



**PROSPERITY**  
Wealth Management

**Prosperity Wealth Management Pvt Ltd**

#1,1st Floor, Balaji Avenue 1st Street, T.Nagar,  
Chennai, Tamil Nadu - 600017.  
CIN - U72900TN2017PTC116593

contact@pwm-india.com  
+91 88258 88200  
GSTN - 33AAJCP1953D1ZN

---



**PROSPERITY**  
Wealth Management

**DISCLOSURE DOCUMENT**

## **DISCLOSURE DOCUMENT**

### **(As per the requirement of Fifth Schedule of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020)**

- i) The Disclosure Document has been filed with the Securities & 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) The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making informed decisions for engaging Prosperity Wealth Management Private Limited. as a Portfolio Manager.
- iii) The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and hence, the investor may be advised to retain the document for future reference.
- iv) The following are the Details of the Portfolio Manager:

<b>Name of the Portfolio Manager</b>	Prosperity Wealth Management Private Limited
<b>SEBI Registration Number</b>	
<b>Registered Office Address</b>	No. 14, Dr. SKVS Thangaraj Road, Vinayagar Nagar, Madurai, Tamil Nadu - 625020
<b>Phone</b>	+91 8825888200
<b>Website</b>	<a href="https://www.pwm-india.com/">https://www.pwm-india.com/</a>

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

<b>Name of the Principal Officer</b>	Mr. Vasudev Gupta
<b>Phone</b>	+91 9843051487
<b>Email</b>	vasudev@pwm-india.com
<b>Registered Office Address</b>	No. 14, Dr. SKVS Thangaraj Road, Vinayagar Nagar, Madurai, Tamil Nadu - 625020

**Date: 30<sup>th</sup> April 2023**



**Index of contents**

<b>Item No.</b>	<b>Contents</b>	<b>Page No.</b>
1	Disclaimer clause	4
2	Definitions	4
3	Description	7
4	Penalties, pending litigations or proceedings, findings of inspections or investigations for which actions may have been taken or initiated by any regulatory authority.	8
5	Services offered	9
6	Risk Factors	10
7	Client Representation	12
8	The Financial Performance of Portfolio Manager	13
9	Portfolio Management Performance of the Portfolio Manager	13
10	Nature of Expenses	13
11	Taxation	14
12	Accounting Policies	15
13	Investor Services	16

1) **Disclaimer clause:**

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended till date and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the document. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

2) **Definitions:**

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

- (a) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- (b) **“Agreement”** means agreement between Portfolio Manager and its Client and shall include all Schedules and Annexures attached thereto.
- (c) **“Application”** means the application made by the Client to the Portfolio Manager to place its funds and/or securities with the Portfolio Manager for Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- (d) **“Assets”** means (i) the Portfolio and/or (ii) the Funds.
- (e) **“Body Corporate”** shall have the meaning assigned to it in or under clause (11) of section 2 of the Companies Act, 2013.
- (f) **“Bank Account”** means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in accordance with the agreement entered into with the Client.
- (g) **“Board”** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- (h) **“Client”** means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio and /or funds.
- (i) **“Custodian”** means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.

**“Depository Account”** means one or more accounts or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered



under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.

- (j) **“Discretionary Portfolio Management Services”** means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the agreement, where under the Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.
- (k) **“Discretionary Portfolio Manager”** means a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the Client, as the case may be.
- (l) **“Document”** means this Disclosure Document.
- (m) **“Financial Year”** means the year starting from April 1 and ending on March 31 of the following year.
- (n) **“Funds”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to Portfolio Investment Management Agreement and includes the monies mentioned in the Application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to Portfolio Investment Management Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
- (o) **“Non-discretionary Portfolio Management Services”** means a portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client’s account in any type of security entirely at the Client’s risk and ensure that all benefits accrue to the Client’s Portfolio.
- (p) **“Parties”** means the Portfolio Manager and the Client; and **“Party”** shall be construed accordingly.
- (q) **“Person”** includes an individual, a Hindu Undivided Family, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
- (r) **“Portfolio”** means the Securities managed by the Portfolio Manager on behalf of the Client pursuant to the Portfolio Investment Management Agreement and includes any Securities mentioned in the Application, any further Securities placed by the Client with the Portfolio Manager for being managed pursuant to the Portfolio Investment Management Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- (s) **“Portfolio Manager”** shall have the same meaning as given in the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.

