

KARMA 137p

Karma Capital

Advisors Private Limited

September 27, 2019

To,
Securities and Exchange Board of India
Investment Management Department
Division of Funds - I
SEBI Bhavan, Plot No. C-4A, "G" Block,
Bandra Kurla Complex, Bandra (East),
Mumbai Maharashtra 400051
India



Dear Sir/Madam,

Re.: PMS Registration No. INP000001223 - Form C, Chartered Accountant's Certificate & Disclosure Document

As per the terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993 we are pleased to enclose herewith the following documents pertaining to our Portfolio Management Services.

1. Form C under Regulation 14 of SEBI.
2. Disclosure Document under Regulation 14 of SEBI.
3. Certificate of M/s. B.S. Shah & Co., Chartered Accountants

We trust the above is in order and should you require any further information/ clarification, please do not hesitate to contact us.

Thank you.

Regards,

For Karma Capital Advisors Private Limited


Shardul Singh
Compliance Officer & Head – Risk & Compliance

Encl.: as above.

Karma Capital Advisors Private Limited

Floor 12U, Suite I, Remi Commercio, Off Veera Desai Road, Andheri (West),
Mumbai – 400 053

**DISCLOSURE DOCUMENT UNDER REGULATION 14 OF THE SEBI (PORTFOLIO MANAGERS)
REGULATIONS, 1993**

- (i) The purpose of this Document is to provide essential information about the portfolio services provided by Karma Capital Advisors Private Limited, so as to assist and enable its prospective clients/investors in making informed decision for engaging its services as Portfolio Manager.
- (ii) This Document also contains information about the Portfolio Manager required by prospective clients/investors, who are advised to retain this Document for future reference.
- (iii) This Document has been filed with the Securities and Exchange Board of India ("SEBI") along with the certificate in the prescribed format, in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- (iv) The relevant details of Principal Officer designated by the Portfolio Manager for its Services are as under:

Name: Mr. Rushabh V. Sheth

Address: Floor 12U, Suite I, Remi Commercio,
Off Veera Desai Road, Andheri (West), Mumbai 400 053

Tel. No.: 6232 7201

E-mail: rushabh.sheth@karmainvest.com

INDEX

Sr. No.	Details	Page No.
1	Disclaimer Clause	4
2	Definitions	4
3	Description/Details of Karma Capital Advisors Private Limited	6
4	Penalties, Pending Litigations or Proceedings against Karma Capital Advisors Private Limited	8
5	Details of Portfolio Management Services	9
6	Risk Factors	10
7	Details of Existing Clients of Karma Capital Advisors Private Limited	11
8	Financial Performance of Karma Capital Advisors Private Limited	11
9	Portfolio Management Performance of Karma Capital Advisors Private Limited	12
10	Details of Expenses which will be incurred by investors under Portfolio Management Services	13
11	Tax implications for investors in respect of Portfolio Management Service	17
12	Accounting Policies to be followed for Portfolio Management Services	18
13	Investor Services	19

1) Disclaimer

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

2) Definitions

In this Document, unless the context otherwise requires or unless otherwise specifically stated, the following terms shall have the meaning as defined hereunder:

- a. **'Basic Fixed Fee'** or **'Portfolio Management Fees'** means the fixed minimum fee to be charged by the Portfolio Manager to its clients for providing the portfolio management services, irrespective of the performance of the portfolio; which shall be calculated at the rate/s and in the manner provided hereinafter in this Document.
- b. **'Board'** or **'SEBI'** shall mean the Securities and Exchange Board of India formed under the Securities and Exchange Board of India Act, 1992.
- c. **'Company'** or **'Portfolio Manager'** shall mean Karma Capital Advisors Private Limited, which is registered with SEBI to carry on the business of managing its clients' investments on discretionary or non-discretionary basis.
- d. **'Discretionary Portfolio Management Service'** means a portfolio management Service wherein the Portfolio Manager exercises or may, under the contract of 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.
- e. **'End Of The Preceding Year'** shall mean the end of the calendar year preceding the Year or the date on which the client places funds and/or portfolio of securities under the Service; whichever is later.
- f. **'End Of The Year'** shall mean the end of any Year or the date on which the client discontinues the services of the Portfolio Manager by taking away his/her/its funds and/or portfolio of securities; whichever is earlier.
- g. **'Exit Load'** means the additional fee charged by the Portfolio Manager on the value of partial or total withdrawal of funds/securities before the expiry of portfolio term.
- h. **'High Water Mark'** means the higher of the following:
 - i. the highest of the Net Asset Values as at the end of any Year preceding the Year for which the Performance Fee is to be charged; or
 - ii. the funds and/or the value of the portfolio of securities placed by the client with the Portfolio Manager for management.
- i. **'High Water Mark Basis'** means the basis of calculating the Performance Fee of the Portfolio Manager for providing portfolio management services, wherein the Performance Fee is calculated at the agreed percentage of the positive difference (and not negative difference) between the Net Asset Value as at the end of the Year for which the performance fee is to be charged and High Water Mark with respect to such Year.
- j. **'Intermediaries'** means stock-brokers, sub-brokers, Depository Participants, Custodians or other such service provider(s) required or engaged by the Portfolio Manager for conducting investments on behalf of its clients through recognized stock exchange.
- k. **'Net Asset Value'** or **'NAV'** of a client's portfolio shall be calculated as under:

