

# Aqeeluddin and Associates.

(Chartered Accountants)

(UDIN: **24269820BJZVTC2921**)



## CHARTERED ACCOUNTANT CERTIFICATE

We have been requested by **Guardian Asset Management Private Limited** ("**Company**") to certify the contents and information provided in the disclosure document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22, Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

We have verified the data from the respective documents provided by the management. We have relied on various representations made to us by the management of the Company wherever necessary.

Based on our verification of the records and information provided to us, we certify that the contents and information provided in the Disclosure Document as of 29<sup>th</sup> December 2023 are true, fair, and adequate as required under Regulation 14 and Schedule V of SEBI (Portfolio Managers) Regulations, 1993.

For Aqeeluddin and Associates,  
**Chartered Accountants**  
**FRN : 026119S**

MOHAMMAD  
AD  
AQEELUDDIN  
IN

Digitally signed  
by MOHAMMAD  
AQEELUDDIN  
Date: 2024.01.04  
21:25:31 +05'30'

**Mohammad Aqeeluddin**  
**Membership No: 269820.**

Date: 04/01/2024.

Place: Hyderabad

**UDIN : 24269820BJZVTC2921**



## **Guardian Asset Management Private Limited**

### **Portfolio Management Services**

**DISCLOSURE DOCUMENT**

**As of 29<sup>th</sup> December 2023**

# Guardian Asset Management Private Limited

## Portfolio Management Services - Disclosure Document (As required under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020)

- I. The Disclosure Document (hereinafter referred as this "Document") has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and has been filed with Securities and Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- II. This Document serves the purpose of providing essential information about the portfolio services in order to assist and enable the investors in making informed decision for engaging Guardian Asset Management Private Limited (hereinafter referred as the "Portfolio Manager").
- III. This Document contains the necessary information about the Portfolio Manager required by an investor before investing. The investor is advised to retain this Document for future reference.
- IV. The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager and Custodian are as follows:

The name, phone number, e-mail address of the Principal Officer so designated by the Portfolio Manager is:

Name of the Portfolio Manager	: GUARDIAN ASSET MANAGEMENT PRIVATE LIMITED
Name of the Principal Officer	: Mr. Kartik Damodar
Name of Compliance Officer	: Ms. Rajput Durga
Phone	: 91-6320488012
E-mail	: gamops@gampms.in
Registered Office	: 8-2-616/1, 4-b, 4 <sup>th</sup> floor, SAHA Building, : Road no.11, Banjara Hills, Hyderabad – 500034
Custodian Details	: Orbis Financial Corporation Limited : 4A, Ocus Technopolis Sector 54, Golf Club Road, : Gurgaon, Haryana-122002

Date: December 29<sup>th</sup>, 2023  
Place: Hyderabad

For Guardian Asset Management Pvt. Ltd.



X  
Director

For Guardian Asset Management Pvt. Ltd.



Director

**Contents of the Disclosure Document**

Sr. No	Particulars	Page No
1	Disclaimer	4
2	Definitions	4
3	Description <ul style="list-style-type: none"> <li>• History present business and background of the Portfolio Manager</li> <li>• Promoters and Directors of the Portfolio Manager and their background</li> <li>• Group Companies</li> </ul>	8
4	Penalties, pending litigations or proceedings findings of inspection and investigations for which action has been taken of initiated by any regulatory authority.	10
5	Services offered by the Portfolio Manager	11
6	Risk Factors	12
7	Client Representation	17
8	Financial Performance of the Portfolio Manager	19
9	Portfolio Management performance of the Portfolio Manager	19
10	Audit Observations	19
11	Nature of Expenses	19
12	Taxation	20
13	Accounting Policies	23
14	Investors Services	23
15	Details of investments in the securities of related parties of the portfolio manager	24
16	Details of the diversification policy of the portfolio manager	24

www.guardianassetmanagement.com  
Guardian Asset Management Pvt. Ltd.

*[Handwritten Signature]*

Director Guardian Asset Management Pvt. Ltd.

*A. Seen*

Director

X

## 1. Disclaimer

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

## 2. Definitions

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

- **“Act”** means the Securities and Exchange Board of India, Act 1992 (15 of 1992).
- **“Advisory Services”** shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment / divestment of Securities.
- **“Agreement”** means the agreement between Portfolio Manager and its Client and shall include all schedules and annexures attached thereto.
- **“Application”** means the application made by the Client to the Portfolio Manager as more particularly described in Schedule A to the Agreement, for investing the monies and/or Securities therein mentioned with the Portfolio Manager in the Products for rendering the services. Upon execution of the Agreement by the Parties, the Application shall be deemed to form an integral part of the 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 (as the case may be).
- **“Bank Account”** means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in the name of the Client or the Product (as may be applicable).
- **“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.
- **“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 has obtained a certificate of practice under Sub-section (1) of Section 6 of that Act.
- **“Client/ Investor”** Means an individual, HUF, association of person, body of individuals, trust, company, partnership firm, limited liability

For Guardian Asset Management Pvt. Ltd.

