

TRUSTLINE SECURITIES LIMITED
(FORMERLY KNOWN AS K & A SECURITIES PRIVATE LIMITED)

SEBI REGISTRATION NO.- INP000004268
DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES

- The Document has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.
- The purpose of the Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decisions for engaging a Portfolio Manager.
- The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure document.
- The Disclosure Document dated October 30, 2017 contain necessary information about the Portfolio Manager i.e. Trustline Securities Limited, required by the investors before investing for Portfolio Management Services. The investors are also advised to retain the documents for future reference.
- The Disclosure Document supersedes the Disclosure Document dated April 26, 2017.
- The investors should read this Document carefully before making an investment decision.
- Investors may also like to seek clarification or obtain further information after the date of this document from the service provider.
- All the securities market intermediaries involved in our Portfolio Management Services are registered with SEBI as on the date of the document.
- Details of the principal officer: -

Name: Vinay Kumar Gupta

Address: Trustline Tower, B-3, Sector-3, Noida-201301 (U.P.)

Phone: +91-0120-4663333

Email: vinaygupta@trustline.in

PMS office: -

Address: First Floor, Trustline Tower, B-3, Sector-3, Noida-201301 (U.P.)

Phone: +91-0120-4663333

Email: trustline@trustline.in

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1. Disclaimer

This document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 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.

2. Definitions

In this Disclosure Document, unless the context otherwise requires:

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

"Board" means the Securities and Exchange Board of India

"Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended from time to time.

"RBI" means Reserve Bank of India established under the Reserve Bank of India Act, 1934

"Client" means any person who registers with the Portfolio Manager for availing the services of portfolio management.

"Financial Year" means the year starting from 1st April and ending on 31st March of the following year.

"Investor" means Individuals/companies who give the Portfolio Manager money/shares or a combination of both.

"Companies" in whose shares or debentures the Portfolio Manager invests on behalf of the investor is referred hereafter as Investee Company.

"Mutual Funds" in whose units the Portfolio Manager invests on behalf of the Investor is referred as Investee Mutual Fund.

"Mutual Fund agents" will mean any AMFI (Association of Mutual Funds of India) authorized mutual fund agents which will include Trustline Securities Limited

"Brokers" will mean any SEBI registered broker, but as the Portfolio Manager is registered stock broker, hence Broker means Trustline Securities Limited for this document

"Funds" means the monies being received by the Portfolio Manager pursuant to this agreement and includes the monies mentioned in the application, any further monies allocated by the client for being managed by the Portfolio Manager pursuant to this 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 being managed by the Portfolio Manager.

"Initial corpus" means the sum total of the cash and the market value or realizable securities which the client shall set aside at the time of registering as a client with the Portfolio Manager on which the Portfolio Manager shall offer portfolio management services.

"Portfolio" means the holdings of securities managed by the Portfolio Manager on behalf of the Investor pursuant to the Agreement and includes any further securities placed by the Investor with the Portfolio Manager for being managed pursuant to the Agreement, securities acquired by the Portfolio Manager through investment of funds and bonus and right shares in respect of securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.

"Portfolio Manager" means Trustline Securities Limited, a company incorporated under the Companies Act, 1956 and having its registered office at C-647, New Friends Colony, New Delhi-110025

"Principal Officer" means an employee of the portfolio manager, who is responsible for the activities of portfolio management and has been designated as Principal Officer by the Portfolio Manger

"Discretionary Portfolio Management Services" means The portfolio management services rendered to the investor, by the Portfolio Manager on the terms and conditions contained in the Agreement with respect to the Portfolio and Funds of the Investor, where the Portfolio Manager exercises its sole and absolute discretion with respect to investments or management of the Assets of the Investor, entirely at the Investor's risk, in such manner as the Portfolio Manager may deem fit.

"Rules" means the securities and Exchange Board of India (Portfolio Managers) Rules 1992.

"Scheme" means any of the current investment schemes or such schemes that may be introduced at any time in future by the Portfolio Manager.

"Net Asset Value" (NAV) is the value that the investment would ordinarily fetch on sale in the open market on the relevant date less any receivables and fees due.