NAV = Market/Fair Value of Client's Investments + Receivables + Accrued Income + Other Assets - Accrued Expenses - Payables - Other Liabilities - Basic Fixed Fee

For this purpose, the investments will be valued following the Investment valuation norms specified by the SEBI vide Regulation 47 of the SEBI (Mutual Funds) Regulations, 1996 read with Eighth Schedule thereto.

- l. **'Non-Discretionary Portfolio Management Service'** means a portfolio management Service which is not a Discretionary Portfolio Management Service.
- m. **'Person Resident Outside India'** (also known as **Non-Resident Indian (NRI)**) shall have the meaning assigned under **Foreign Exchange Management Act, 1999**.
- n. **'Performance Fee'** means the fee to be charged by the Portfolio Manager to its clients for providing the portfolio management services, over and above the Basic Fixed Fee, depending on the performance of the portfolio; which shall be calculated at the rate/s and in the manner provided hereinafter in this Document.
- o. **'Portfolio Management Fees'** or **'Fee'** or **'Fees'** shall include the Basic Fixed Fee as well as the Performance Fee.
- p. **'Portfolio Management Services'** or **'PMS'** means an investment vehicle designed by a Portfolio Manager for its clients/prospective clients/investors.
- q. **'Profit'** means the difference between the Net Asset Value as at the End Of The Year for which the Portfolio Manager's Performance Fee is to be calculated and the Net Asset Value as at End Of The Preceding Year, if such difference is a positive figure; and Nil or 0 (Zero) in case such difference is 0 (Zero) or a negative figure.
- r. **'Service'** or **'Services'** means the Karma Wealth Builder PMS or the Karma Long Term Equity PMS, individually or collectively, as the context requires; in respect of which, this Document provides essential information, for assisting and enabling the investors in making informed decision for engaging the services of the Portfolio Manager.
- s. **'Quarter'** means a calendar quarter for which the Basic Fixed Fee of the Portfolio Manager shall be calculated and charged by the Portfolio Manager to the account of the client.
- t. **'Average daily NAV' or 'Daily Average Portfolio Value'** means an average of the Net Asset Values of all the days comprised in a Quarter.
- u. **'Year'** means any of the following periods, as may be applicable, for which the Performance Fee of the Portfolio Manager shall be calculated and charged by the Portfolio Manager to the account of the client;
 - i. a calendar year; or
 - ii. that part of the calendar year in which the client places funds and/or portfolio of securities under the Service, as is comprising of the period from the date on which the funds/portfolio are so placed; till the end of that calendar year; or
 - iii. that part of the calendar year in which the client discontinues the services of the Portfolio Manager by taking away his/her/its funds and/or portfolio of securities, as is comprising of the period from the start of that calendar year, till the date on which the client so discontinues the services of the Portfolio Manager; or
 - iv. in case the client places the funds with the Portfolio Manager and discontinues the services of the Portfolio Manager in the same calendar year; then that part of the calendar year, as is comprising of the period from the date on which the funds are so placed till the date on which the services are so discontinued.

3) Description

(i) History, Present Business and Background of the Portfolio Manager

The Company was incorporated on 19th August 2004, with the objective of, inter alia, providing portfolio management and investment advisory services.

The Company launched its maiden Portfolio Management Service, “Karma Wealth Builder PMS” in July 2005. Under the Service, the Company manages investment portfolios of various High Net-worth Individuals (‘HNI’) and corporates, on a discretionary basis.

The Company was in 2007 appointed by OPTIMIX, a division of ING Investment Management (India) Pvt. Ltd., as a Sub-Investment Manager/Advisor.

However, currently, Karma Capital Advisors Private Limited is not advising as Sub-Investment Manager/ Investment Advisor to any Portfolio Management products or Mutual Fund schemes of OPTIMIX.

