information to any institutions such as withholding agents for the purpose of ensuring appropriate withholding from the folio(s) or any proceeds in relation thereto.

Should there be any change in any information provided by you, please ensure you advise us promptly, i.e., within 14 days.

Please note that you may receive more than one request for information if you have multiple relationships with us or our group entities. Therefore, it is important that you respond to our request,



even if you believe you have already supplied any previously requested information.

If you have any question about your tax residency, please contact your Tax Advisor.

~ It is mandatory to supply a TIN or functional equivalent if the country in which you are tax resident issues such identifiers. If no TIN is yet available or has not yet been issued, please provide an explanation and attach this to the form.

### 13. Accounting policies

The following policies will be applied for the investments of Clients:

- a. Investments introduced by the client in his portfolio are booked at the market value as of the date of introduction to the scheme. Investments In Units of mutual funds will be valued at net asset value.
- b. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange ("NSE"). If the Securities are not traded on the NSE on the valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available repurchase price declared for the relevant Scheme on the date of the report.
- c. Profit or loss on sale of investments is calculated by using the 'first in first out method'. CCIPL does comply with the accounting standards to the extent applicable to it issued by the Institute of Chartered Accountants of India.
- d. Unrealized gains/losses are the differences between the current market values/ net asset values and the historical cost of the securities.
- e. Dividends on shares and units in mutual funds, interest, stock lending fees earned etc. shall be accounted on receipt basis. The interest on debt instruments shall be accounted on accrual basis.
- f. The Portfolio Manager and the Client can adopt any specific norm or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- g. The Client may contact the investor relations officer of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.
- h. In line with SEBI circular No. IMD/DOF I/PMS/Cir- 4/2009 dated 23<sup>rd</sup> June 2009, the portfolio manager keeps the funds of all clients in a separate bank account maintained by the portfolio manager and the following conditions are adhered to:
  - There is clear segregation of each client's fund through proper and clear maintenance of back office records;
  - Portfolio Managers does not use the funds of one client for another client;
  - Portfolio Managers also maintains an accounting system containing separate client-wise data for their funds.





- i. Income/expenses- All investment income and expenses will be account on accrual basis.

Dividend will be accrued on the Ex-date of the securities and same will be reflected in the clients' books on the ex-date. Similarly, bonus shares will be accrued on the ex-date of the securities and same will be reflected in the clients' books on ex-date. In case of Fixed Income instruments, purchased/sold at Cum-Interest rates, the interest component upto the date of purchase/sale will be taken to interest receivable/payable account and net of interest will be cost/sale for the purpose of calculating realized gains/losses.

- j. Transactions for the purchase or sale of investments:

- Relating to debt instruments would be recognised as of the settlement date and
- Relating to equity instruments as of the trade date and not as of the settlement date so that the effect of all investments traded during the year are recorded and reflected in the individual client account for that year.

- k. The costs of investments acquired or purchased would include brokerage, transaction charges, accrued interest, stamp charges and any charge customarily included in the broker's contract note trade confirmation or levied by any statutory.

The Accounting Policies and Standards as outlined above are subject to changes made from time to time by Portfolio Manager. However, such changes would be in conformity with the Regulations.

#### 14. Investor Services

Name, address and telephone number of the investor relations officer who shall attend to the clients/investors queries and complaints:

Mr. Suninder Singh Bhatia
303, Mohta Building, Chhaoni, Nagpur 440013
Phone: 0712-2 591144
Email: <a href="mailto:suninder@cciplpms.com">suninder@cciplpms.com</a>

The investor relations officer mentioned above will ensure prompt Redressal of investor queries and grievances and shall be empowered by the Portfolio Manager with necessary authority, means and independence to do so.

- i) Investor Grievance Redressal Procedure

CCIPL will ensure timely and prompt redressal of the grievances and disputes of its clients.

CCIPL will attend to and address any client query or concern as soon as possible to mutual satisfaction.

CCIPL will endeavor to address all complaints regarding service deficiencies or causes for grievances for whatever reason, in reasonable manner. If the client remains dissatisfied with the remedies offered or the stand taken by Portfolio Manager, the client and the Portfolio Manager shall abide by the following mechanisms. The Client has the option to register its complaints as below:

#### SEBI Scores Platform

SEBI has launched a centralized web- based Complaints Redress System (SCORES), which enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. This also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities



starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online at any time. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing.