"HUF" means Hindu Un-divided Family as defined in Section 2(31) of the Income Tax Act, 1961.

"FI" means Foreign Institutional Investors registered with SEBI.

“Securities” means as defined in Securities Contract (Regulations) Act, 1956.

3. Company profile

(a) **History, Present Business and Background of Trustline Securities Limited:** Company was incorporated under the provisions of the Companies 1956 on 27th day of January, 1995. It acquired Trading and Clearing membership of capital market segment of National Stock Exchange of India Ltd. (NSE) on 26th Day of July, 1995. In the year 2000, Company became trading member of Derivatives Segment of NSE. In the year 2003, it became a clearing member of NSE-F&O Segment. In 2004, the Company became a member of Bombay Stock Exchange Limited (BSE). The company acquired trading membership in Currency Futures Segment of NSE in the year 2008 and of BSE in 2013. The Company also became a member of MCX-SX in the year 2008 for Currency Derivatives segment and in 2013 for cash and F&O segments of MCX-SX. It received its approval as a Depository Participant of Central Depository Services (India) Ltd. in the year 2001 and National Securities Depository Limited in 2009. It was accorded SEBI approval as a Portfolio Manager on February 27, 2012 and renewed on February 28, 2015. Main activity of the company is providing stock broking and Depository Participant services to clients through a net work of branches/Authorised Persons.

The Company has also received approval from SEBI to act as a Research Analyst on June 1, 2015.

Products and services: -

1. Stock Broking
2. Derivatives Broking
3. Currency Futures and Options
4. Depository Services
5. Distribution of Mutual Fund Products
6. Portfolio Management Services
7. Research Analysts Activities

Present Activities

During the last 15 years beginning from April, 2001, the major profits of the company have accrued out of rendering quality stock broking services to its clients. The Company is providing investment services and is having around 1,00,000 registered clients across the country through the network of Branch Office as well as Authorised Persons / sub brokers.

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

1. Dr. Mukesh Kansal, FCA, FCS and Ph.D is the Chairman and Managing Director of the Company. He has experience of about 27 years in financial market and has been providing investment services to individuals including HNIs and corporate.

2. Smt. Sarika Kansal, B.A. from Chaudhary Charan Singh University. She has experience of about 25 years in Securities Market.

3. Shri Vinay Kumar Gupta, a post graduate in Commerce from Chaudhary Charan Singh University. He is having about 25 years of experience in financial market. He is actively involved in the trading operations of the Company.

(c) Group companies related to the Portfolio Manager:

S. No.	Name of the Company	Principal Business	Net Profit (2018-2019) (In Rs.)
1	CTA Apparels Private Limited	Manufacture and Export of Readymade Garments	2,44,39,535
2	Trustline Commodities Private Limited	Commodity Broking	7,70,210
3	Trustline Insurance Brokers Private Limited	Direct Broker (Insurance)	22,71,523
4	Trustline Real Estate Private Limited	Real Estate activities	16,664
5	Trustline Finvest Limited	Yet to commence operations	37,700
6	Muksar Foods Private Limited	Garment Manufacturing ,Sports & Entertainment	9,094
7	Trustline Academy	Educational Services	1,039
8	K & A Employees Group Gratuity	Employee Trust	2,33,932

(d) Details of the services being offered by the Portfolio Manager:

The Portfolio Manager will be offering discretionary portfolio management services. The clients will hand over cash/stocks or a combination of both to Portfolio Manager who will take all the decisions to buy/sell securities, units of Mutual Funds and money market instruments and other permissible securities.

4. Penalties, pending litigation or proceedings etc.

Particulars	Remarks
All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made thereunder	None
the nature of the penalty/direction	Not Applicable
Penalties imposed for any economic offence and/or for violation of any securities laws.	None
Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.	None
Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency	None
Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder	The consent order has been passed by SEBI on April 27, 2012 which is available on website of SEBI www.sebi.gov.in

5. Services offered

Discretionary Portfolio Management Services

(i) Trustline Securities Limited offers Discretionary Portfolio Management Service for capital appreciation through investment in equities 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. so that all benefits accrue to the Investor's Portfolio, entirely at the Investor's risk. The portfolio manager has the discretion to make investment decision on behalf of the investor. Presently, the focus is only on Listed Indian Equities and any changes to it will be disclosed in the disclosure document.