The Company has also entered into Referral Agreements with some Private Banks and other wealth management outfits since its registration as Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993.

The Company also provides Investment Advisory Services to offshore investors and is actively marketing for new investment advisory mandates.

It was the Indian Advisor to Antara India Evergreen Fund, a SEBI registered sub-account of FII. It was also such advisor to Julius Baer Multiopportunities – India Millennium Fund.

The Company has entered into an Investment Management Agreement with Norges Bank, Norway to render Investment Management Services to their Fund. The Company has started providing Investment Management Services to this Fund from October 2012 onwards.

The Company has also since February 2013 entered into Investment Advisory agreement with Danske Capital, Denmark to provide Investment Advisory services to their SMID Fund. In September 2015, relationship with Danske Capital was extended to provide Investment Advisory Services to their UCIT Fund. In March 2017, Danske Capital has also appointed us as an Investment Advisor for their SMID II Fund.

The Company has entered an Investment Advisory agreement dated December 15, 2017 with Wular India Fund incorporated at Mauritius to provide non-binding and non-exclusive Investment advice. The Wular India Fund is a registered FPI – Cat II Fund investing mainly in India. The Wular India Fund has started its operation with effect from March 14, 2018.

-(ii) Promoters of the Portfolio Manager, directors and their background

The Company was promoted, inter alia, by Late Shri Vinod P. Sheth and co-promoted by Mr. Rushabh V. Sheth and Mr. Nikhil P. Desai; all of whom are/ were directors therein. Mr. Rushabh V. Sheth and Mr. Nikhil P. Desai are managing the core business activities of the Company and form the core team at directors’ level, which has the required experience and expertise in the capital markets.

Karma Capital

Advisors Private Limited

Nikhil P. Desai ('Nikhil') is the Director and Co-Founder of Karma Capital Advisors Private Limited.

Nikhil's professional expertise of over 26 years is in the field of Portfolio Management and Research in Listed Equities. He started on a full-time career in the Investment Management field in 1993 when he joined as a buy-side equity analyst at ASK Raymond James Securities. Five years later, initially, as an assistant to the Portfolio Manager and then as a Portfolio Manager, Nikhil went on to manage discretionary equity assets for segregated accounts of HNIs as well as an offshore fund at ASK Raymond James. In 2003, Nikhil joined ABN AMRO Bank's Private Banking division as Head of its Equity Assets business. At ABN, he was responsible for formulating the equity investment strategy and managing segregated equity assets of very high net worth investors. Nikhil also played a key role in setting asset allocation strategies and integrating the portfolio management and asset allocation processes in India to the best practices followed globally by ABN AMRO Bank NV.

In 2004, Nikhil co-founded Karma Capital Advisors where he is currently Director and his operating responsibility is that of managing discretionary equity assets of domestic HNIs as well as offshore institutions.

Nikhil graduated at the top of his MBA class at Virginia Tech where he was awarded honors for scholastic achievement, and he received a Bachelor in Commerce Degree from the University of Mumbai (Sydenham College of Commerce and Economics).

Mr. Rushabh V. Sheth('Rushabh'), Director, also has tremendous experience in the field of fund management.

Before joining the Company, he was the Chief Investment Officer – Equities ('CIO-Equities'), with Kotak Mahindra Mutual Fund. Prior to being promoted as CIO-Equities, Rushabh was the Vice President of Portfolio Management Group at Kotak Securities.

Prior to Kotak, Rushabh was first an Investment Analyst and later on, Director - Business Development (Portfolio Management Business) with ASK Raymond James Securities India Limited.

Ms. Priti N. Desai, Director, wife of Mr. Nikhil Desai is a commerce graduate.

Ms. Heema Sheth, Director, wife of Mr. Rushabh Sheth is a commerce graduate and has done her MBA in Marketing.

iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis (latest audited financial statements may be used for this purpose)

There are no Group Companies or Firms of Karma Capital Advisors Private Limited.

(iv) Details of the services being offered:

Discretionary/ Non-discretionary / Advisory

Client Category	Nature of Services
Resident Individual , Non Resident Indian, Resident Corporate	Discretionary/ Non-discretionary / Advisory
Foreign Institutional Investor (FII), FPI and their sub-accounts	Discretionary/ Advisory

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

- a. All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made thereunder.

There are no penalties imposed by the Board or directions issued by the Board.

- b. The nature of the penalty/direction.

Not Applicable

- c. Penalties imposed for any economic offence and/ or for violation of any securities laws.

None

- d. Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure regarding pending criminal cases, if any.

None

- e. Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.

