

# STRATEGIC MANAGEMENT & CORPORATE FINANCE

**PART II**

**GROUP 2 PAPER 5**





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	Capital Market & Securities Laws	



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	Jurisprudence, Interpretation & General Laws	Corporate Funding & Listings in Stock Exchanges
	Economic, Commercial & Intellectual Property Laws	



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Current Affairs	Current Affairs
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**STRATEGIC  
MANAGEMENT  
&  
CORPORATE  
FINANCE**

**PART II**

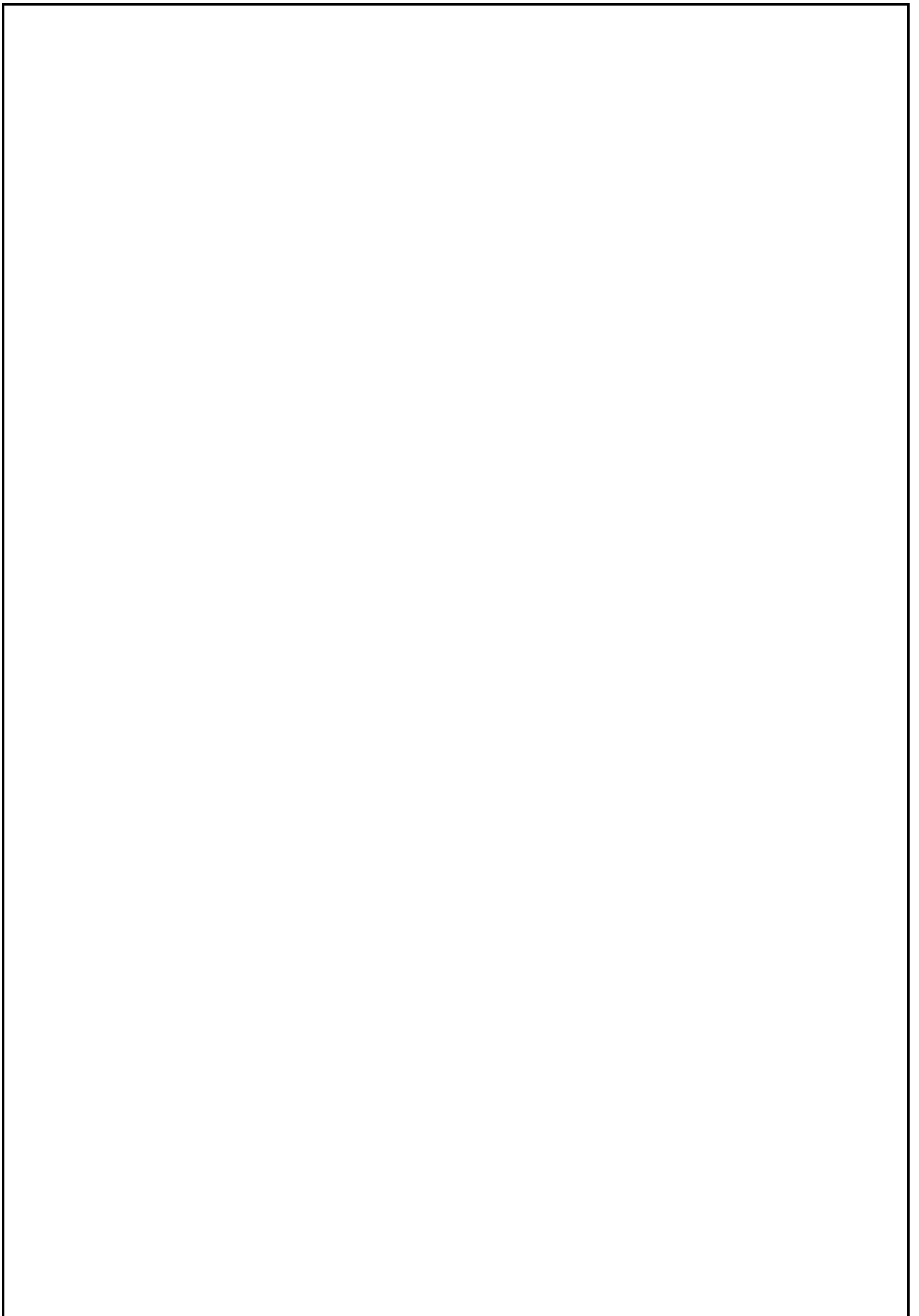
*Group II*

*Paper 05*



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- *Vaibhav Chitlangia*  
(CS, BA, LLM, DCL, PGDMLE)