- (t) **“Principal Officer”** means an employee of the Portfolio Management Firm who has been designated as such by the Portfolio Manager.
- (u) **“Qualified Client”** means any Person (being over the age of 18 in the case of a natural person) (i) who is a fit and proper person, (ii) complies with know your client (KYC/CKYC) norms stipulated by the Investment Manager and SEBI, (iii) has not been convicted of any offence, (iv) has a sound financial standing and credit-worthiness, and (v) is willing to execute necessary documentation as stipulated by the Portfolio Manager and other than any Person, which cannot subscribe to the strategy without being in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances.
- (v) **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended from time to time.
- (w) **“Scheduled Commercial Bank”** means any bank included in the second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- (x) **“SEBI”** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the SEBI Act.
- (y) **“Securities”** includes: “Securities” as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time and 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;
  - (ii) derivative;
  - (iii) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
  - (iv) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
  - (v) units or any other such instrument issued to the investors under any mutual fund scheme;
  - (vi) any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt;
  - (vii) Government securities;
  - (viii) such other instruments as may be declared by the Central Government to be securities;
  - (ix) 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 regulations governing Portfolio Management Services.

Description:

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

Prosperity Wealth Management Private Limited, previously called Prosperity Technology was incorporated on the 18th of May 2017. The company was founded by Vasudev Gupta the present Managing Director of the Company. Prior to incorporating the company Vasudev carried out business in the Financial Arena as a sole proprietor under the name Rightfunds in early 2015.

Prosperity Wealth Management also obtained a Corporate AMFI Registration Number 146665 on the 18th May 2018 in order to distribute mutual funds to clients across India. Following this the company decided to pursue a non-commission, fee-based investment advisory model and obtained a Corporate SEBI Registered Investment Advisor Registration INA200013345 on the 17th May 2019. As part of its further growth strategy Prosperity Wealth Management has surrendered its RIA mandate and applied to obtain a Portfolio Management Services license to carry out its activities as a portfolio manager.

**Promoters of the Portfolio Manager, Directors and their background:**

**Promoters, Directors and their background:**

**1) Mr.Vasudev Gupta, Director**

Mr. Vasudev Gupta has done undergraduation in BEng & Management (Hons) from University of Nottingham, UK and holds a Postgraduate degree in Management, Entrepreneurship & Innovation from Imperial College London, UK. He has also obtained Registered Investment Adviser certification from SEBI post clearing NISM Level XA & XB exams. He has been present in the financial markets for the past five years and has helped many clients build their investment portfolios and inculcate investment discipline into their financial plans. He has also analysed & distributed various financial products including mutual funds, Govt. bonds, Tax free bonds, ELSS, Corporate debentures, PMS of other providers in the past. He is the managing director of Prosperity Wealth Management Pvt. Ltd. whose business he previously carried out as a sole proprietor under the name Rightfunds.

At Prosperity Wealth Management, Vasudev has laid down the foundation for a Value Investing framework that rigorously analyses a company's fundamentals as well as looks at the Industry and Sector's general outlook. Being a Value investor himself, Vasudev Invests for the long term in strong business with a long runway for growth supported by a competent & highly ethical management team. At Prosperity Wealth Management Pvt. Ltd., he will be the Principal Officer and will be in charge of Research and taking investment decisions for the clients. He will be assisted by a team of 2 Chartered Accountants and 2 Chartered Financial Analysts (Level 3 candidates) for research.

## 2) Mr. Shyam Prakash Fatehpuria, Director

Mr. Shyam Prakash Fatehpuria has done B.Com from the American College, Madurai. He brings with him more than 35 years of practical experience in starting and running successful businesses. He is also the Founder & Managing Director of two private listed companies and a sole proprietorship, Shakti Cords Pvt. Ltd., GD Textiles Pvt. Ltd & Ganapati Industries. The companies provide financial stability to all other group companies including Prosperity Wealth Management.