Link: <http://scores.gov.in>

All the legal actions and proceedings are subject to the jurisdiction of court in Nagpur only and are governed by Indian laws. All disputes, differences, claims and questions whatsoever arising between the Client and CCIPL and/or their respective representatives shall be settled in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-enactment thereof. A sole arbitrator will be appointed by mutual consent of the portfolio manager and the client and the place of arbitration shall be Mumbai and proceeding shall be conducted in English language.

**For Counter Cyclical Investments Private Limited**



**Parminderpal Singh Bhatia**

**Director**

**DIN – 07159378**





# KARWA BHATIA & CO

## Chartered Accountants

To,  
Counter Cyclical Investments Private Limited  
Flat no. 401, Plot no. 16,  
Shirke Layout, Raj Nagar,  
Nagpur - 440013

### **Independent Auditor's Certificate under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020**

1. We have been requested by management of Counter Cyclical Investments Private Limited ('the Company') to certify the contents of Disclosure Document dated October 26, 2022 for portfolio management services of the Company which is prepared by the Company in accordance with the Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ('The SEBI Regulations'). We understand that the Disclosure Document is required to be submitted to the Securities and Exchange Board of India ('the SEBI') and to the clients of the Company.

#### **Management's responsibility**

2. The management of the Company is responsible for the maintenance of the books of accounts and such other relevant records as prescribed by applicable laws, which includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation and presentation of Disclosure Document.
3. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and other applicable laws and regulations is the responsibility of the management of the Company.

#### **Auditor's responsibility**

4. We have not performed an audit, the objective of which would be expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such an opinion.
5. For the purpose of this certificate, we have planned and performed the following procedures to determine whether anything has come to our attention that causes us to believe that the aforementioned Disclosure Document is not in compliance with the SEBI Regulations:
  - a. Obtained and perused the financial statements and other relevant records of the Company for the financial years ended on March 31, 2020 and March 31, 2021, which were audited by another firm of Chartered Accountants and they have issued an unmodified opinion on same. We have relied on such audited financial statements for the amounts disclosed in the Disclosure document.
  - b. Obtained and perused the financial statements and other relevant records of the Company for the financial year ended on March 31, 2022.
  - c. We have reviewed the figures for performance disclosed in the Disclosure Document on the basis of performance data provided by the Company;
  - d. The list of persons classified as group companies and list of related parties are as per the list provided and represented by the management of the Company and as disclosed in the financial statements of the Company.
  - e. The promoters and directors' qualifications, experience, ownership details are as confirmed by the Portfolio Manager and have been accepted without further verification;
  - f. We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to penalties or litigations against the Portfolio Manager, as mentioned in the Disclosure Document;

# KARWA BHATIA & CO

Chartered Accountants

- g. We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to the investment objectives and policies / investment philosophy; and
- h. We have reviewed nature of fees and expenses as per the agreements and representations provided by the Company;

The sufficiency of these procedures is solely the responsibility of the management. Consequently, we make no representation regarding the sufficiency of the procedure described above either for the purpose for which this certificate has been requested or for any other purpose.

- 6. We conducted our examination of the Disclosure Document 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.
- 7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagement.

## Conclusion

- 8. Based on the procedures performed as stated above, evidence obtained and information and explanations provided by the Company, nothing has come to our attention that causes us to believe that the Disclosure Document is not, in all material aspects, in compliance with the SEBI Regulations. Based on our review of attached Disclosure Document, audited financial statements of the Company and its other relevant records and information furnished by the Company along with representation provided, we certify that the disclosures made in the attached Disclosure Document for Portfolio Management are true, fair and adequate to enable the investors to make a well-informed decision.
- 9. This certificate is issued solely to comply with Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (as amended from time to time) and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document or made available to any other person or persons other than being part of Disclosure Document without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our certificate is shown or into whose hands it may come without our prior written consent.

For Karwa Bhatia & Co.

Chartered Accountants

Firm Registration no: 148963W



CA Nikhil Karwa

Partner

Membership No.: 121360

UDIN: 22121360BAWKWK7836

Place: Nagpur

Date: October 26, 2022