To Everybody -

who tried,

failed,

but

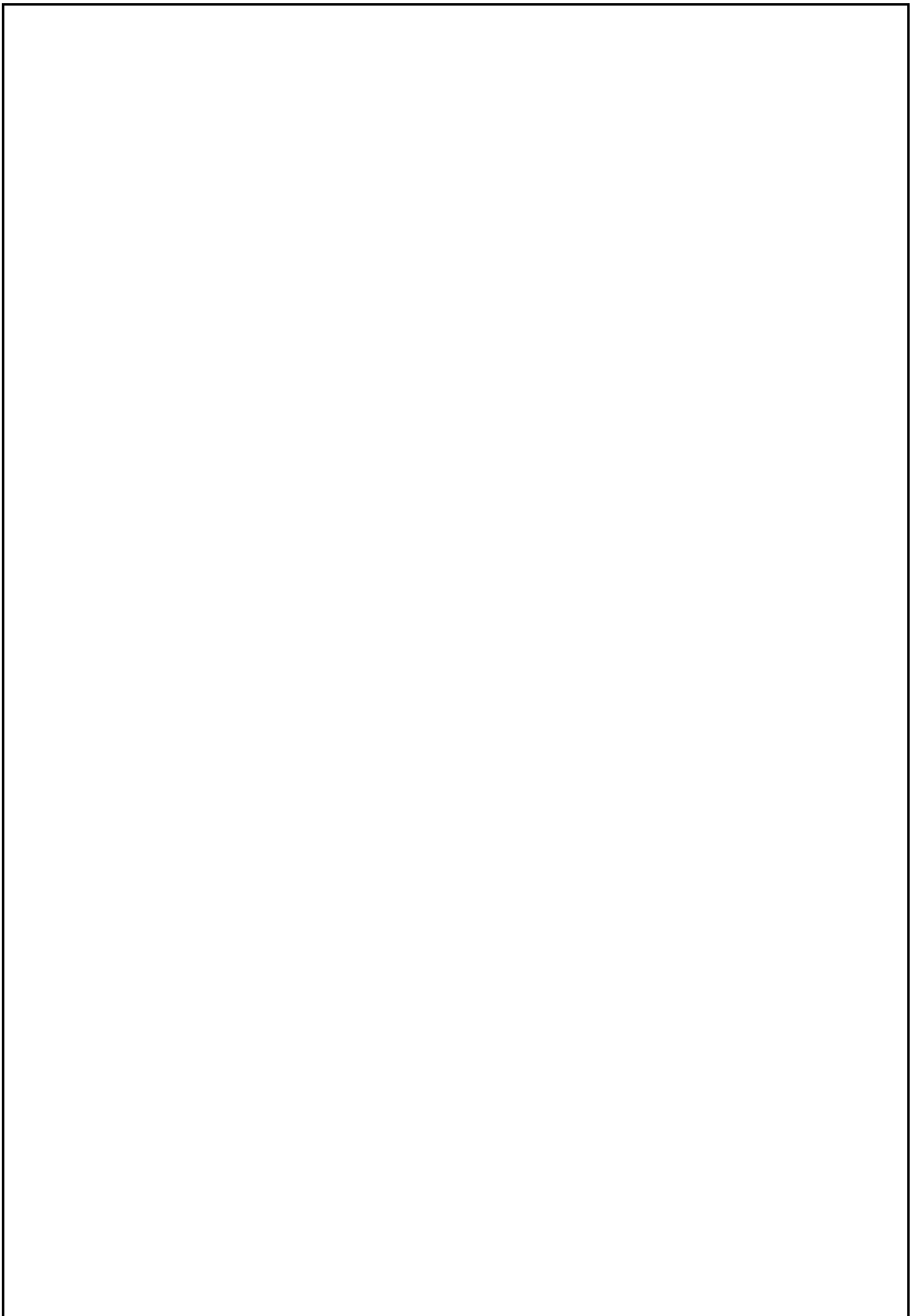
Never Gave Up!!

May you all have a beautiful end to  
this CS Journey!

Always & forever Proud of You!