4

Director

For Guardian Asset Management Pvt. Ltd.

Director

partnership, body corporate, statutory authority, FPI, NRI or any other person who enters into an Agreement with the Portfolio Manager for managing/advising on the funds/portfolio of securities belonging to such person/entity.

- **"Client Level"** shall mean the Product under which all the Assets of the Client shall be managed on an individual basis through a separate Bank Account and Depository Account which will be opened in the name of the Client and operated by the Portfolio Manager.
- **"Custodian"** means any person who carries on or proposes to carry on the business of providing custodial services and shall be registered with SEBI.
- **"Compliance Officer"** means person appointed under regulation 34(1) to monitor compliance of the Regulations, rules, guidelines, instructions, regulation, notification etc issued by SEBI from time to time.
- **"Depository"** means Depository as defined in the Depositories Act, 1996 (22 of 1996) and currently includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- **"Depository Participant"** means any person / entity with whom the Securities of the Client may be held in dematerialized form in an account opened for that purpose
- **"Depository Account"** means one or more account or accounts opened, maintained and operated by Portfolio Manager in the name of client or Product (as may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.
- **"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"** shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in this Agreement.
- **"Non-Discretionary Portfolio Management Services"** shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/ instructions.
- **"Funds"** means the money and/or market value of securities placed by the Client with the Portfolio Manager and any accretions thereto
- **"Financial year"** Means a period of 12 months commencing on 1st of April and ending on the 31st of March of the succeeding year.

For Guardian Asset Management Pvt. Ltd.

Director

For Guardian Asset Management Pvt. Ltd.

Director

- **"FPI"** means Foreign Portfolio Investor registered with SEBI under SEBI (Foreign Portfolio Investors) Regulations, 2019'
- **"Net Asset Value"** (NAV) for the Products shall be calculated using the following method: NAV= Market value of all investments + Cash + Balance in ledger account with broker + Dividend/interest receivable - accrued expenses including Portfolio Management Fee.
- **"Parties"** means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.
- **"Person"** includes any individual, partners in partnership, central or state government, company, body corporate, co-operative society, corporation, trust, society, Hindu Undivided family or any other body of persons, whether incorporated or not.
- **"Portfolio Manager"** means any person who pursuant to a contract or arrangement with a Client, advises or directs or undertakes on behalf of the client the management or administration of portfolio of securities or the funds of the client, as the case maybe. For the purpose of this Disclosure Document, Portfolio Manager is Guardian Asset Management Private Limited ("GAM").
- **"Portfolio"** means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to this Agreement and includes any Securities mentioned in the Application, any further Securities that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to this Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- **"Principal Officer"** means a director or any senior management employee of the Portfolio Manager, who is responsible for the activities of the portfolio management and has been designated as principal officer by the Portfolio Manager.
- **"Portfolio Management Fees/Advisory Fee"** shall have the meaning attributed thereto in Clause [10] of this Disclosure Document.
- **"RBI"** mean Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time
- **"Regulations"** means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993, and as may be amended from time to time.
- **"Related Party"** means
  - a director, partner or his relative;
  - a key managerial personnel or his relative;
  - a firm, in which a director, partner, manager or his relative is a partner;
  - a private company in which a director, partner or manager or his relative is a member or director;

For Guardian Asset Management Pvt. Ltd.

Director

Director

For Guardian Asset Management Pvt. Ltd.

Director

- v. a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. Of its paid-up share capital;
  - vi. any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;
  - vii. any person on whose advice, directions or instructions a director, partner or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
  - viii. any body corporate which is— (A) a holding, subsidiary or an associate company of the portfolio manager; or (B) a subsidiary of a holding company to which the portfolio manager is also a subsidiary; (C) an investing company or the venturer of the portfolio manager. The investing company or the venturer of the Portfolio Manager means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate.
  - ix. a related party as defined under the applicable accounting standards;
  - x. such other person as may be specified by the Board: Provided that, (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party
- **“Scheduled Commercial Bank”** means any bank included in 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.
  - **“Product”** means any current investment Products or such Products that may be introduced at any time in the future by the Portfolio Manager.
  - **“Regulations”** Means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time including any clarification and guidelines, circulars etc., issued by SEBI or the Government of India or the Reserve Bank of India from time to time.
  - **“Compliance Officer”** means person appointed under regulation 34(1) to monitor compliance of the Regulations, rules, guidelines, instructions, regulation, notification etc issued by SEBI from time to time.
  - **“Securities”** includes:
    - (i) 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;
    - (ia) derivative;