None

- f. Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any

None

5) Services Offered

(i) Investment Objective/Focus

Karma Wealth Builder PMS (Discretionary Portfolio Management Service)

The primary objective of Karma Wealth Builder PMS is to build wealth and create value for the Company's clients; consistently, over long period of time, and across economic and market cycles; by investing its clients' funds in equity and equity related securities, subject to, inter alia, the specific needs, if any, of every individual client.

The investment approach is based on in-house fundamental research and potential investment candidates are assessed on various parameters on the business, management and valuation criteria. The product has a flexible investment style to move across sectors, market capitalizations and cash levels. Derivatives may also be used selectively for hedging purposes. The Fee charges for this Service is as per Item No. 10 (A) (i) below.

Karma Long Term Equity PMS (Discretionary Portfolio Management Service)

The primary objective and the investment approach of this PMS is essentially the same as that of Karma Wealth Builder PMS described above, the only differentiation being in the structure of the product i.e. it has a investment horizon of 2 years and the Fee charged as per Item No. 10 (B) (i) below.

Karma Portfolio Management Services (Discretionary Portfolio Management Service)

The primary objective and investment approach of this PMS is essentially the same as that of Karma Long Term Equity PMS described above, the only differentiation being the calculation of Performance Fee as per Item No. 10 (C) (i) below.

Non-Discretionary Portfolio Management Services

Non-binding Investment/ Divestment recommendations made to clients under this PMS are based on a similar Investment Philosophy and Approach as outlined in case of the Discretionary PMS above. The differentiation under this service is the pure recommendatory nature of involvement of the Company without directly dealing in the funds or securities of the clients and the fee structure as detailed in Item No. 10 (E) (i) below.

Investment Advisory Services

Non-binding Investment/ Divestment recommendations made to Institutional Clients (domestic & offshore) are based on a similar Investment Philosophy and Approach as outlined in case of the Discretionary PMS above. The differentiation under this service is the pure recommendatory nature of involvement of the Company without directly dealing in the funds or securities of clients.

(ii) Policies for investments in associates/ group companies

Currently, as there are no group or associate companies of the Company, as stated above, the information required to be disclosed in this clause is not applicable in its case. However, as and when any group or associate company is formed, the policies with respect to investments therein will be formulated and intimated to the clients and prospective clients/investors.

6) Risk factors

(i) Investment/s in securities are subject to market risks and there is no assurance or guarantee that the objectives of investments will be achieved.

(ii) The past performance of the Portfolio Manager does not indicate its future performance.

(iii) Karma Wealth Builder PMS, Karma Long Term Equity PMS, Karma Portfolio Management Services and the Non-Discretionary PMS, Investment Advisory Services are only the names of the Services and it does not, in any manner, indicate the quality of the Service or its future prospects or returns.

(iv) Investments in equity/equity related instruments are subject to market risks. These risks could be security specific or market specific and arising from company, industry, economic (both domestic and global), political, etc., factors. This could result in volatility in near term performance or even permanent loss of capital in some instances. The NAV may be affected, inter-alia, by changes in the performance of the market, market interest rates, price/interest-rate risk and credit risk, concentration of sectoral risk associated with derivatives trading pertaining to equity markets, changes in credit rating, government policy, volatility and liquidity in the money markets, pressure on the exchange rate of the rupee, trading volumes, performance of individual stocks, settlement periods and transfer procedures, basic risk, spread risk and re-investment risk.

(iv) Though the investments/ recommendations of Karma Wealth Builder PMS, Karma Long Term Equity PMS& Karma Portfolio Management Services, Non-Discretionary PMS and Investment Advisory Services will be diversified across companies and industry sectors, the risks arising out of non-diversification are above average volatility of the portfolio and even permanent loss of capital in some instances.

(v) Although the Principal Officer and other key management personnel of the Company have rich individual experience, all product offerings under Portfolio Management and Investment Advisory Services of the Company have evolved during the past 14 years of the Company's existence.

7) Client Representation

(i) (as of August 31, 2019) (all amounts in Rs. Crores)

	As of 31-Aug-19			As of 28-Feb-2019			As of 31-Aug-2018		
Category Of Client	No. of Client	Funds Managed	Discretionary/ Non-Discretionary/ Advisory	No. of Client	Funds Managed	Discretionary/ Non-Discretionary /Advisory	No. of Client	Funds Managed	Discretionary/ Non-Discretionary/ Advisory
Associate /Group Companies Last 3 Years	-	-	-	-	-	-	-	-	-
Others(Last 3 Years)	49	1,856.48	Discretionary	59	2,214.92	Discretionary	53	2495.97	Discretionary
Others(Last 3 Years)	4	360.23	Advisory	4	437.55	Advisory	4	475.17	Advisory
Total	53	2,216.71		63	2652.47		57	2971.14	