(ii) The minimum amount for portfolio management services shall not, in any case, be less than the minimum amount as stipulated under the SEBI (Portfolio Managers) Regulations, 1993, and the amendments there from time to time. The Portfolio Manager can fix a higher

limit as mutually agreed.

(iii) Trustline Securities Limited will not invest funds under PMS in its Subsidiary or Associate or Group Companies.

(iv) No investment will be made in derivative products. In the event of deciding to invest funds under PMS in derivative products, please refer to risk factors, mentioned under point no. 7.

6. List of approved share brokers for PMS activities

The Portfolio Manager is a registered Stock Broker in NSE, BSE, MCX-SX and USE, hence no other share broker shall be engaged for availing stock broking services by the Portfolio Manager. The stock broking services of the Portfolio Manager shall be used for the PMS activities simultaneously.

7. Risk factors

- a) Investment in securities are subject to market risks and there is no assurance or guarantee that the objectives of the portfolio management scheme will be achieved.
- b) There will be specific risk attached with portfolio management scheme arising from the investment objective, investment strategy and asset allocation and hence the risk and hence the return from the scheme may be at variance with that of the market.
- c) Risk arising out of non-diversification, if any: In accordance with the Agreement with the investor, where investments are concentrated in mid-cap stocks/sectoral stocks, the risk may be more than market risk.
- d) Portfolio Manager may use derivative 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. The use of derivatives requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance adequate controls to monitor the transaction entered into, the ability to access the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movement correctly. Schemes using derivatives/futures and options products (if any) are affected by risks different from those associated with stocks and bonds. Such products are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of the derivatives/futures and options. Some of the risks relate to mis-pricing or the improper valuation of the derivatives/futures and options and the inability to correlate the positions with underlying assets, rates and indices.
- e) The names of the schemes do not in any manner indicate their prospects or returns. The performance in the equity schemes may be adversely affected by the performance of individual companies, changes in the market trends and industry specific and macro economic factors.

- f) The debt investments and other fixed income securities are subject to interest rate risk, liquidity risk, credit risk and reinvestment risk. Liquidity in these investments may be affected by trading volumes.
- g) Technology stocks and some of the investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.
- h) The performance of the schemes may be affected by changes in Government policies, global economic/financial situation, the level of interest rates, inflow of Foreign Institutional Investments, market sentiment etc.
- i) The Portfolio Manager may advise investing in non-publicly offered debt securities and unlisted equities. This may expose the portfolio to liquidity risks.

8. Client Representation

Category of clients	Number of clients	Funds Managed (Rs. Cr.)
Associates/group companies	N.A.	N.A.
Others (last 3 years)	5	Cannot be disclosed due to confidentiality agreement with the client

Disclosure in respect of transactions with related parties in the previous financial year as per the standards specified by the Institute of Chartered Accountants of India.

As per the Accounting Standard 18, the related party disclosure as specified by the Institute of Chartered Accountants of India are as follows: -

(a) List of related parties

Name of Related Party	Relationship
Dr. Mukesh Kansal	Managing Director
Mrs. Sarika Kansal	Director
Mr. Vinay Kumar Gupta	Director
CTA Apparels Private Limited	Holding Company
Trustline Commodities Private Limited	Associated Enterprise
Trustline Insurance Brokers Private Limited	Associated Enterprise
Trustline Finvest Limited	Subsidiary
Muksar Foods Private Limited	Common KMP
Trustline Academy	Common KMP

K & A Employees Group Gratuity	Common KMP
Trustline Brokers (IFSC) Pvt Ltd	Subsidiary

(b) Transactions with related parties

Particulars	Nature of transaction	Rupees (In Lacs)
Trustline Commodities Private Limited	Sharing of Expenses	26.58
Trustline Insurance Brokers Private Limited	Office Rent and maintenance	5.76
Trustline Finvest Limited	Other Advances	281.00
Trustline Brokers (IFSC) Pvt Ltd	Other Advances	93.98