- (ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- (ic) 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;
- (id) units or any other such instrument issued to the investors under any mutual fund scheme; Government securities;
- (ia) such other instruments as may be declared by the Central Government to be securities; and
- (ii) Rights or interest in securities;

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

### **3. Description**

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

**History** – Guardian Asset Management Private Limited, incorporated on 21st of December, 2018 as a Private Limited Company under the Companies Act, 2013 having its CIN: U65990TG2018PTC127028 to offer consultancy services in financial management, portfolio management, investment strategies, financial planning and related fields. Guardian Asset Management Private Limited is presently registered as a portfolio manager with SEBI under the Regulations bearing registration number INP000006563 dated April 04, 2019 and provides discretionary portfolio management services, non-discretionary portfolio management services and advisory services to its clients.

**Present Business** – To carry on the business of providing portfolio management, investment strategies, publication and distribution of newsletters, journals, magazines and other modules through print, audio, video and other communication media in the area of financial management, portfolio management, investment strategies and related fields, buying stocks, bonds, mutual funds and derivatives.

#### **Promoters of the Portfolio Manager and Directors:**

- **Rohini Abraham**, Promoter and Director
- **Anil Kumar Gupta**, Promoter and Director
- **Kartik Damodar**, Director
- **Aseem Gupta Sen**, Director

### **Background of Board of Director**

**Kartik Damodar**, has over 13+ years of experience in the finance industry—including, investment banking, business strategy, operational consulting, wealth management, project management, valuations of securities and derivatives. He has an MBA from the University of British Columbia, Canada in finance and accounting—he has a B Com Honors, from the University of Windsor, Canada in finance and economics. He is a SEBI registered Investment Advisor who is highly passionate about value investing.

Some of his career highlights include—being part of the prestigious Business Transformations team at American Express, based out of New York and Gurgaon. The role involved financial strategy and internal operational consulting—sought to put business practices in place that reduced costs and increased revenue. Prior to working at American Express, he worked at Dundee Securities, an investment bank in Toronto, Canada. He was a part of the research team, where he developed various financial models—researched companies for investment purposes. He has also advised on a portfolio of US securities for clients from 2010 onwards—the results of the portfolio over a five year period has been greater than 20% CAGR.

In 2015, he left American Express to start his own investment advisory firm—Guardian Capital Investment Advisors was incorporated in 2016. His focus has always been client education—he believes that informing and education the client on finance and investments is the key to client satisfaction. Starting from a team of 2, the company grew to a team of 17 within two years. In 2018, he stepped down as CEO of Guardian Capital Investment Advisors, to join Guardian Holdings as the CEO. His vision is to create an entity that takes care of everything related to finance.

**Aseem Sen Gupta**, his educational qualifications include an MBA in General Management from Indian Institute of Management, Lucknow, and a B.E. in Electronics & Communication from MIT, Manipal. He has more than 12 years of professional experience across industries -Food Tech (Zomato), E-Commerce (Snapdeal), financial services (American Express) & consulting (Bristlecone) including sales, strategy & operations, financial planning & consulting. Prior to joining Guardian Asset Management, he was a VP at Zomato heading sales & supply management for their food delivery business.

Group Companies on basis of Turnover is as follows. – (Based on Audited Financial Statement as on March 31, 2022):

<b>Sr. No.</b>	<b>Name of the Group Companies</b>
1	Guardian Holdings Pvt Ltd
2	Guardian Capital Investment Advisors Pvt Ltd
3	Guardian Consultancy Services Pvt Ltd

i) **Details of the services being offered:**

**Discretionary Services:** Under these services the Portfolio Manager shall have the sole and absolute discretion to invest the Client's assets in any type of securities as per executed Agreement and make such changes in the investments and invest some or all of the Client's funds in such manner and in such markets as it deems fit and would benefit

the Client. The Securities invested/disinvested by the Portfolio Manager for Clients in the same Product may differ from Client to Client.

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

The Portfolio Managers' decision (taken in good faith) in deployment of the Clients' assets is absolute and final and cannot be called in question or be open to review at any time during the continuity of the agreement or anytime thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines and notifications in force from time to time.

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

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

1. All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made there under relating to Portfolio Management Services.

**None**

2. The nature of the penalty/direction.

**None**

3. Penalties imposed for any economic offence and/or for violation of any securities laws relating to Portfolio Management Services.

**None**

4. Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.

**None**

5. Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency in relation to Portfolio Management Services for which action may have been taken or initiated.

**None**

6. Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Regulations made thereunder relating to Portfolio Management Services.