Building and running these companies over the past many years, he has gained valuable business acumen and vision which he brings to Prosperity Wealth Management. He has also over his career established tremendous goodwill with all his clients, this would help Prosperity Wealth Management with its own Business Development efforts

### ii) Group company information (i.e. information related to Group Companies / firms of the Portfolio Manager on turnover basis) (as per the audited financial statements for the year ended March 2019):

1. SHAKTI CORDS PVT. LTD.
2. GD TEXTILES (MADURAI) PVT. LTD.

### iii) Details of the services being offered:

#### Discretionary Services:

Under these services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested / disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's funds is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or at any time thereafter except on the ground of fraud, malafide, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client.

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

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

**None**

- ii. The nature of the penalty/direction.

**None**





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

**None**

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

**None**

- v. 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**

- vi. 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**

**4) Services offered:**

Prosperity Wealth Management would offer Discretionary Portfolio Management Services to its clients. Our portfolio would consist of one fund i.e Prosperity Discovery Fund

The minimum investment amount in these funds for clients would be according to guidelines issued by SEBI.

**Prosperity Discovery Fund**

PDF would be a multi-cap fund underpinned by value investing ideology. The fund would invest in companies demonstrating sustainable growth in top and bottom lines, strong balance sheet, low debt, durable moat around the business run by a highly ethical management. The portfolio would comprise of 15 – 20 stocks with not more than 10% allocation to any single stock and not more than 25% allocation to any single sector. The objective of the fund would be wealth creation through superior risk adjusted returns. Its benchmark would be BSE 500 TRI and a recommended investment duration of at least 5 years.

Stock entry would be at bargain prices due to overcompensation of market sentiments, undiscovered business value or a potential turn-around story.

Stock Exit would be when the company reaches fair valuation or if there is a change in the initial investment thesis. Capital would be deployed within a period of 3 to 6 months. This fund would be suitable for aggressive equity investors who already possess some knowledge of the capital market and are ready to commit for the long term.

*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy*

**NOTE:**

- Investment under Portfolio Management Services will be only as per the SEBI Regulations on PMS.
- The uninvested amounts forming part of the Client's Assets may, at the discretion of the Portfolio Manager, be held in cash or deployed in Liquid fund schemes, Exchange Traded Index Funds, debt oriented schemes of Mutual funds, Gilt schemes, Bank deposits and other short term avenues for Investment.
- The Portfolio Manager will not invest any of the funds of the Client in the shares, debt, deposits and other financial instruments of group companies of the Portfolio Manager.

**5) Risk Factors:**

The investments made in securities are subject to market risk and there is no assurance or guarantee that the objectives of investments will be achieved. Following are the risk factors as perceived by management:

- Investment in equities, derivatives and mutual funds and Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.
- As with any investment in securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.



- 
- The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
  - The past performance of the Portfolio Manager does not indicate its future performance. Investors are not being offered any guaranteed returns.
  - The performance of the Assets of the Client may be adversely affected by the performance of individual securities, changes in the market place and industry specific and macro-economic factors.
  - Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the Net Asset Value of the portfolio may be subject to fluctuation.
  - Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
  - The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the Client's portfolio to liquidity risks.
  - The Portfolio Manager may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. As and when the Portfolio Manager deals in the derivatives market on behalf of the Client, there are risk factors and issues concerning the use of derivatives that investors should understand.
  - There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.
  - All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio

**6) Client Representation:**
**7) Details of Client's accounts activated**

(As on March 30th 2023:

	Category of Clients	Total No. of Clients	Funds managed (Rs. Crores)	Discretionary/ Non Discretionary (if available)
i)	Associates /group companies (Last 3 years)	1	5.1	NA
ii)	Others: (last 3 years)			
	2020-21	5	4.33	Discretionary
	2021-22	7	11.43	Discretionary
	2022-23	17	21	Discretionary

“Funds Managed” indicates the market value of Assets under Management.

The above figures are given in compliance with amendment to the SEBI (Portfolio Managers) Regulations, 2020 dated April 17, 2020.

**ii) Transactions with related parties are as under:**

The Portfolio Manager uses the broking services of ICICI Securities, HDFC Securities, ZERODHA Ltd who are members of BSE and NSE in Cash, Derivatives & Currency.