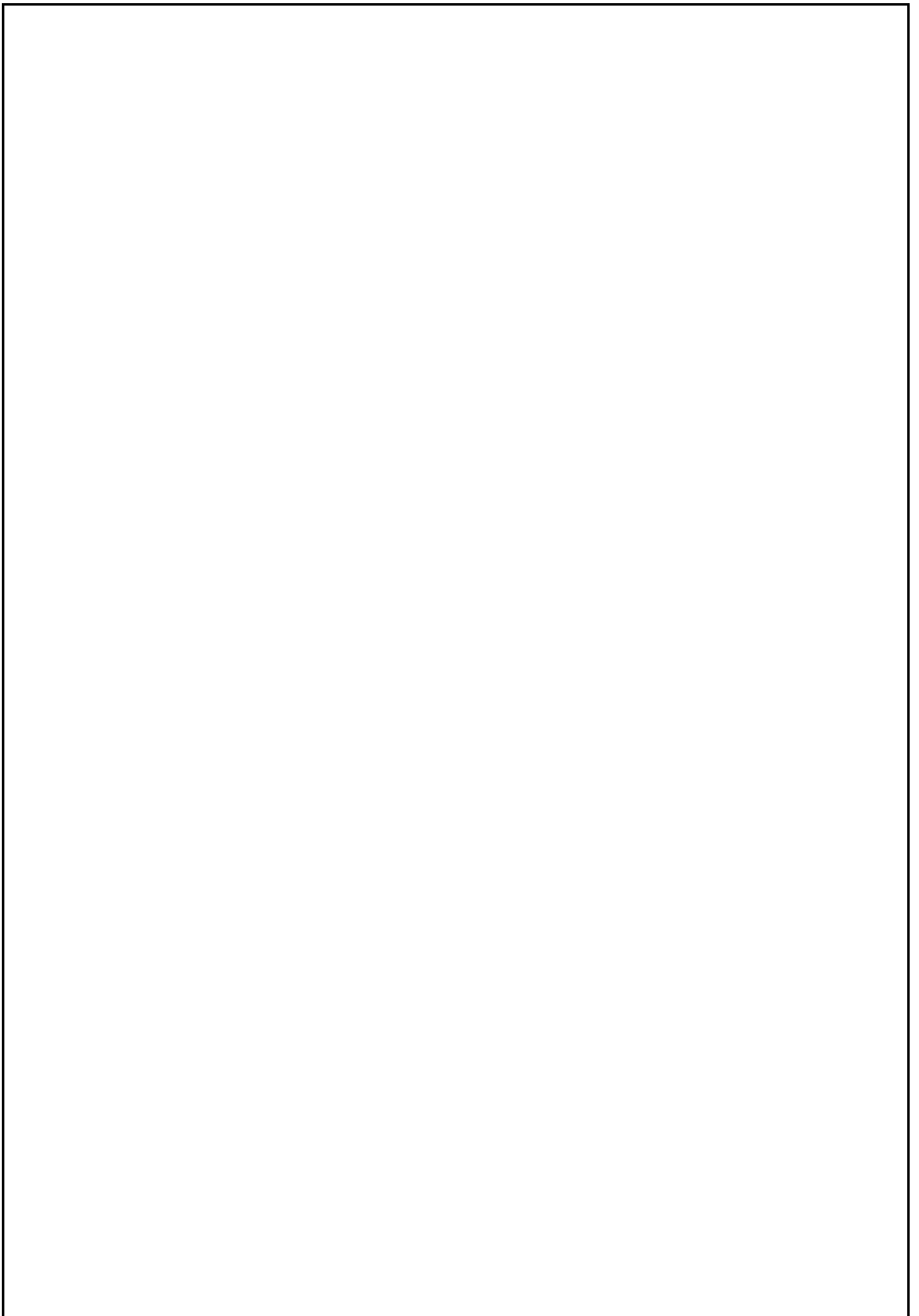
Lots of Love -

Vaibhavi Kulkarni



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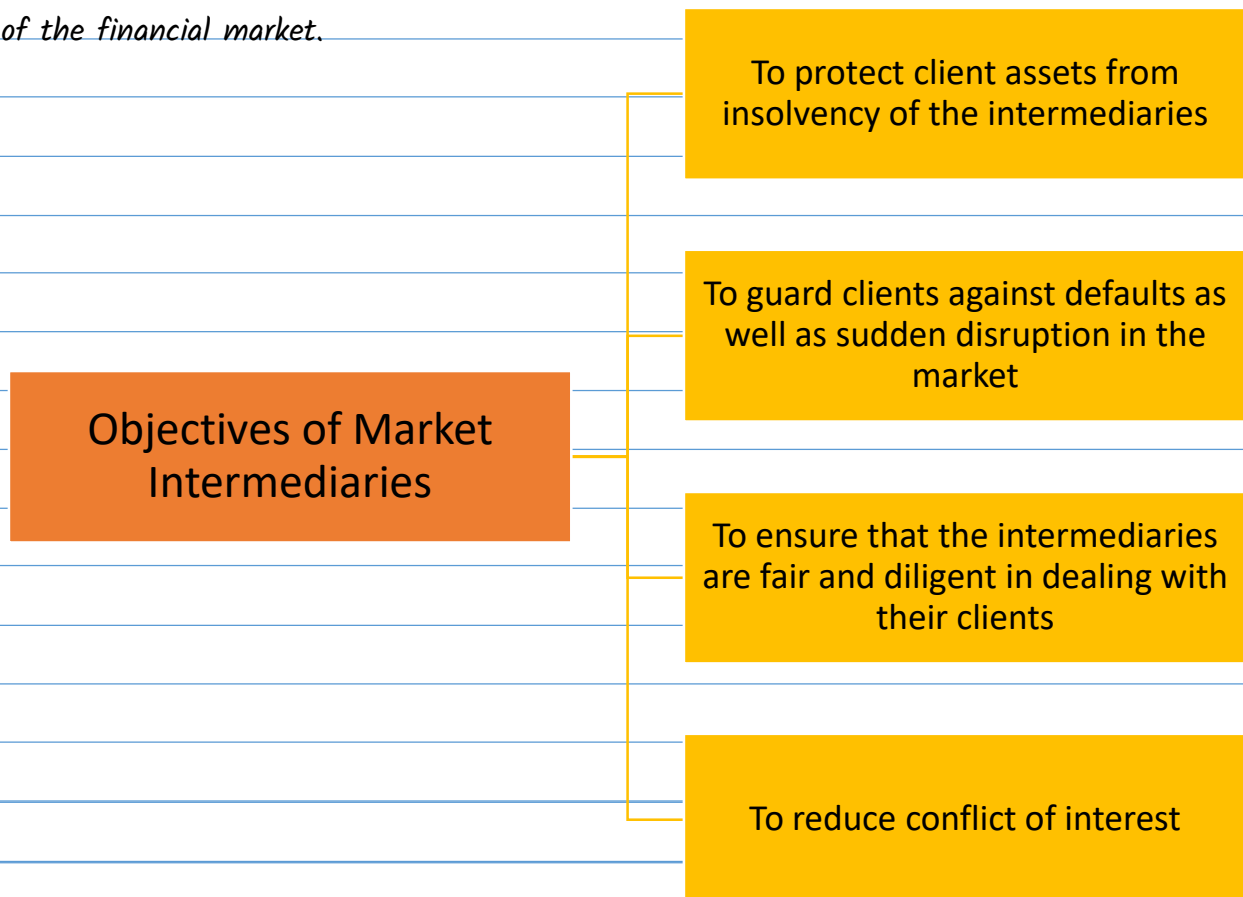




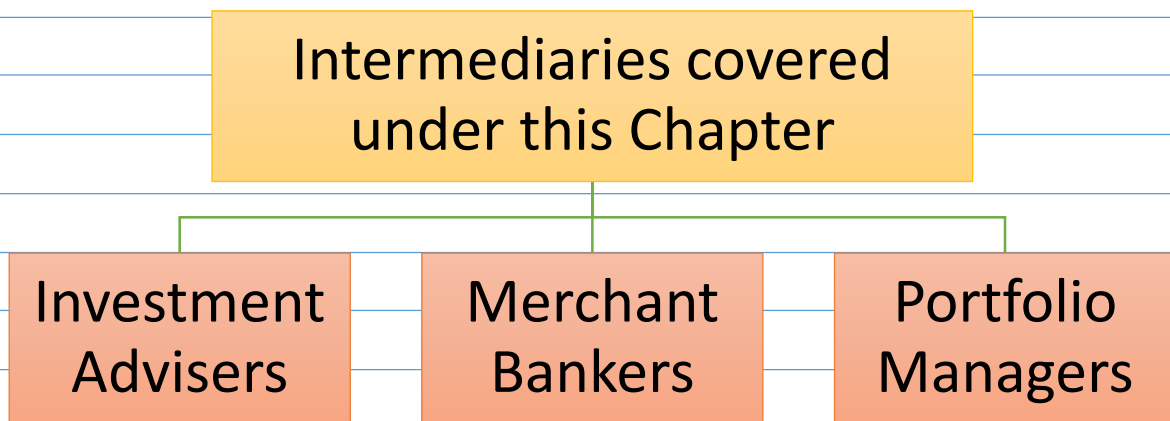
## CH 17 - ROLE OF INTERMEDIARIES IN FUND RAISING