**None**

#### **5. Services offered:**

Investment objectives and strategies may vary from client to client. The investment objectives of the client are understood and captured from the application form and the client agreement. The application form/client agreement captures the client's expectation of returns and risk tolerance and other terms. Further, depending on the individual client requirements and specifications, the portfolio can be tailor made.

A. The Portfolio Manager offers the following types of **Investment Approaches/Strategies**:

##### **1. Guardian Multi Cap**

**Investment Objective and Strategy:** The objective of the strategy is to achieve long term capital appreciation by primarily investing in 'listed securities' in India. The investment strategy is long only with a bottom-up stock selection approach. The investment philosophy is, that outsized returns are earned over time by investing in great businesses at attractive valuations. A great business, in our view, is one that is well managed, scalable, and generates superior returns on incremental capital. Valuation is attractive when the current market price is at a substantial discount to historical average price earning valuation.

**Portfolio composition:** The portfolio composition would consist of primarily listed securities (generally 80% to 100%) but the Portfolio Manager may invest in other securities as may be permissible under the SEBI (Portfolio Managers) Regulations 2020 and/or similar applicable regulation as amended from time to time. The basis of portfolio composition and a company's weight in the portfolio is typically a function of a combination of greatness of business, upside potential, market capitalization and liquidity.

##### **We seek to:**

- a) Maintain a balanced portfolio of select company agnostic to benchmark
- b) Ensure alpha generation is a function of stock selection
- c) Understand, monitor and contain residual factor risks that are by-product of stock selection

**Salient features:** The portfolio will be invested in companies across market capitalizations, with higher focus on companies with market capitalization higher than Rs 2,500 crores.

Portfolio Benchmark: S&P BSE 500 TR

As prescribed by SEBI for investment approaches covered under the 'Equity' Strategy.

Investment Horizon: Medium to long term

## 2. Guardian Mutli Asset

**Investment Objective:** To predominantly make investments into listed securities, equity mutual funds, debt mutual funds, listed bonds and NCD's etc.

**Portfolio Composition:** Listed securities, equity mutual, debt mutual funds and any other security as required.

**Other Salient features:** Investment Approach is typically for clients wanting to invest the surplus money to be diversified across various asset classes rather than just on the listed security.

Portfolio Benchmark: NSE Multi Asset Index 2 \$

Investment Horizon: Medium to Long Term

## 3. Guardian Nifty 50 Focused Fund

**Investment Objective and Strategy:** The objective of the strategy is to achieve long term capital appreciation by primarily investing in 'listed securities forming part of Nifty 50 index' in India to form a focused fund. The investment strategy is long only with a bottom-up stock selection approach. The investment philosophy is, that outsized returns are earned over time by investing in great businesses at attractive valuations. A great business, in our view, is one that is well managed, scalable, and generates superior returns on incremental capital. Valuation is attractive when the current market price is at a substantial discount to historical average price earning valuation.

**Portfolio composition:** The portfolio composition would consist of primarily listed securities in nifty 50 index (generally 80% to 100%) but the Portfolio Manager may invest in other securities as may be permissible under the SEBI (Portfolio Managers) Regulations 2020 and/or similar applicable regulation as amended from time to time. The basis of portfolio composition and a company's weight in the portfolio is typically a function of a combination of greatness of business, upside potential, Liquidity and may also be dependent on market capitalization

### We seek to:

- a) Ensure alpha generation is a function of stock selection
- b) Understand, monitor and contain residual factor risks that are by-product of stock selection

**Salient features:** The portfolio will be invested in companies which form part of Nifty 50 index

**Portfolio Benchmark:** Nifty 50 TRI

**As prescribed by SEBI for investment approaches covered under the 'Equity' Strategy.**

**Investment Horizon:** Medium to long term

**B. Policies for investments in associates/group companies of the portfolio manager -NA**

**6. Risk Factors**

The name of the Product does not, in any manner, indicate either the quality of the Product or its future prospects or returns.

The present Products are not guaranteed or assured return products.

At times, due to the forces and factors affecting the capital market or as per the view of the Portfolio Manager, the Product may not be able to invest in securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible securities amounting to substantial reduction in the earning capability of the Product.

- (i) Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the product will be achieved.
- (ii) Past performance of the Portfolio Manager may not indicate the future performance of the same investment option in future or any other future investment options of the Portfolio Manager.
- (iii) Risk arising from the investment objective, investment strategy and asset allocation: Market risk, political and geopolitical risk and risk arising from changing business dynamics, which may affect portfolio returns.
- (iv) At times, portfolios of individual Clients may be concentrated in certain companies/industries. The performance of the portfolios would depend on the performance of such companies/industries/sectors of the economy.
- (v) The Portfolio Manager has obtained a license to function as a portfolio manager in 2016 and its track record of performance under its portfolio management services is provided under section 11 below.
- (vi) Investors are not being offered any guaranteed or assured return/s i.e. either of Principal or appreciation on the portfolio.
- (vii) The Portfolio Manager and its employees directly involved in investment operations may trade in securities in their personal account which may result in a conflict with transactions in any of the Client's portfolio. However, to mitigate the said conflict in relation to employees, the Portfolio Manager has implemented the Personnel Securities Transaction Guidelines. The employees of the Portfolio Manager are required to abide by the said policy as may be applicable to them. The Portfolio Manager has guidelines for

managing conflicts of interest in place to achieve and maintain discipline and transparency in all investment activities and to avoid any potential or actual conflict of interests.