**B) Key management personnel:**

Vasudev Gupta  
 Bhagabat Nayak  
 Sudharsan N  
 Logesh S  
 Amutha Guru R

**iii) Transactions with related parties for the year-ended March 31, 2022 as per Financial Statement  
 (amount in Rupees):60,000**

Nature of Transaction	KMP	Relatives of KMP	Companies where Partners are Directors
Rent	NA	Mr.Shyam Prakash Fatehpuria	NIL

## 7) The Financial Performance of Portfolio Manager (Based on audited financial Statements)

Financial highlights of Prosperity Wealth Management Private Limited. for the last 2 years are given as under:

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(Rs.)	(Rs.)
Total Revenue	1,48,31,000	1,33,24,468
Profit/(Loss) before depreciation & tax & After Exceptional & Extraordinary Items (Net of Tax)	74,77,000	75,89,071
Less: Depreciation	1,31,000	2,14,324
Less: Provision for tax	11,78,000	12,00,000
Less/(Add): Deferred Tax	6000	(29,133)
Less/(Add): Provision for Tax (for previous years)	12,00,000	(980)
Profit/(Loss) for the year after tax	61,65,000	62,04,860
<b>Balance carried to Balance Sheet</b>	<b>61,65,000</b>	<b>62,04,860</b>

## 8) Portfolio Management performance of the Portfolio Manager for the last 3 years and in case of discretionary Portfolio Manager disclosure of performance indicators calculated using weighted average method in terms of regulation 14 of the SEBI (Portfolio Managers) Regulation 2020

FY21 – FROM 1<sup>ST</sup> JAN 2021 TO 30<sup>TH</sup> APRIL 2023 – PORTFOLIO RETURN – 17.49% TWRR

### 9) Audit Observations

Attached as part of Annexure I : Audit Report

### 10) Nature of expenses:

#### i) Investment Management & Advisory Fees:

Investment Management and Advisory fees may be charged as a fixed fee or a fee on the AUA on a percentage basis not exceeding 2.5%.

#### ii) Portfolio Management Fees:

1.5% Fixed fee charged on the Assets under management and 10% performance fee charged on returns over 10% on a high water mark basis.

#### iii) Custodian Fees:

As may be decided between the Client and the Portfolio Manager, as per industry norms.

**iv) Registrar & Transfer Agent Fees: At Actuals**

**v) Brokerage & Transaction Cost:**

The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge brokerage up to a maximum of 0.50% of contract value. In addition to the brokerage, transaction cost like network charges, turnover charges, stamp duty, transaction costs, turnover tax, Securities transaction tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker. Entry or exit loads (if any) on units of Mutual Funds will also be charged from Clients.

**vi) Goods and Service Tax:**

As applicable from time to time.

**vii) Depository Charges:**

As may be applicable from time to time.

**viii) Entry Load /Exit Load:**

There will be no Entry load, Exit load will be at 2% for the 1<sup>st</sup> year, 1% for the second year and thereafter no exit load will be charged.

**ix) Certification and professional charges:**

Charges payable for outsourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarisations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.

**x) Incidental expenses:**

Charges in connection with day-to-day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account, distribution charges or any other out of pocket expenses as may be incurred by the Portfolio Manager.

**11) Taxation**

As per the law in force in India at the date hereof. The client should seek advice from his/her/its own tax consultant if he/she/it is in any doubt regarding the taxation consequences of investing in the Products offered under Portfolio Management Services.

## Capital Gains Tax

### (a) Long Term

#### **For Individuals, HUF, Partnerships Firm and Indian Companies**

From October 1, 2004 in case of listed equity shares and securities and units of equity oriented schemes sold on a recognized stock exchange, which are subject to Securities Transaction Tax (currently 0.001% for units of equity oriented scheme and 0.1% on equity shares), the tax on Long Term Capital Gain would be 10% if Capital gain is more than Rs.1Lac. Long term capital gains in respect of other listed securities or units would be subject to tax at the lower of 20% (plus surcharge and education cess) of the gains computed after cost indexation, or 10% (plus surcharge and education cess) of the gains computed without cost indexation.