An Intermediary is a person who acts as a mediator between people with an intent to bring about an agreement or reconciliation. Similarly, **SEBI Intermediaries** acts as a link between investor and SEBI/Stock exchanges. Market intermediaries, being a vital link between the regulators, issuers and investors, constitute as one of the various components of the financial market.



Various intermediaries' regulations have been framed under the SEBI Act, 1992 and the Depositories Act, 1996 for registration and regulation of all market intermediaries. Under these Acts, the government and SEBI issue notifications, guidelines and circulars that market intermediaries need to comply with. SEBI ensures standard and quality of services to stakeholders, besides fair and sound conduct and compliance practices.



## *Investment Advisers*

### Relevant Regulations?

SEBI (Investment Advisers) Regulations, 2013  
(‘IA Regulations’)

### Who is an Investment Adviser?

Investment Adviser (IA) is a person who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called.

What is Investment Advise?

Advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and includes financial planning.

Is Registration as an IA Compulsory?

In terms of the IA Regulations, a person shall not act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from SEBI unless an exemption specifically applies.

Advice which is **exclusively on non-securities market** which is **regulated by sectoral regulators** through registration etc. is outside the scope of these regulations.

Advice given through **newspaper, magazines, any electronic or broadcasting or telecommunications medium**, which is **widely available to the public** shall not be considered as investment advice for the purpose of these regulations.



Q1. Whether insurance agent or insurance broker is exempted from obtaining registration under IA Regulations?

Q2. Whether a person acting in multiple capacities such as insurance agent, pension advisor, mutual fund distributor, etc. is exempted from obtaining registration under IA Regulations?



### RESPONSIBILITIES OF AN INVESTMENT ADVISER

1. Act in a **fiduciary capacity** towards its clients and **disclose all conflicts of interests** as and when they arise.
2. **Not receive any consideration** by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying products or securities for which advice is provided.
3. Maintain an **arms-length relationship** between its activities as an investment adviser and other activities.
4. If the investment adviser is also engaged in activities other than investment advisory services, then ensure that its **investment advisory services are clearly segregated from all its other activities**.
5. Ensure that in case of any conflict of interest of the investment advisory activities with other activities, such **conflicts of interest are disclosed to the client**.
6. **Not divulge any confidential information** about its client, which has come to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force.
7. **Not enter into transactions** on its own account which is **contrary to its advice** given to clients for a period of 15 days from the day of such advice. L
8. Follow **Know Your Client** procedure as specified by SEBI from time to time.
9. Abide by **Code of Conduct** as specified in Third Schedule of the IA Regulations.
10. **Not act on its own account**, knowingly to sell securities or investment products to or purchase securities or investment product from a client.
11. In case of **change in control** of the investment adviser, take **prior approval** from the SEBI.
12. Furnish to the SEBI **information and reports** from time to time.
13. Ensure **compliance with the certification and qualification requirements** at all times.

Trick to Remember!!



### REDRESSAL OF CLIENT GRIEVANCES

An investment adviser shall redress client grievances promptly.

An investment adviser shall have adequate procedure for expeditious grievance redressal

Client grievances pertaining to financial products in which investments have been made based on investment advice, shall fall within the purview of the regulator of such financial product.

Any dispute between the investment adviser and his client may be resolved through arbitration or through Ombudsman authorized or appointed for the purpose by any regulatory authority, as applicable.



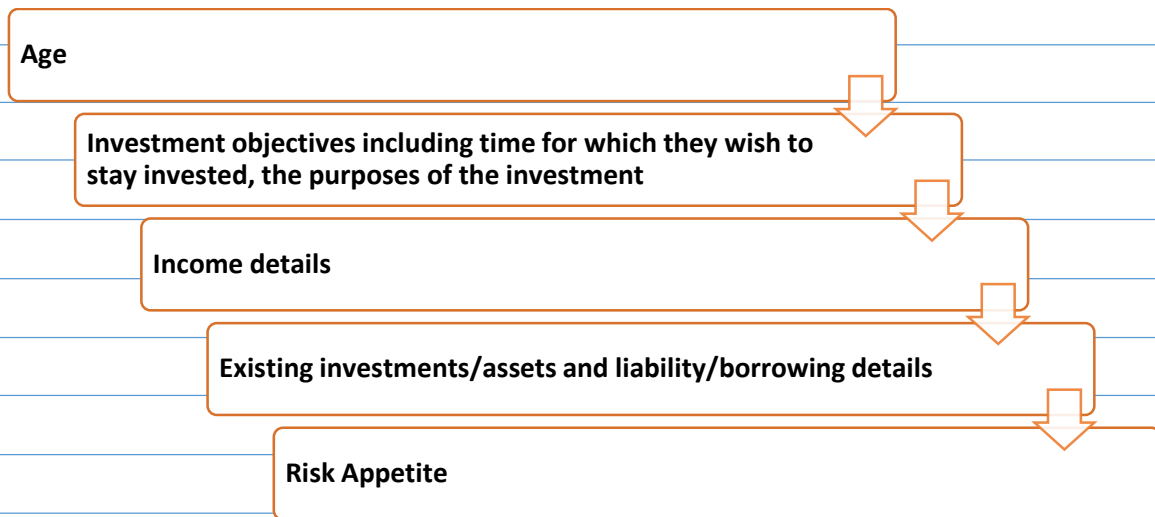
SEBI has launched a new web based centralized grievance redress system called SEBI Complaint Redress System (SCORES). Investors can lodge their complaints at <http://scores.gov.in>. On receipt of complaints, SEBI takes up the matter with the concerned investment adviser and follows up with them for redressal.