(ii) *Disclosure in respect of transactions with related parties*

(For the period 01-Mar-2019 to 31-August-2019)

Particulars	Transaction 1	Transaction 2
Name(s) of the transacting party/ies	Mr. Rushabh Sheth	Mr. Nikhil Desai
Relationship with the Company	Promoter/ Whole Time Director	Promoter/ Whole Time Director
Nature of transactions	Salary	Salary
Amount	Rs. 4,50,000/- p. m.	Rs. 4,50,000/- p.m

8) The Financial Performance of the portfolio manager (based on audited financial statements)

The summarized Audited Balance Sheet and the Statement of Profit & Loss of the Company in respect of the past 3 years is given hereunder:

	<u>As at 31st March 2019</u>	<u>As at 31st March 2018</u>	<u>As at 31st March 2017</u>
Balance Sheet			
<i>Sources of Funds</i>			
Share Capital	600,000	600,000	600,000
Reserves	317,627,527	295,528,769	200,531,421
Long Term Provision	3,230,074	2,858,547	2,283,025
Deferred Tax Liability	1,920,790	1,865,629	1,066,337
TOTAL	323,378,392	300,852,945	204,480,783
<i>Application of Funds</i>			
Fixed Assets (Net Block)	86,767,534	95,432,504	88,005,604
Investments	1,03,10,083	1,03,38,660	3,60,000

Karma Capital

Advisors Private Limited

Balance Sheet	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017
Deferred Tax Assets	-	-	-
Long Term Loans & Advances	226,300,775	30,000	94,000
Net Current Assets		195,051,781	116,021,179
TOTAL	323,378,392	300,852,945	204,480,783
Statement of Profit & Loss	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2017
<i>Income</i>			
Portfolio Management & Investment Advisory Fees	84,833,566	552,763,126	346,615,557
Other Income	1,40,50,031	96,14,074	15,059,136
TOTAL	9,88,83,597	562,377,200	361,674,693
<i>Expenses</i>			
Human Resource Expenses	3,20,84,659	405,547,704	261,011,120
Administrative & Other Expenses	14,531,141	13,609,387	14,136,193
Depreciation	9,219,399	8,139,813	788,066
TOTAL	5,58,35,199	427,296,904	275,935,379
Net Profit before Tax	43,048,398	135,080,295	85,739,314
Less: Provision for tax (including deferred tax and short provision for tax)	(11,907,993)	(40,082,948)	(26,284,421)
<i>Net Profit after tax</i>	31,140,406	94,997,348	59,454,892

9) Performance of the Portfolio Manager for the last three years

The Company currently manages assets only in the listed equity securities. The weighted average returns of the same on consolidated basis for all the Portfolio Management and Advisory Services offered is as follows:

	For the period 01-Apr-2019 to 31-Aug-2019	(Financial Year) 01-Apr-2018 to 31-Mar-2019	(Financial Year) 01-Apr-2017 to 31-Mar -2018
Portfolio Performance #	- 20.07%	-15.87%	16.29%
Nifty 500	- 7.10%	8.43%	11.47%
Nifty 50	- 5.17%	14.93%	10.25%
FTSE Custom A/C India Index *	- 8.50%	-0.74%	10.35%

The above Performance is the consolidated performance for all the portfolios managed by the Company, and is not comparable with individual portfolios' performance, as reported in the Disclosure Documents of earlier year/s.

***FTSE Custom A/C India Index Performance is in USD. This benchmark return is for one of the FII client as per their agreement.**

10) Nature of expenses

The following expenses are being incurred by the investors on their placing funds/portfolio of securities under the different Services

(A) Karma Wealth Builder PMS

(i) Investment management fees

The Company provides for two Options for its client, with respect to the Fees payable to it in respect of the Portfolio Management Services, which are as under:

Option 1

Fixed Fee at the rate of 2.5% per annum of the Average daily NAV, chargeable and payable on quarterly basis; plus the applicable taxes for the time being in force

Option 2

Basic Fixed Fee at the rate of 1% to 1.5% per annum (having regard to type of client and other commercial considerations) of the Average daily NAV, chargeable and payable on quarterly basis; plus the applicable taxes for the time being in force

PLUS

Performance Fee at the rate of 15% of Profit, calculated on a High Water Mark Basis; plus the applicable taxes for the time being in force

(ii) Custodian fee (Custodian – ICICI Bank Limited)

Safekeeping Fee - 0.04% per annum of the value of the assets held in demat account, which will include corporate actions, benefit collection etc. (charged on a daily weighted average basis), which will be charged on monthly basis. (Applicable only in case of NRI)

Fund Accounting Charges - 0.12% p.a. of the daily average net asset value, which will be charged on monthly basis.