9. Financial Performance of the Portfolio Manager:

The financial performance of M/s Trustline Securities Limited based on audited financial statements as on 31st March, 2019, 31st March, 2018 and 31st March, 2017 is as under:-

(Rs. In Lacs)

Financial Performance	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross Income	22.54.97	2040.51	2,064.61
Profit/Loss before interest, depreciation and tax	165.07	157.97	198.85
Depreciation	57.43	88.16	68.11
Interest	893.08	108.95	109.07
Provision for Tax	7.01	3.79	6.70
Profit/ (loss)	10.76	6.19	14.98

10. Portfolio Management performance of the Portfolio Manager

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Portfolio	Nil (No PMS)	Nil (No PMS)	Cannot be	Cannot be

Performance (%), Net of all fees and charges levied by the portfolio manager	rendered during this period)	rendered during this period)	disclosed due to confidentiality agreement with the client	disclosed due to confidentiality agreement with the client
Benchmark Performance %	Nil (No PMS rendered during this period)	Nil (No PMS rendered during this period)	Cannot be disclosed due to confidentiality agreement with the client	Cannot be disclosed due to confidentiality agreement with the client

11. Nature of expenses

(i) Investment management and advisory fees: The client will be charged an investment and advisory service by Portfolio Manager as follows:
The Portfolio Management Fee shall be calculated and charged in two parts:

A. Management fee @ upto 2% annualized to be charged upfront on quarterly-in-advance basis on the nominal/absolute value of the initial corpus/subsequent corpus of funds placed with the Portfolio Manager which shall be debited to the Client's Account at the beginning of each quarter starting from the date of Portfolio Management Agreement.

B. The Return on the Portfolio under management shall be arrived as follows:

Market Value of the Portfolio (cash and securities) at the end of the Financial Year / Termination Date/Agreed time frame + Dividend accrued on the Portfolio during the year – Initial corpus of funds and / or securities (market value on the date of handover) – subsequent corpus of funds and / or securities (market value on the date of handover).

In case of continuing Portfolios, the market price of the Portfolio (cash and securities) as on the end of the previous financial year shall be considered as the Initial Corpus.

The basis of charges relating to each of the following services shall also be annexed to the Portfolio Management Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

Brokerage and transaction cost: To be borne by the client directly.

While purchase/sale of securities is performed on behalf of clients at any SEBI registered broker, brokerage is loaded on to sale or purchase consideration, along with the Statutory transaction charges, STT, Service tax & Other levies. In case of purchases, the shares are sent to Clients' Demat account and in case of sale, shares are received

from Clients' Demat account maintained at any SEBI-registered Depository Participant. The relative Demat charges are directly borne by the Client. The dividends are directly credited by investee companies to the bank account quoted by the Investor in his application with Depository Participant. At the end of the Financial year/closure of account, Investment & Advisory fee as detailed above is debited to client's portfolio fund maintained with us.

In case of NRI clients, Bank also charges their PIS Service Charges on each Purchase and Sale transaction, as per the schedule of charges agreed directly between client & his bank.

12. Taxation

Tax implication for clients

(a) General

In view of the individual nature of tax consequences, each client is advised to consult his/her tax advisor with respect to the specific tax consequences to him/her of participation in the schemes. The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligation.

(b) Tax Deduction at source

If any tax is required to be deducted at source on the management fees payable by the client to the Portfolio Manager, the client shall be obliged to act in accordance with the regulatory requirements in this regard. Interest and dividends would be subject to tax as per the provisions of the Income Tax Act, 1961.

(c) Advance Tax installment obligations

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

(d) Long term capital gains

Investment held for 12 months or more than 12 months would be classified as long term asset, subject to long term capital gains and would attract tax liability as per the prevailing provisions of the Income Tax Act, 1961.

(e) Short term capital gains

Investment held for less than 12 months would be classified as short term asset, subject to short term capital gains and would attract tax liability as per the prevailing provisions of the Income Tax Act, 1961.