- (viii) The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates, in a manner which is not detrimental to the Client
- (ix) Investments under the Portfolio in the securities of the group companies, if any, will be subject to the limits prescribed in the Agreement (if any) executed with the respective Client and the same would be subject to the applicable laws/regulations/guidelines.

The Client clearly understands that investment in securities entails a high degree of risk and there is no guarantee or assurance by the Portfolio Manager about any minimum returns on the Client portfolio/funds or even as regards preservation of capital. The Client understands and acknowledges that the Portfolio Manager and its affiliates may be engaged in a broad spectrum of activities in the portfolio management and financial services sectors. There will be instances where the interests of such parties' conflict with the interests of the Client. In case of restatement or changes in the audited financial details of a particular company, the financial ratios may undergo change. Such changes may adversely impact the performance of the Client's portfolio. Additional risks and uncertainties not presently known to the Portfolio Manager, or those risks currently deemed immaterial may also have an adverse impact on the Client in the future. The Client's Portfolio may be subject to risks arising due to happening of any force majeure event (i.e. an event which cannot be reasonably anticipated and controlled, including an act of God, war, natural calamities, policy changes of local / international markets and such events which are beyond the reasonable control of the Portfolio Manager). The Portfolio Manager will also not be liable for any adverse material financial impact on the Client's portfolio due to such force majeure events.

**Risks associated with investments in equity and equity related instruments:**

The undermentioned risks include but are not restricted to:

- (i) Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- (ii) The Product seeks to generate returns out of identifying reforms and sectors or stocks that are likely to outperform in the future. Execution of investment strategies depends upon the ability of the Portfolio Manager to identify such opportunities which may not be available at all times and that the decisions made by the Portfolio Manager may not always be profitable.
- (iii) The Portfolio Manager may invest in stocks, which may or may not be undervalued with the anticipation of increase in price. However, the stocks may languish and may not attain the anticipated price.
- (iv) The portfolio is subject to investment style risk; the Product may have a contrarian style of investment, the portfolio performance may not be in line with the general market in scenarios of strong upward or downward cycles. Further, the prices of securities invested by the product may not behave as expected by Portfolio Manager, this may affect the returns adversely.
- (v) In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and

equity related securities.

- (vi) In the event of inordinately low volumes, there may be delays with respect to unwinding the portfolio and transferring the redemption proceeds.
- (vii) The value of the portfolio, may be affected generally by factors affecting securities markets
- (viii) as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the portfolio valuation may fluctuate and can go up or down.
- (ix) Investors may note that Portfolio Manager's investment decisions may not always be profitable
- (x) as actual market movements may be at variance with anticipated trends.

The portfolio may have higher concentration towards a particular stock or sector, at a given point in time. Any change in government policy or any other adverse development with respect to such a stock or the sector, may adversely affect the value of the portfolio

#### **Risks associated with investments in Fixed Income Securities:**

Some of the common risks associated with investments in fixed income and money market securities are mentioned below. These risks include but are not restricted to:

**Interest Rate Risk:** As with all debt securities, changes in interest rates will affect the valuation of the portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the valuation of Portfolios.

**Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Product and may lead to the Product incurring losses till the security is finally sold.

**Credit Risk:** Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. risk that the issuer will be unable to make timely principal and interest payments on the security). Because of this risk debentures are sold at a yield spread above those offered on treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default. The fund manager will endeavour to manage credit risk through in-house credit analysis. The Products may also use various hedging products from time to time,



as are available and permitted by SEBI, to attempt to reduce the impact of undue market volatility on the Product's portfolios.

**Credit Rating Risk:** Different types of securities in which the Products would invest as given in the Product note carry different levels and types of risk. Accordingly, the Product's risk may increase or decrease depending upon their investment patterns. E.g., corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds which are rated AAA are comparatively less risky than bonds which are AA rated.

**Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities under a particular portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk refers to the fall in the rate for reinvestment of interim cash flows.

**Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the product to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.