Transaction Charges -

Equity: 0.02% of trade value (0.04% of trade value in case of NRI)

Debt & Mutual Fund units: 0.03% of trade value

Derivatives (*): 0.01% of notional trade value (#) (including expiry trades)

(*) Only Cash and FDR are accepted towards derivatives margins collaterals. If collaterals are provided in the form of FDR then additional non-cash collateral charges @2% per annum will be levied on the value of the collaterals provided.

(#) Notional Value of trade = Futures = Trade price * Quantity
Options = Strike Price * Quantity

The Custodian will charge the above Fees plus the applicable taxes for the time being in force

Demat Transaction Fees: Credit Transaction – NIL, Debit Transaction - Rs. 25/- per transaction

Out of pocket expenses – at actual

(iii) *Registrar and transfer agent fee*

Nil

(iv) *Brokerage and transaction cost*

The broking and related costs will range between 0.15 – 0.35% plus statutory taxes and charges on transacted value, as applicable for the time being in force.

Transactions of shares through recognized stock exchange will be liable to Securities Transaction Tax ("STT") as applicable:

(B) Karma Long Term Equity PMS

(i) *Investment management fees*

Basic Fixed Fee at the rate of 2% per annum of the average daily NAV, chargeable and payable on quarterly basis; plus the applicable taxes for the time being in force

PLUS

Performance Fee at the rate of 20% of Profit plus the applicable taxes for the time being in force

Exit Load: 1.50% of funds/ securities withdrawn prior to Investment horizon

(ii) *Custodian fee (Custodian – ICICI Bank Limited)*

Safekeeping Fee - 0.04% per annum of the value of the assets held in demat account, which will include corporate actions, benefit collection etc. (charged on a daily weighted average basis), which will be charged on monthly basis. (Applicable only in case of NRI)

Fund Accounting Charges - 0.12% p.a. of the daily average net asset value, which will be charged on monthly basis.

Transaction Charges -

Equity: 0.02% of trade value

Debt & Mutual Fund units: 0.02% of trade value

Derivatives (*): 0.01% of notional trade value (#) (including expiry trades)

(*) Only Cash and FDR are accepted towards derivatives margins collaterals. If collaterals are provided in the form of FDR then additional non-cash collateral charges @2% per annum will be levied on the value of the collaterals provided.

(#) Notional Value of trade = Futures = Trade price * Quantity
Options = Strike Price * Quantity

The Custodian will charge the above Fees plus the applicable taxes for the time being in force

Demat Transaction Fees: Credit Transaction – NIL, Debit Transaction - Rs. 25/- per transaction

Out of pocket expenses – at actual

(iii) *Registrar and transfer agent fee*

Nil

(iv) *Brokerage and transaction cost*

The broking and related costs will range between 0.15 – 0.35% plus statutory taxes and charges on transacted value, as applicable for the time being in force.

Transactions of shares through recognized stock exchange will be liable to Securities Transaction Tax ("STT") as applicable:

(C) Karma Portfolio Management Services

(i) *Investment management fees*

Basic Fixed Fee at the rate of 0.75% per annum (for family offices) or 1.85% (for retail clients) per annum of the average daily NAV, chargeable and payable on quarterly basis; plus the applicable taxes for the time being in force.

PLUS

Performance Fee at the rate of 15% (for family offices) or 20% (for retail clients) on positive outperformance relative to benchmark index (S&P CNX Nifty) plus the applicable taxes for the time being in force

Exit Load: 2.50% of funds/ securities withdrawn prior to Investment horizon.

(ii) *Custodian fee (Custodian – Kotak Mahindra Bank Limited)*

Safekeeping Fee - 0.02% per annum of the value of the assets held in demat account, which will include corporate actions, benefit collection etc. (calculated on month-end portfolio value), which will be charged on monthly basis.

Fund Accounting Charges - 0.10% p.a. of the daily average net asset value, which will be charged on monthly basis.

Transaction Charges -

Equity: Rs. 100 per contract.

Debt & Mutual Fund units: Rs. 100 per contract/ transaction

The Custodian will charge the above Fees plus the applicable taxes for the time being in force

Demat Transaction Fees:—Rs. 25/- per transaction

Out of pocket expenses – at actual

(iii) *Registrar and transfer agent fee*

Nil

(iv) *Brokerage and transaction cost*

The broking and related costs will range between 0.25 – 0.35% plus statutory taxes and charges on transacted value, as applicable for the time being in force.