### (b) Short Term

#### **For Resident Individuals, HUF, Partnerships Firm and Indian Companies**

Short-term Capital Gains is added to the total income. Total income including short-term capital gain is chargeable to tax as per the relevant slab rates. However, tax on short term capital gains on sale of shares and units of equity oriented funds on a recognized stock exchange, which are subject to Securities Transaction Tax, would be @ 15% (plus applicable surcharge and an education cess).

#### **Provisions regarding Dividend income and Bonus**

According to the provisions of Section 94(7) of the Act, losses arising from the sale/redemption of units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 9 months after such date, is disallowed to the extent of income on such units (claimed as tax exempt).

According to the provisions of Section 94(8) of the Act, if an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/redeems the units within 9 months after that date, and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as the cost of acquisition of such bonus units.

#### **Tax Deduction at Source**

TDS is deductible on interest income and would be deducted by the issuer of such security.

### 12) Accounting Policies:

The following Accounting policy will be applied for the investments of Clients:

Investments in Equities, Mutual funds, Exchange Traded Funds and Debt instruments will be valued at closing market prices of the exchanges (BSE or NSE as the case may be) or the Repurchase Net Asset Value declared for the relevant scheme on the date of the report or

any cut-off date or the market value of the debt instrument at the cut off date. Alternatively, the last available prices on the exchange or the most recent NAV will be reckoned. In case of structured products, the portfolio will be valued at the face value of the product until the expiry of the tenure.

- a) Realized gains/ losses will be calculated by applying the first in / first out principle. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis.
- b) For derivatives and futures and options, unrealised gains and losses will be calculated by marking to market the open positions.
- c) Unrealised gains/losses are the differences in between the current market values/NAV and the historical cost of the securities.
- d) Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further Mutual Fund dividend shall be accounted on receipt basis. Other income like bank interest, interest on FD etc. shall also be accounted on receipt basis.
- e) Bonus shares shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- f) Right entitlement shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- g) The cost of investment acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the brokers cost note/bought note.

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

### 13) Investors Services:

**Details of investor relation officer who shall attend to the investor queries and complaints is mentioned herein below:**

Name of the person	Amutha Guru R
Designation	Investor Relations Officer
Address	Prosperity Wealth Management, No.1, Level 1, Balaji First Avenue, T.nagar, Chennai - 600017
Email	<a href="mailto:clientrelations@pwm-india.com">clientrelations@pwm-india.com</a>
Telephone	+91 8825888200



**Grievance redressal and dispute settlement mechanism:**

a) The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. In case the Client is not satisfied with the redressal by the Portfolio Manager or otherwise, the Client may lodge the complaint on SEBI's web based complaints redress system (SCORES).

b) Grievances, if any, that may arise pursuant to the Portfolio Investment Management Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 2020 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the following mechanisms: -

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled through Arbitration process as described in the Portfolio Investment Management Agreement or any Supplemental Agreement thereto.

**For Prosperity Wealth Management Private Limited.:**

<b>Mr.Vasudev Gupta</b> Principal Officer	
<b>Mr.Bhagabat Nayak</b> Compliance Officer	

**Place: Chennai**

**Date: 30<sup>th</sup> April 2023**



## **ANNEXURE I: AUDIT REPORT**

**INDEPENDENT AUDITORS REPORT ON STANDALONE FINANCIAL STATEMENTS**

**TO THE MEMBERS OF**

**PROSPERITY WEALTH MANAGEMENT PRIVATE LIMITED**

**Report on the standalone financial statements**

**Opinion**

We have audited the accompanying standalone financial statements of **M/s PROSPERITY WEALTH MANAGEMENT PRIVATE LIMITED**, which comprise the Balance Sheet as at 31 March 2022 and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2022;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, cash flow for the year ended on that date

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of Key audit matters as per SA701, Key Audit matters are not applicable to the company as it is an unlisted company.

### **Information other than the financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, other Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Based on the work we have performed, we conclude that there is no material misstatement of this other information. Therefore, we have nothing to report in this regard.