### KEY PARAMETERS TO BE CHECKED BY AN INVESTMENT ADVISER



### RISK PROFILING

*The Investment Adviser is required to obtain the following information for its clients for the purpose of giving investment advice -*



**Trick to Remember!!**



### SUITABILITY

*The Investment Adviser shall ensure that the advice given to its clients suit the requirements and needs of the client. For this purpose, the investment adviser is required to ensure the following -*

All investments on which investment advice is provided is **appropriate to the risk profile** of the client;

It has a **documented process** for selecting investments based on client's investment objectives and financial situation;

It understands the **nature and risks of products or assets** selected for clients;

It has a reasonable basis for believing that a recommendation or transaction entered into:

1. meets the **client's investment objectives**;
2. is such that the client is able to **bear any related investment risks** consistent with its investment objectives and risk tolerance;
3. is such that the **client has the necessary experience and knowledge** to understand the risks involved in the transaction.

Recommendation or advice is based upon a **reasonable assessment** that the structure and risk reward profile of financial product is consistent with **client's experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss**.



**Trick to Remember!!**

### DISCLOSURES

*Since an investment adviser works in a fiduciary capacity for its clients, one of the most essential duties of an investment adviser is to make proper disclosures and ensure that any and every conflict of interest is disclosed to the clients. The IA Regulations prescribe the following disclosures to be made by the investment advisers -*

To a  
Prospective  
Client

- all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services,
- affiliations with other intermediaries, and
- such other information as is necessary to take an informed decision on whether or not to avail its services.

To all its  
Clients

- its holding or position, if any, in the financial products or securities which are subject matter of advice
- any actual or potential conflicts of interest arising from any connection to or association with any issuer of products/securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of investment advisory services.
- all material facts relating to the key features of the products or securities, particularly, performance track record.
- the warnings, disclaimers in documents, advertising materials relating to an investment product which it is recommending to the client.

*Trick to Remember!!*



#### ADMINISTRATION AND SUPERVISION OF IAS

*SEBI has been given the power to appoint a Self-Regulatory Organisation (SRO) for the purpose of administration and supervision of Investment Advisors. Vide circular dated June 18, 2021, SEBI recognised BSE Administration & Supervision Limited (BASL), a wholly owned subsidiary of BSE Limited as "Investment Adviser Administration and Supervisory Body" ("IAASB").*



IAASB is responsible for the following -

1. **Grievance redressal** of clients and IAs,
2. Taking **administrative actions** against IAs,
3. **Monitoring activities** of IAs through periodic reporting,
4. Maintenance of **database** of IAs and
5. Submission of **periodic reports** to SEBI.

## Exemptions from Registration under IA Regulations

Any person who gives **general comments in good faith** in regard to trends in the financial or securities market or the economic situation where such comments do not specify any particular securities or investment product

Entities which are providing advice/incidental advice to their primary activity and are regulated by the respective regulator/self-regulatory body/institute like -

- i. **Insurance agent or insurance broker**;
- ii. Any **pension advisor**;
- iii. Any **distributor of mutual funds**;
- iv. Any **advocate**, solicitor or law firm;
- v. Any member of **ICAI, ICSI, ICMAI, Actuarial Society** of India or any other professional body;
- vi. Any **stock broker, portfolio manager or merchant banker** registered under respective SEBI Regulations, who provides any investment advice to its clients incidental to their primary activity:  
However, such intermediaries shall comply with the general obligation(s) and responsibilities as specified in Chapter III of these regulations.
- vii. Any **fund manager of a mutual fund, alternative investment fund or any other intermediary**, by whatever name called

Any person who provides investment advice **exclusively to clients based out of India** (except NonResident Indian or Person of Indian Origin)

### SEBI (INVESTMENT ADVISERS) (AMENDMENT) REGULATIONS, 2020

SEBI had issued a Consultation Paper, in January 2020, on Review of Regulatory Framework for Investment Advisers and sought comments from the public on the

proposals. After considering the public comments received, SEBI approved the proposals to make regulatory changes to SEBI (Investment Advisers) Regulations, 2013 in the form of the SEBI (Investment Advisers) (Amendment) Regulations, 2020.

Some of the major changes prescribed by the Amendment Regulations are -

➤ **Segregation of Advisory & Distribution Activities**

- An individual investment adviser shall **not** provide distribution services.
- A non-individual investment adviser shall have **client level segregation at group level for investment advisory and distribution services** and maintain an arm's length relationship between its activities as investment adviser and distributor by providing advisory services through a separately identifiable department or division

➤ **Implementation services**

- Investment Advisers **allowed to provide implementation services** (Execution) through direct schemes/ products in the securities market.
- **No consideration to be received** directly or indirectly, at investment adviser's group or family level for these services.

➤ **Agreement between Investment Adviser and client**

- Mandatory agreement to be entered between Investment Adviser and the client or ensuring greater transparency with reference to advisory activities.

➤ **Fees**

- The fee charged by the Investment Adviser for providing Investment Advice from a client shall be in the manner as specified by SEBI.

➤ **Eligibility Criteria for IAs**

- Eligibility criteria for registration as an Investment Adviser - net worth of **Rs.50 lakhs** for non-individuals and **Rs. 5 lakhs** for individuals.