13. Accounting Policies

The following accounting policy/valuations will be applied for the portfolio investments of the clients:

(a) Investment in equities will be valued at the closing market prices of The Bombay Stock Exchange Limited. If the securities are not listed on The Bombay Stock Exchange Limited then closing market prices of National Stock Exchange of India Ltd. or the other exchange where the securities are listed, will be considered for the purpose of valuations. Investments in the units of Mutual Funds will be valued at the latest repurchase Net Asset Value (NAV) declared for the relevant scheme on the date of valuation of portfolio investments. Investment in debt instruments will be valued at the market value of the debt

instrument at the cut off date.

(b) Realized gains/losses will be calculated by applying the First in First Out method.

(c) Transactions for purchase or sale of securities will be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements of that year.

(d) For derivative transactions (if any), unrealized gains and losses on open position will be calculated by the mark to mark method.

(e) Unrealized gains/losses are the differences between the current market values or NAV of even date and the historical cost of securities.

(f) Dividend on shares and units in Mutual Funds, interest on debt instruments etc. shall be accounted on an accrual basis.

(g) 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.

14. Frequency of reporting to clients: -

The Portfolio Manager shall send the requisite reports pertaining to their PMS account on quarterly basis. However, the clients may ask for any report(s) anytime during continuation of their account with the Portfolio Manager. All the reporting to the clients shall be made on the E Mail ID provided by the clients at the time of opening their accounts.

15. Investor Services:

a) Name, address and telephone number of the investor relation officer who will attend to the investor queries and complaints:

Name: CS Pravin Kumar

Company name: Trustline Securities Limited

Address: Trustline Tower, B-3, Sector-3, Noida-201301 (U.P.)

Ph. No: 0120-4663364

The officer mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this office is vested with necessary authority, independence and the means to handle investor complaints.

In case, the client is not satisfied with the response given by the investor relation officer, the compliant may be further escalated to the Principal Officer whose details are as follows: -

Name: Vinay Kumar Gupta

Address: Trustline Tower, B-3, Sector-3, Noida-201301 (U.P.)

Phone: +91-0120-4663333

Email: vinaygupta@trustline.in

b) Details of SEBI online Portal (SCORES) to lodge online complaint

The Portfolio Manager is committed to settle all investor complaints in a reasonable manner and time but If the client remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the client can compliant to SEBI by way of lodging online complaint at SCORES portal. The online complaint can be filed by logging on at www.scores.gov.in.

For any queries/feedback or assistance, the client may contact SEBI office on Toll Free Helpline No. at 1800 22 7575/1800 266 7575.

c) Grievance redressal and dispute settlement mechanism

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. The Investment Relation Officer (s) shall be responsible for redressing the grievances of the clients. The grievance, if not satisfied, shall be escalated to the Principal Officer. All disputes, differences, claims and questions whatsoever arising from

- (i) the Agreement between the Client and the Portfolio Manager and
- (ii) the services to be rendered by the Portfolio Manager and/or their respective representatives

shall be attempted to be resolved by discussions between the Parties and through amicable settlement. In case the disputes remain unsettled, the same shall be referred to a sole arbitrator and such arbitration shall be in accordance with and subject to the provisions of The Arbitration and Conciliation Act 1996, or any statutory modification or re-enactment thereof for the time being in force. Such Arbitration proceedings shall be held at Delhi.

16. General

The Portfolio Manager and the client can mutually agree to be bound by specific terms through a written two way agreement between themselves in addition to the standard

agreement.

For Trustline Securities Limited

Vinay Kumar Gupta

Director

Place: Delhi

Date: October 24, 2019

CERTIFICATE

We have verified the books of account and other records maintained by Trustline Securities Limited "The Company" and also disclosures made by the Company in its

Disclosure Document of even date ("the Document") for Portfolio Management Services as required by the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and the amendments made thereto from time to time. For the purpose of identification we have initialed the said document and the same is attached with the certificate.

To the best of our knowledge and on the basis of our verification and information provided to us, we certify that disclosures made in the document are true. Further the disclosures made in the document are in our opinion, fair and adequate in order for the investor to take an informed decision.

The Certificate has been issued pursuant to a request made by the Company for the purpose of submitting the same to SEBI.

For **CA. Sunil Patel**
Chartered Accountants

Sunil Patel
Proprietor
M. No. 535954
Date: October 24, 2019
Place: New Delhi
UDIN:- 19535954AAAABQ4411