### **Management's Responsibility for the standalone financial statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate implementation and maintenance accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash flow statement, dealt with by this Report are in agreement with the books of accounts.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) We do not have any observation or comment on the financial statements or matters which have any adverse effect on the functioning of the company.
- f) On the basis of written representations received from the directors as on 31 March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
- g) We do not have any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected herewith.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, the same is not applicable to the company based on the exemption provided vide notification issued by MCA.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
  - (i) The company does not have any pending litigations which would impact its financial position.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (iv) 1) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any



other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

2) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

3) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

- j) The Company has not declared or paid any dividends during the year and accordingly reporting on the compliance with section 123 of the Companies Act, 2013 is not applicable for the year under consideration.

Date: 23/08/2022

Place: Chennai

UDIN:22026566APQYPN8956

For **Prakash Kochar & Co.**  
CHARTERED ACCOUNTANTS



**R. PRAKASH CHAND, B.Com., F.C.A.**  
Partner Membership No. 26566  
F.R.No. 005035S

**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2022, we report that:

(i) (a) (A)The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The company does not have any Intangible assets. Accordingly, paragraph 3(i)(a)(B) is not applicable for the company.

(b) According to the information and explanations provided to us, Property, Plant and Equipment have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

(c) According to the information and explanations provided to us, the company does not hold any immovable property. Accordingly, the paragraph 3(i)(c) of the order is not applicable for the company.

(d)The company has not revalued its Property, Plant and Equipment(including Right of Use assets) or intangible assets during the year. Accordingly, paragraph 3(i)(d) is not applicable for the company

(e) According to information and explanations provided to us, there are no proceedings that have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

- (ii) The company is a service company primarily rendering Investment Advisory and Portfolio Management Services and it does not hold any Physical Inventories. Thus paragraph 3(ii) of the Order is not applicable for the company.
- (iii) Since the company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity, the paragraph 3(iii) of the order is not applicable for the company.
- (iv) In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013 apply. Accordingly, paragraph 3 (iv) of the order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year. Accordingly, paragraph 3 (v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations provided to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As per the details provided to us, there were no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations provided to us, there were no disputes over deposit of statutory dues in any forum. Thus, the paragraph 3(vii)(b) of the order is not applicable for the company.

- (viii) According to the information and explanations provided to us, there were no such transactions recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Thus, reporting under Paragraph 3(viii) of the Order is not applicable for the company.
- (ix) The Company does not have any loans or borrowings from any financial institution, banks, government during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) (a) According to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Thus, reporting under Para 3(x)(a) is not applicable for the company.  
(b) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Thus, reporting under Para 3(x)(b) is not applicable for the company.
- (xi) (a) According to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year. Accordingly, paragraph 3 (xi) (a) of the Order is not applicable.  
(b) Since there is no fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year, paragraph 3 (xi) (b) of the Order is not applicable.  
(c) The company is not required to establish vigil mechanism as per Sec 177(9) of the Companies Act. Thus, reporting under the paragraph 3(xi)(c) of the order not applicable for the company.
- (xii) The company is not a Nidhi Company. Thus, reporting under Paragraph 3(xii) of the Order not applicable for the company.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation provided to us, section 138 of the Companies Act is not applicable to the company. Thus reporting under Paragraph 3(xiv)(a) of the order is not applicable for the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934)
- (xvii) According to the information and explanations provided to us, the company has not incurred any cash losses in current financial year and immediately preceding financial year. Hence Para 3(xvii) is not applicable
- (xviii) According to the details provided to us, the statutory auditors have not resigned during the Financial Year. Thus, reporting under the Paragraph 3(xviii) of the order is not applicable for the company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the

Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due

- (xx) According to information and explanation provided to us, the CSR provisions as per Sec 135 of the Companies Act is not applicable for the company. Thus, reporting under the paragraph 3(xx)(a) of the Order is not applicable for the company.

Date: 23/08/2022

Place: Chennai

UDIN: 22026566APQYPN8956

For Prakash Kochar & Co.  
CHARTERED ACCOUNTANTS



R. PRAKASH CHAND, B.Com., F.C.A.  
Partner Membership No. 28566  
F.R.No. 0050355