- *Individual investment adviser or a principal officer of a non-individual investment adviser to have enhanced professional or post-graduate qualification in relevant subjects and relevant experience of five years while grandfathering existing Individual Investment Advisers from complying with the enhanced qualification and experience as specified by SEBI.*
- *Individuals registered as investment advisers whose number of clients exceed 150 in total, shall apply for registration with SEBI as non-individual investment adviser.*



SEBI issued a caution on October 21, 2021, stating that undertaking unregulated activity including dealing (i.e., advisory, distribution and execution/ implementation services) in digital gold by Investment Advisers is not in accordance with the provisions of Section 12(1) of the SEBI Act, 1992 read with the SEBI (Investment Advisers) Regulations, 2013.

#### LIABILITY FOR ACTION IN CASE OF DEFAULT

*An investment adviser who -*

1. *contravenes any of the provisions of the Act or any regulations or circulars issued thereunder;*
2. *fails to furnish any information relating to its activity as an investment adviser as required by the SEBI;*
3. *furnishes to the Board information which is false or misleading in any material particular;*
4. *does not submit periodic returns or reports as required by the SEBI;*
5. *does not co-operate in any enquiry, inspection or investigation conducted by the SEBI;*
6. *fails to resolve the complaints of investors or fails to give a satisfactory reply to the SEBI in this behalf,*

shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008

**SEBI (Investment Advisers) Regulations, 2013**

<b>Who can seek registration?</b>	Individuals, partnership firms, Corporates, LLP
<b>Role</b>	Advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.
<b>Qualification</b>	Post Graduate+5 years+ NISM certification on Financial Planning or any other Certification as recognised
<b>Net Worth</b>	Individual -INR 5 lakh Non-Individual -INR 50 lakh
<b>Cap on Fees</b>	Fixed fee of INR 1.25 lacs p.a. or 2.5% of Assets under Advice (AUA) per client per annum.
<b>Agreement</b>	Compulsory
<b>Risk Profiling and Suitability</b>	Required
<b>Execution Services</b>	IA can provide execution services without taking any consideration.
<b>Investor Grievances</b>	Dealt with under Regulation 21 of IA Regulations
<b>Segregation</b>	Segregation of clients on Family/Group Level

<b>Number of clients</b>	150 for Individual IAs
<b>Free Trials</b>	Not Allowed
<b>Advance Fees</b>	Only upto 2 quarters
<b>Fees in Cash</b>	Not allowed, only accept payment through payee crossed cheque/ DD or by way of direct credit into their bank account through NEFT/ RTGS/IMPS/UPI
<b>Complaint Status</b>	Required to display status of complaints on website
<b>Principal Officer</b>	To be appointed in cases of non-individual IAs
<b>Records of Client Interactions</b>	Required to be maintained

## Merchant Bankers

Relevant Regulations?

SEBI (Merchant Bankers) Regulations, 1992  
(‘MB Regulations’)

Who is an Investment Adviser?

Merchant Banker means any person who is engaged in the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management.

Registration requirement?

Yes, application to be filed in Form A.

Capital Adequacy?

The Capital adequacy requirement to register as a Merchant Banker is a net worth of not less than 5 crore rupees.

Eligibility?

a Merchant Banker should be a body corporate as defined in Section 2(11) of the Companies Act, 2013. Applicants which are LLPs are also considered as Body Corporates, and hence are eligible to make an application as Merchant Banker. However, a sole proprietor is not eligible to be a Merchant Banker

Change in Control

In cases of change in control, prior approval of SEBI shall be obtained.

## Categories of Merchant Bankers

### Category I

1. to carry on any activity of the issue management, which will, inter alia, consist of preparation of prospectus and other information relating to the issue, determining financial structure, tie up of financiers and final allotment and refund of the subscriptions; and
2. to act as adviser, consultant, manager, underwriter, portfolio manager

### Category II

to act as adviser, consultant, co-manager, underwriter, portfolio manager

### Category III

to act as underwriter, adviser, consultant to an issue

### Category IV

to act only as adviser or consultant to an issue.

### RESPONSIBILITIES OF MERCHANT BANKER IN AN IPO

1. Overall **transaction management** responsibility.
2. Navigating **transaction strategy** including structuring, timeline and execution.
3. Conducting **due diligence** and Participating in **Drafting sessions**.
4. **Co-ordination** with all parties involved in the transaction;
5. **Liaison** with **SEBI and Stock Exchanges**.
6. Coordinating **Research Briefing, Pre-marketing, Management Roadshows and Marketing the Issue**.
7. Managing the **Book of Demand, Advising on Pricing and Allocation**.
8. Assisting in **managing post issue** formalities.
9. To act as **Issuer's Domestic Counsel** for -
  - Advising Company for compliance with domestic regulations applicable to them.
  - Drafting and coordinating approvals relating to offering as applicable.
  - Conducting due diligence and drafting of certain sections of DRHP/RHP/Prospectus.
  - Drafting of Escrow and Syndicate Agreement.
  - Providing legal opinion to Issuer and Underwriters and assisting in 'Closing' an issue
10. To act as **Underwriters Domestic Counsel** for -
  - Conducting due diligence and reviewing of DRHP/RHP/Prospectus.
  - Advising Underwriters on compliance with domestic regulations.
  - Drafting Underwriting Agreement; Provide legal opinion and assisting in 'Closing'.
11. To act as **International Counsel** for -
  - Conducting due diligence and drafting of primarily Business, MD&A and Risk Factors for the DRHP / RHP / Prospectus.
  - Primary responsibility for compliance with international regulations relating to offering and selling restrictions and preparation of "International Wraps".
  - Drafting Underwriting Agreement; Negotiating Comfort Letter and Co-ordination with Auditors.
  - Provide legal opinion and assisting in 'Closing'.
12. To act as **Statutory Auditors** to -
  - Provide Auditors Report and requisite certificates.