Transactions of shares through recognized stock exchange will be liable to Securities Transaction Tax ("STT") as applicable:

(D) Institutional Client

Funds

Client to whom Company provides discretionary/Investment Advisory services, pays the management fees quarterly in arrears. The Management fee rates for the institutional clients varies from 0.20 % to 1.25% p.a. depending on the Fund Size and Nature of services.

Eligibility to receive Performance fees and calculation thereof depends on the specific terms agreed between the Company & the client.

(E) Non-Discretionary Portfolio Management Services

Performance Fee at the rate of 15% of Profit, calculated on a High Water Mark Basis; plus the applicable taxes for the time being in force

(ii) *Custodian fee*

To be negotiated and paid by client's directly.

(iii) *Registrar and transfer agent fee*

To be negotiated and paid by client's directly.

(iv) *Brokerage and transaction cost*

To be negotiated and paid by client's directly.

(v) *Out of Pocket Expenses* at actual.

11) Taxation

The following information is provided for general information purposes. In view of the individual nature of tax benefits, each prospective client/investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Service, in terms of the provisions of the Income-tax Act, 1961 ('the Act').

The Portfolio Manager will invest the funds of its clients, on behalf of them, largely in the equity shares of various domestic companies, through recognized stock exchange, and the following will be the general tax implications in that respect in the hands of the clients, assuming that the same would constitute Capital Gains in the hands of the clients under the Act:

- Shares held for a period of more than 12 months from the date of their acquisition will be considered as 'Long Term Capital Assets'; else they will be 'Short Term Capital Assets'.
- Gain arising on transfer of Long Term Capital Assets as above will be 'Long Term Capital Gain', whereas that on transfer of Short Term Capital Assets as above will be 'Short Term Capital Gain'.
- Long Term Capital Gain on sale of listed shares in excess of Rs. One Lakh shall be taxable at the rate of 10% (without indexation) plus applicable Surcharge and Education Cess as per Section 112A of the Act, provided STT has been paid on acquisition and sale thereof; whereas Short Term Capital Gain on sale of shares shall be chargeable to income-tax at the rate of 15% (plus applicable Surcharge and Education Cess), if the STT has been charged and paid on the sale thereof.
- Dividends received on investments in shares will be exempt from tax, provided that tax thereon is paid by the distributing company u/s.115-O of the Act. However, Dividend on shares earned by a 'specified assessee' defined under Section 115BBDA of the Act, in

excess of Rs. Ten lakh is taxable at the rate of 10% (plus applicable Surcharge and Education Cess)

- Although there are special provisions under the Act for taxation of investments with respect to certain class of non-residents, the above-referred tax provisions, which are applicable to all assessees, are the most favourable with respect to taxation of Capital Gains on listed shares; therefore, such special provisions have not been discussed here.
- As per the provisions of the Act, Capital Gains arising to the client (non-resident in India) who is resident of country with which India has a Double Tax Avoidance Agreement ('DTAA'), then the rate of tax shall be as above or as per the provisions of the DTAA between India and that country, whichever is more beneficial to the client.
- No tax shall be deducted at source on the Long Term or Short Term Capital Gain arising to all assessees resident in India.
- However, tax shall be deducted at source on Capital Gain arising to non-residents, as per the provisions of Part II of Schedule I to the Finance Act in force during the relevant year.
- However, as per the provisions of the Act, in the case of a remittance to a country with which India has a DTAA, the tax shall be deducted at the rates provided in the above said Schedule to Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the client, provided the concerned person obtains and provides the Tax Residency Certificate ('TRC') from the government of residence country along with Form 10F prescribed in the Income tax Rules, 1962. Further, the concerned person will also have to furnish detail of Permanent Account Number ('PAN') in India, so as to be eligible for tax deduction at source per above provisions at a rate below 20%, unless specifically exempted from such requirement.

It is specifically clarified that the above should not be taken as an assurance or advice that the tax authorities shall treat the gains on sale of shares as 'Capital Gains' only and not as 'Business Income', which is liable to higher rate of tax. Accordingly, the prospective clients/investors are once again advised to consult his or her chartered accountant or tax consultant, inter alia, in this respect.

12) Accounting policies

- a. The Portfolio Manager shall, separately for each Portfolio Management Service offered by it, keep and maintain proper books of account, records and documents, so as to explain its transactions and disclose the financial position of the Service at any point of time; and give a true and fair view of the state of affairs thereof.
- b. The accounting in respect of every Service shall be done following the mercantile system of accounting, wherein the income, expenses, assets and liabilities are accounted for as and when they accrue, as against the receipt or payment thereof; except for the following items, the accounting whereof will be done as explained hereunder:
 - Dividend income earned by the Service shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis.