#### **Risk Factors associated with investments in Liquid Funds:**

- The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds or in money market instruments. Though the portfolio of liquid funds comprises of short-term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short-term interest rates of the government change, sometimes on a daily basis, thereby making the fund susceptible.
- Liquid fund returns are not guaranteed, and it entirely depends on market movements

#### **Management and Operational Risks**

**Reliance on the Portfolio Manager:** The success of the Client's portfolio will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete, and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of portfolio entities and the structuring of investments.

#### **Other risks in relation to investment in securities/instruments**

- The in-specie distribution of the securities by the Portfolio Manager upon termination or liquidation of the Client's portfolio could consist of such securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able to transfer any of the interests, rights or obligations with respect to such securities except as may be specifically provided in the agreement with portfolio entities. If an in-specie distribution is received by the Clients from the Portfolio Manager, the Clients may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.

- Some of the portfolio entities in which the Portfolio Manager will invest may get their securities listed with the stock exchange after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the portfolio entity for such period as may be prescribed under the applicable law, or there may be certain investments made by the Portfolio Manager which are subject to a statutory period of non-disposal and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.
- A part of the Client's portfolio may be invested in listed securities and as such may be subject to the market risk associated with the vagaries of the capital market.
- Whilst providing advisory services, the Portfolio Manager shall be solely acting as an advisor to the portfolio of the client and shall not be responsible for the investment / divestment of securities and / or an administrative activity on the client's portfolio and will be subject to the terms and conditions stated in the investment advisory services agreement.
- The Portfolio Manager may also invest in portfolio entities which are new or recently established or are investment vehicles like mutual funds/trusts/venture capital funds. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance.

#### **Portfolio-related Risks:**

**Identification of Appropriate Investments:** The success of the portfolio management services as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

**Change in Regulation:** Any change in the Regulations and/or other applicable laws or any new direction of SEBI may adversely impact the Client's Portfolio.

**Political, economic and social risks:** Political instability or changes in the Government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. A portfolio entity's business may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Governments have pursued policies of economic liberalization and financial sector reforms. Nevertheless, the Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Moreover, there can be no assurance that such policies will be continued and a change in the Government's economic liberalization and deregulation policies in the future could affect business and economic conditions in

India and could also adversely affect the Portfolio Manager's financial condition and operations. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private and public sector companies, market conditions, prices and yields of the portfolio entity/ies.

**Inflation Risk:** Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

**Tax Risks :** Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the portfolio entities. The Government of India, State Governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the portfolio entities. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio's profitability. Furthermore, the tax laws in relation to the Client's portfolio are subject to change, and tax liabilities could be incurred by Clients as a result of such changes.

Subject to applicable taxation laws in force from time to time, the Portfolio Manager/portfolio entity/ies may deduct tax at source while effecting disbursements/payments of amounts interim or otherwise to the Client under the Agreement. Any tax arising on such disbursements shall be charged to the Client's account and shall be borne by the Client in full. The Portfolio Manager shall not undertake tax planning for the Client under the Agreement.

## **7. Client Representation**

<b>Particulars</b>	<b>Mar-23</b>	<b>Mar-22</b>	<b>Mar-21</b>	<b>Discretionary / non-discretionary</b>
Number of Associate / Group Clients	0	0	0	NA
Number of Other Clients	27	24	22	Non-discretionary
Funds Managed ( INR CR)	57.34	30.54	20.11	-

### **i) Name of the related parties where there were transactions during the year**

<b>Sr No</b>	<b>Name of related party</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>
1	Damodar Yadati	Relative of KMP	Client Agreement
2	Kartik Damodar	KMP	Remuneration
3	Guardian Holding Pvt Ltd	Holding Company	Loan taken
4	Guardian Capital Investment Advisors Pvt Ltd	Fellow Subsidiary	Advance taken/Loan given

Details of related party transactions during the period ending

NAME OF PARTY	Designation	As on March 31, 2023 (un-audited) (INR Lakhs)	As on MARCH 31, 2022 (INR Lakhs)	As on MARCH 31,2021 (INR Lakhs)
Damodar Yadati	Relative of KMP	51.34	3.33	31.72
Kartik Damodar	KMP	3.60	3.75	3.25
Guardian Holding Pvt Ltd	Holding Company	-	5.00	-
Guardian Capital Investment Advisors Pvt Ltd	Fellow Subsidiary	39.00	0.30	-

#### 8. Financial Performance of the Portfolio Manager

Particulars	For last 12 months ending (Unaudited)	For Twelve months Ending (Audited)		
		Mar-23	Mar-22	Mar-21
<b>INR (Amount in Rs'00)</b>				
Total Income	53,738	75,547	21,300	
Total expenses (incl. depreciation, interest and tax)	28,295	34,576	18,495	
Profit after tax	25,443	40,971	2,805	
Equity capital	3,22,357	2,40,000	2,40,000	
Reserves	1,81,885	41,143	171	