- Provide comfort letter.
  - Provide inputs on certain sections of DRHP, relating to financials.
13. As **Printers** for -
- Printing of DRHP / RHP, Prospectus, application forms and other stationer
14. To act as **Registrar to the Issue** for -
- Analysis of e-book.
  - Coordinating with Escrow Bankers/SCSBs, BRLMs for submitting reports to SEBI.
  - Prepare documents for finalizing Basis of Allotment post weeding out technical rejections.
  - Arranging for refunds, Demat credit etc.
15. As **Advertising / PR Agency** for -
- Corporate and Issue advertising.
  - Public relations.
  - Managing logistics for roadshows.
16. To **deal with Depositories** for -
- Tripartite Agreement.
  - Dematerialization of the company's shares
  - Demat transfers of shares.
  - Credit of shares to allottees
17. As **Escrow Collection Banks** for -
- Collection of application moneys from Anchor Investors.
  - Provide final certificates.
  - Assist in post-issue.
18. As **Self-Certified Syndicate Bank(s) or SCSB(s)** for -
- To receive bids and block bid amount in the investor's bank account based on applications submitted.
  - To provide FC on account transfer/ unblock funds post finalization of basis of allotment
  - To address investor grievances on account of ASBA bids.





Trick to Remember!!

GENERAL OBLIGATIONS AND RESPONSIBILITIES

1. Every merchant banker shall *abide by the Code of Conduct* as specified in Schedule III.
2. Merchant banker *not to associate with any business other than that of the securities market.*
3. Every merchant banker shall *keep and maintain books of account, records and documents* namely copy of balance sheet, profit and loss account, auditor's report etc. and shall *preserve* the books of account and other records and documents maintained *for a minimum period of 5 years.*
4. Every merchant banker shall *furnish to the SEBI half-yearly unaudited financial results* when required by the SEBI with a view to monitor the capital adequacy of the merchant banker.
5. Every *merchant banker acting as an underwriter* shall enter into an *agreement with each body corporate* on whose behalf it is acting as an underwriter.
6. A merchant banker acting as an *underwriter shall not derive any direct or indirect benefit from underwriting* the issue other than the commission or brokerage payable under the agreement for underwriting entered with client.
7. A merchant banker shall *disclose to SEBI* his responsibilities, change in the information or particulars previously furnished, names of the body corporate whose issues he has managed or has been associated with.
8. The merchant banker shall *submit a periodic report* in such manner as may be specified by the SEBI from time to time.



**Trick to Remember!!**

**ROLE OF BOOK RUNNING LEAD MANAGERS**

1. Providing **advice on financial aspects of the Offer** including, inter alia, advice as to the pricing, timing and structure of the Offering, and the allocation of shares to investors and acting as book runners of the Offering;
2. Advising on the **appointment of other professional** advisers necessary and appropriate for the Offering;
3. **Co-ordinating** the activities of other members of the Syndicate;
4. Together with legal counsel and other professional advisers appointed for the Offering by the Selling Shareholders, the Promoter Selling Shareholders and the Company, advising on and assisting in the **preparation, printing and distribution of a detailed prospectus** (the "Prospectus") in connection with the Offering;
5. Advising the Selling Shareholders, the Promoter Selling Shareholders and the Company on **determining the price range and pricing for the Offering**;
6. **Co-ordinating the work** of the Selling Shareholders, the Promoter Selling Shareholders and the Company's other advisers in the Offering;
7. Advising on **marketing strategy and development of an equity story and an appropriate marketing campaign** in respect of both the institutional and retail offerings;
8. Assisting, together with other advisors and legal counsel, the Selling Shareholders, the Promoter Selling Shareholders and the Company in **making an application for the listing of its Securities on the NSE and the BSE**;

9. Assisting, together with other advisors and legal counsel, the Selling Shareholders, the Promoter Selling Shareholders and the Company in **furnishing reports, certificates and other information** as may be required by SEBI and any other governmental or regulatory authority in connection with the Offering;
10. Assisting, together with other advisors and legal counsel with the **completion of the necessary due diligence exercise.**

## Portfolio Managers

### Relevant Regulations?

SEBI (Portfolio Managers) Regulations, 2020  
(‘PM Regulations’)

### Who is a Portfolio Manager?

A portfolio manager is a body corporate, which, pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client.

### Types of Portfolio Managers?

1. **Discretionary portfolio manager** - A portfolio manager who under a contract relating to portfolio management, exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of securities of the client. Here, the portfolio manager individually and independently manages

the funds and securities of each client in accordance with the needs of the client.

2. **Non-discretionary portfolio manager** - Here, the portfolio manager manages the funds in accordance with the directions of the client.

Registration requirement?

Yes, to be taken with SEBI.

### SEBI (Portfolio Manager) Regulations, 2020

Net Worth	INR 5 Crore
Rules regarding Fees	<ul style="list-style-type: none"><li>• Fees as per the agreement with the client for rendering portfolio management services.</li><li>• Fees so charged may be a fixed amount or a performance-based fees or a combination of both.</li><li>• No upfront fees to be charged by the portfolio manager directly or indirectly to the clients.</li><li>• The agreement between the portfolio manager and the client to include the quantum and the manner of fees payable by the client for each activity for which service is rendered by the portfolio manager directly or indirectly.</li></ul>
Management or administration of clients' portfolio	The money or securities accepted by the portfolio manager to be invested or managed only in terms of the agreement between the portfolio manager and the client.