- Bonus shares to which the Service becomes entitled to shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- Rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-right basis.
- c. The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's bought note.
- d. Transactions for purchase and sale of investments shall be recognized on the date of trade and not on the date of settlement.
- e. The holding cost of investments and the gain or loss on sale thereof shall be determined following the 'average cost' method.

13) Investors services

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

Mr. Hardik Parikh

Add : Karma Capital Advisors Pvt. Ltd., Floor 12U, Suite I, Remi Commercio, Off Veera Desai Road, Andheri (W) Mumbai 400053, India.

Tel.: +91 22 6232 7204

E-mail: hardik.parikh@karmainvest.com

(ii) Grievance redressal and dispute settlement mechanism.

Investor grievances shall be sent to the Compliance Officer at the office of the Portfolio Manager at Floor 12U, Suite I, Remi Commercio, Off Veera Desai Road, Andheri (W) Mumbai 400053, India.

The Company shall endeavor to satisfactorily redress all investor complaints/ grievances in a time bound manner, i.e. within a period of one month from the date of receipt of complaint, as under:

1. All investor complaints/grievances sent to the Compliance Officer shall be sought to be redressed within two weeks from the date of receipt of the complaint.
2. In the event the complaint/grievance is not addressed to the satisfaction of the investor within this timeframe, the same shall be escalated to the Principal Officer/Directors of the Company, who shall resolve the complaint/grievance within an additional two weeks period.
3. In the rare event, the complaint/grievance remains unresolved even at this stage; the issue shall be put forth to the Board of Directors for a resolution.

CERTIFICATE

We have perused and verified the contents of the Disclosure Document dated 27th September ('the said Disclosure Document') prepared by the Karma Capital Advisors Private Limited ('the Company') in terms of Regulation 14 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 ('the Regulations'); a copy whereof is provided to us along with the confirmation and certification from Company dated 27th September, 2019; to the effect that the said Disclosure Document is in accordance with the Regulations and that the disclosures made therein are true, fair and adequate to enable the investors to make a well informed decision ('the Company's Certification').

Accordingly, based on; our perusal and verification of the contents of the said Disclosure Document with such documents and evidences as were produced before us by the Company; the Company's Certification; and such information and explanations as were provided to us by the representative(s) of the Company; we certify that the contents of the said Disclosure Document are true and fair to the best of our knowledge and belief.



For B. S. Shah & Co.
Chartered Accountants
Firm Regn. No.109509W

Shreyam Shah,
Partner
M. No. 137348
UDIN: 19137348AAAABA3045

Place: Mumbai

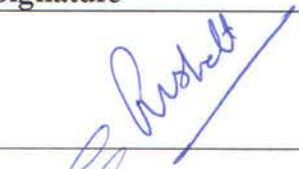
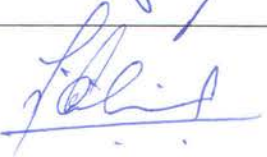
Dated: 27th September, 2019

Karma Capital

Advisors Private Limited

Signed by:

For Karma Capital Advisors Private Limited,

Name	Designation	Signature
Rushabh V. Sheth	Whole Time Director /Principal Officer	
Nikhil P. Desai	Whole Time Director	

Date: September 27, 2019

Place: Mumbai.

FORM C

SECURITIES AND EXCHANGE BOARD OF INDIA

(PORTFOLIO MANAGERS) REGULATIONS, 1993

(Regulation 14)

KARMA CAPITAL ADVISORS PRIVATE LIMITED

FLOOR 12U, SUITE I, REMI COMMERCIO, OFF VEERA DESAI ROAD, ANDHERI
(WEST),

MUMBAI – 400 053.

We confirm that:

- i) the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time;
- ii) the disclosures made in the 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;
- iii) the Disclosure Document has been duly certified by an independent chartered accountant M/S. B. S. Shah & Co. Chartered Accountants (Firm Registration No. 109509W) having office at 203, Crystal Tower, 75, Gundavali Road No.3, Off Sir M.V. Road, Andheri (East), Mumbai – 400 069, Tel. Nos. 2684 8082, 2684 8083 on (copy of Certificate enclosed).

For **KARMA CAPITAL ADVISORS PRIVATE LIMITED**

RUSHABH V. SHETH

Principal Officer

Date: September 27, 2019

Place: Floor 12U, Suite I, Remi Commercio, Off Veera Desai Road, Andheri (W) Mumbai 400053