#### 9. Portfolio Management performance of the Portfolio Manager

Portfolio Management performance of the portfolio manager for the last three years calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020

Date	Returns	BSE 500
31st March 2023	7.25%	4.77%
31st March 2022	26.09%	31.63%
31st March 2021	109.31%	18.41%
31st March 2020	-47.20%	8.98%

## 10. Audit Observations

The details of observations made during 3 previous year audit conducted under Regulations 30(2) are as follows:

Financial Year	Audit Observations
FY 2021-22	Nil Observation
FY 2020-21	Nil Observation
FY 2019-20	Nil Observation

## 11. Nature of expenses

### **Portfolio Management Fees**

It relates to the fees payable by the client for the Portfolio Management Services offered by the Portfolio Manager. This fee may be a fixed charge or a percentage of quantum of funds managed or linked to portfolio on return achieved or a combination of any of these or Advisory Fee, as set out in the Portfolio Management Service Agreements / annexure / schedules attached thereto. Performance based fee is charged when there is incremental profit, this is known as High Water Marking. The detailed fee schedule is available as a part of agreement and depends on the nature of product.

### **Depository & Custodian charges**

The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization, any fees to be paid to the custodian, fees towards availing of services such as filings for rights issue, IPO, FPO, open offer, mutual fund application, and other charges in connection with the operation and management of the depository accounts, etc.

### **Registrar and transfer agent fee**

A fee payable to the Registrar and Transfer Agents for effecting transfers of Securities and includes stamp charges, notary charges, cost of affidavits, courier, post etc.

### **Brokerage and transaction cost**

The transaction charges, brokerage and other charges like stamp duty, transaction cost and statutory levies such as service tax, securities transaction tax, turnover fees and such other levies as may be imposed from time to time.

### **Audit Fee**

A yearly Audit fee is charged for the audit conducted on the client's PMS account upon request by the client.

### **Goods and Service Tax**

As applicable from time to time

### **Depository Charges**

As may be applicable from time to time

### **Entry Load /Exit Load**

As may be mutually agreed to between the Client and the Portfolio Manager

### **Certification and professional charges**

Charges payable for out sourced 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 or ancillary expenses**

All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above arising out of or in the course of managing or operating the Portfolio incurred by the Portfolio Manager on behalf of the Client shall be charged to the Client. Any other taxes, duties and fees, which may be levied from time to time for providing the services. The fees structure mentioned above shall be determined from product to product.

## **12. Taxation**

Any tax liabilities on the portfolio and yields there from shall be borne and paid by the client. The Portfolio Manager does not take any responsibility for any matters relating to the income tax filings or assessments of the client. The client is advised to consult its own tax advisor with respect to the specific implication arising out of its investments. The Portfolio Manager shall provide adequate statements to the Clients for accounting purpose.

**Details under FATCA/Foreign Tax Laws:** Tax regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill/sign off a separate "FATCA declaration form". Applications without this information /declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided/declaration in the application form may undergo a change on receipt of communication/guidelines from SEBI.

### **Tax Implications for Clients**

It may be noted that the information given hereinafter is only for general information purposes and is based on the advice received by the Portfolio Manager regarding the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change, or it may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in a Product will be accepted by the tax authorities or will continue to be

accepted by them indefinitely. Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Portfolio Manager to induce any investor to invest whether directly from the Portfolio Manager or indirectly from any other persons by the secondary market operations. In view of the above, and since the individual nature of tax consequences may differ in each case on its merits and facts, each Investor is advised to consult his / her or its own professional tax advisor with respect to the specific tax implications arising out of its participation in a Product, as an investor.

**I. Tax on Dividend Income:**

Tax on Dividend Dividends are taxed in the hands of Clients at normal rate of tax applicable to the taxpayer.

**II. Tax deduction at source:**

If any tax is required to be withheld on account of any present or future legislation, the Portfolio Manager will be obliged to act in accordance with the regulatory requirements in this regard.

**III. Advance tax installment obligations:**

It shall be the Client's responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Income tax Act, 1961.

**IV. Interest on Securities**

Income by way of interest on securities is taxable at the slab rates applicable to the clients under the head "Income from other sources" or "Business income" as applicable.