<i>Appointment of custodian</i>	<i>Required to be appointed by the PM</i>
<i>Maintenance of books of accounts, records, etc.</i>	<i>Every PM to keep and maintain books of accounts, records and documents including-</i> <ul style="list-style-type: none"><li><i>• a copy of balance sheet at the end of each accounting period,</i></li><li><i>• a copy of the profit and loss account for each accounting period,</i></li><li><i>• a copy of the auditor's report,</i></li><li><i>• a statement of financial position</i></li></ul>
<i>Duration for preservation of books of accounts, records, etc.</i>	<i>Minimum 8 years</i>
<i>Basis for calculation of performance of a discretionary portfolio manager</i>	<i>Time Weighted Rate of Return (TWRR) method for the immediately preceding three years with disclosure regarding performance indicators</i>
<i>Reporting Obligation</i>	<i>Furnish periodically to the client, as per the agreement, but not exceeding a period of three months</i>
<i>Content of PM Report</i>	<ul style="list-style-type: none"><li><i>• the composition and the value of the portfolio,</i></li><li><i>• description of securities and goods, number and value of each security held in the portfolio,</i></li><li><i>• units of goods, value of goods, cash balance and aggregate value of the portfolio as on the date of report;</i></li><li><i>• transactions undertaken during the period of report including date of transaction and details of</i></li></ul>

	<p><i>purchases and sales;</i></p> <ul style="list-style-type: none"><li><i>• beneficial interest received during that period in the form of interest, dividend, bonus shares, rights shares, etc;</i></li><li><i>• expenses incurred in managing the portfolio of the client;</i></li><li><i>• details of risk foreseen by the portfolio manager and the risk relating to the securities recommended by the portfolio manager for investment or disinvestment;</i></li><li><i>• default in payment of coupons or any other default in payments in the underlying debt security and downgrading to default rating by the rating agencies, if any;</i></li><li><i>• details of commission paid to distributor(s) for the particular client</i></li></ul>
<b><i>Disclosure Document</i></b>	<i>PM to provide the Disclosure Document prior to entering into an agreement with the client</i>
<b><i>Contents of Disclosure Document</i></b>	<ul style="list-style-type: none"><li><i>• the quantum and manner of payment of fees payable by the client for each activity,</i></li><li><i>• portfolio risks,</i></li><li><i>• complete disclosures in respect of transactions with related parties,</i></li><li><i>• performance of the portfolio manager</i></li></ul>

	<ul style="list-style-type: none"><li>• audited financial statements of the portfolio manager for the immediately preceding three years.</li></ul> <p>Please note that SEBI has neither specifically prescribed nor certifies the accuracy or adequacy of the contents of the Disclosure Document provided by the Portfolio Manager.</p>
<b>Lock-in on the investment of their clients</b>	Not permitted to be imposed by the portfolio manager
<b>Indicative or Guaranteed returns</b>	Not permitted to be offered by the portfolio manager
<b>Complaints by Investors</b>	<p>The grievance redressal and dispute mechanism is mentioned in the Disclosure Document.</p> <p>In case of non-redressal of the complaint by the Portfolio Manager, investors can approach SEBI for redressal of their complaints.</p>

### GENERAL OBLIGATIONS AND RESPONSIBILITIES OF PMS

1. Every portfolio manager shall **abide by the Code of Conduct**.
2. The **discretionary portfolio manager** shall individually and independently **manage the funds of each client in accordance with the needs of the client**, in a manner which does not partake character of a Mutual Fund, whereas the **non-discretionary portfolio manager** shall **manage the funds in accordance with the directions of the client**.
3. The portfolio manager shall **act in a fiduciary capacity** with regard to the client's funds.
4. The portfolio manager shall segregate each client's holding in securities in separate accounts.

5. The portfolio manager shall *keep the funds of all clients in a separate account to be maintained by it in a Scheduled Commercial Bank.*
6. The portfolio manager shall *transact in securities within the limitation placed by the client himself with regard to dealing in securities under the provisions of the Reserve Bank of India Act, 1934.*
7. The portfolio manager shall *not derive any direct or indirect benefit out of the client's funds or securities.*
8. The portfolio manager shall *not borrow funds or securities on behalf of the client.*
9. The portfolio manager shall *not lend securities held on behalf of the clients to a third person except as provided under these regulations.*
10. The portfolio manager shall *ensure proper and timely handling of complaints from his clients and take appropriate action immediately.*
11. The portfolio manager shall ensure that any *person or entity involved in the distribution of its services is carrying out the distribution activities in compliance with these regulations.*



**Trick to Remember!!**



Under regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company Secretary has to be appointed as the compliance officer of a listed entity. Hence, when a company decides to go for an IPO, the first step is to appoint a Company Secretary

A Company Secretary has to ensure that activities involved while performing the role of Investment Adviser, Merchant Banker and Portfolio Manager are complied with and are in accordance with the respective intermediaries regulations



COMPANY SECRETARY

Company Secretary to co-ordinate with the following Intermediaries:

- Merchant Banker/Book Running Lead Manager (in case of book-built issues)
- Statutory Auditors of the Issuer company
- Lawyers / Legal Counsel
- Credit Rating Agency/ Industry Report
- Debenture Trustee, if applicable
- Banker to the issue - Escrow Account
- Registrar to the Issue
- Printers
- Syndicated brokers
- Advertisement agencies / newspapers

Company Secretary to reference the following laws:

- Companies Act, 2013,
- Depositories Act, 1996,
- Securities Contracts (Regulation) Act, 1956 and Rules,
- Securities and Exchange Board of India Act, 1992,
- SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018,
- SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021,
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,
- SEBI (Intermediaries) Regulations, 2008
- Related SEBI Regulations on Share Based Employee Benefits, ESOPs, Insider Trading Regulations and respective Intermediaries Regulations etc.
- Income Tax Act, 1961
- Sector specific Acts

*"It always seems impossible unless it is DONE!"*