**V. Securities Transaction Tax (STT)**

Nature of taxable securities transaction	Rate of STT	Payable by
Purchase and sale of units of an equity-oriented Funds	0.001%	Seller
Purchase and sale of equity shares in a company on a recognized stock exchange on delivery basis	0.100%	Purchaser
	0.100%	Seller
Sale in a recognized stock exchange of equity shares of a company or units of equity-oriented funds on non-delivery basis	0.025%	Seller
Derivatives: Futures	0.010%	Seller
Derivatives: Sale of an option in securities	0.017%	When option not exercised (Seller to pay)
Derivatives: Options	0.125%	When option is exercised (Purchaser to pay)
Sale of units of equity-oriented funds to the mutual fund	0.001%	Seller

Sale of unlisted equity shares by any holder of such shares under an offer for sale to the public included in an initial publicoffer and where such shares are subsequently listed on a recognized stock exchange	0.200%	Seller
---	--------	--------

## VI. Capital Gains:

- a) **Listed equity shares, bonds, bonds and debentures, listed on a recognized Indian stock exchange, units of UTI and Zero-coupon bonds**

<b>Long-Term Capital Gains (LTCG):</b> If equity shares listed on a stock exchange are sold after 12 months of purchase	
<b>Particulars</b>	<b>Tax rate</b>
STT-paid sales of listed shares on recognised stock exchanges and MFs	10% on amounts over Rs 1 Lakh

STT is paid on the sale of shares, bonds, debentures, and other listed securities.	10%
Sale of debt-oriented MFs	With indexation - 20%
	Without indexation - 10%

### Short-Term Capital Gains (STCG):

If equity shares listed on a stock exchange are sold within 12 months of purchase, the seller may make a short-term capital gain (STCG) which are taxable at 15%.

- b) **Taxation of Capital Gains Offered by Mutual Funds:**

Fund type	Short-term capital gains	Long-term capital gains
Equity funds	15% + cess + surcharge	Any gains above Rs 1 lakh is taxed at 10% + cess + surcharge
Hybrid equity-oriented funds		
Debt funds	Investor's income tax slab rate	Investor's income tax slab rate
Hybrid debt-oriented funds		

## VII. Other Non-resident Unit holders:

Income tax is deductible on long-term capital gains (other than long-term capital gain on which exemption under Sec. 10(38) is applicable) arising on sale of equity shares or



repurchase of units at the rate of 20% with indexation benefits. However, the Finance Act, 2012 provides for tax on long-term capital gains in case of non-residents @ 10% on transfer of capital assets, being unlisted securities, computed without giving effect to first & second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.

Income tax is deductible on short-term capital gains arising

- On sale of equity shares and equity oriented mutual fund scheme where STT is applicable @15%.
- On sale of equity shares and other than equity oriented mutual fund scheme where no STT is applicable @30% The above tax rates would be increased by an applicable Surcharge and Education cess

### VIII. Default in furnishing the PAN

Section 206AA of the Act inserted by the Finance (No.2) Act, 2009, operative with effect from April 1, 2010, states that the deductee is required to mandatorily furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher of the following rates: 1. the rate prescribed in the Act; 2. at the rate in force i.e., the rate mentioned in the Finance Act; or 3. at the rate of 20%.

### 13. Accounting Policies

The accounting functions are managed by the Custodian.

### 14. Investors Services

The Portfolio Manager seeks to provide its clients a high standard of service and is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Portfolio Manager believes it is imperative that an investor invests in a product that suits his risk-return profile; and to achieve this objective, the Portfolio Manager extends the scope of "client service" to ensure client –product suitability as a first step in this direction.

The gamut of client service offerings by the Portfolio Manager includes:

- Client-Product Suitability to ensure that a client invests in a Product that best suits his risk-return profile.
- Communication in the form of:
  - a) Agreement with the services being provided by the fund manager including the agreement from the custodian with the client.
  - b) Monthly statement detailing the portfolio statement and dividends
    - A one - point contact through dedicated email id ([gamops@gampms.in](mailto:gamops@gampms.in)) and contact point that helps attend and address Client queries and requests with the least lead time.

### 14. Investments in the securities of related parties of the portfolio manager-

NA  
For Guardian Asset Management Pvt. Ltd.

Director

For Guardian Asset Management Pvt. Ltd.

Director

**15. Diversification policy of the portfolio manager**

The Portfolio Manager has a diversification policy in place, which covers the following considerations in managing of Client's funds and mitigating risk that could arise from non-diversification.

- Portfolio construction basis Investment Approach objectives.
- Number of securities and level of concentration of securities basis percentage, sector/industry.
- Adhering with limits of investment prescribed under the applicable Regulation
- Client's guidance on limits/restriction for investment in securities
- Nature of securities viz. equity, debt, liquid, and market capitalization/sector/industry etc.
- Liquidity nature of the securities

**For and behalf of GUARDIAN ASSET MANAGEMENT PRIVATE LIMITED**

For Guardian Asset Management Pvt. Ltd.



Director

**KARTIK DAMODAR**  
Director  
DIN: 07215157

For Guardian Asset Management Pvt. Ltd.



Director

**ASEEM GUPTA SEN**  
Director  
DIN: 08101874

Date: 29-12-2023  
Place: Hyderabad