



## PORTFOLIO MANAGEMENT SERVICES DISCLOSURE DOCUMENT

- The document has been filed with the Securities and Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- The purpose of the document is to provide essential information about the portfolio management 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 herewith and the investors are advised to carefully read this entire document before making a decision and retain it for future reference.
- All the intermediaries (brokers) involved in the Portfolio Strategies are registered with SEBI as on the date of the document.
- Investors may contact the Portfolio Manager to seek further clarifications or obtain modification / changes to the Disclosure document, in the future, from the Portfolio Manager.
- The Principal Officer designated by the Portfolio Manager is as under:

**Mr. Boddapaty Anand,**  
Principal Officer,  
Millennium Finance Limited,  
402, MGR Estates, Panjagutta,  
Hyderabad – 500 082  
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- The disclosure document is dated 26<sup>th</sup> November, 2014



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## 1. DISCLAIMER CLAUSE:

The particulars in this document have 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.
- **“Client”** or **“Investor”** means any person who registers with the portfolio manager for availing services of portfolio management.
- **“Depository Account”** means any account of the client or for the client with an entity registered as a depository participant as per the relevant regulations.
- **“Financial Year”** means the year starting from 1st April and ending on 31st March of the following year.
- **“Funds”** means the monies managed by the portfolio manager on behalf of the client pursuant to an 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 the 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.
- **“Initial Corpus”** means the value of the funds and the market value of investments brought in by the Client at the time of registering as a Client with the Portfolio Manager and as accepted by the Portfolio Manager.
- **“Portfolio”** means the securities managed by the portfolio manager on behalf of the client pursuant to this agreement and includes any securities mentioned in the application, any further securities placed by the client with the portfolio manager for being managed pursuant to this agreement, securities acquired by the portfolio manager through investment of funds, bonus and rights shares in respect of securities forming part of the portfolio, so long as the same is managed by the portfolio manager.
- **“Portfolio Manager”** means Millennium Finance Limited (SEBI Registration No. INP000001447), a company incorporated under the Companies Act, 1956 and having its registered office at 402, MGR Estates, Punjagutta, Hyderabad - 500082.
- **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
- **“Strategy”** means any of the current investment Strategy or such Strategies / Portfolio that may be introduced at any time in future by the Portfolio Manager.
- **“Net Asset Value” (NAV)** is the market value of assets in portfolio consisting of equity, debt, mutual funds, cash & cash equivalents and other permitted investments etc.



- **“Securities”** means “Securities” as defined under the Securities Contracts (Regulations) Act, 1956, and includes shares, stocks, bonds, warrants, convertible and non convertible debentures, fixed return investments, equity linked instruments, negotiable instruments, deposits, money market instruments, commercial paper, certificates of deposit, units issued by the Unit Trust of India and / or by any mutual funds, mortgage backed or other asset backed securities, derivatives, derivative instruments, options, futures, foreign currency commitments, hedges, swaps or netting off and any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, any State Government or any local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; and any other instruments or investments (including borrowing or lending of securities) as may be permitted by applicable law from time to time. 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.

### 3. DESCRIPTION:

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

Millennium Finance Ltd was founded by a group of Professionals and NRIs in December 1995 with the objective of providing a whole range of financial services. Over the years we have delivered high quality services to several NRIs, Resident Indians and Corporates in the areas of investment advisory, feasibility studies, arranging angel investments, distribution of securities and in area of Non banking finance.

We started offering Portfolio Management Services to NRIs & Resident Indians in the year 2005 after registering with SEBI (Reg. No. INP000001447). We have also registered with RBI as NBFC (Reg. No. B.09.00341) from the year 2001. We are also registered with Association of Mutual Funds in India (AMFI) as distributors (ARN-4193) and distribute debt funds as well as equity funds. Our assets under management are well in excess of Rs.100 Crores through Mutual Funds.

At present we offer Portfolio management services, distribute mutual fund units, and other financial products. We also do business as an NBFC

#### **Promoters of the Portfolio Manager, directors and their background:**

**Promoters:** The company is promoted by Mr. Boddapaty Anand, Dr Ravella Prasada Rao and Mrs.Boddapaty Radhakumari having its registered office at 402, MGR Estates Punjagutta, Hyderabad - 500082.

**Directors:** The Management of the Company presently consists of four Directors. They are as under:

**Mr. Boddapaty Anand (Whole time Director):** He is an MBA from IIM, Bangalore, B.tech & M.tech from IIT, Chennai. He has wide and rich experience of more than 20 years in the capital market. He has work experience with SP Billimoria & Co, Nagarjuna Finance Ltd in areas such as merchant banking, underwriting, lead management of IPO, mergers & acquisitions, business valuations, etc. He has held the post of Assistant Director/ Deputy Director in Central water



commission, New Delhi for four years. He is the Principal Officer and Fund manager for our portfolio management services.

**Dr. Ravella Prasada Rao (Director):** He is an MD (USA) and has vast experience in practicing medicine and making large angel investments. He takes part in Policy making and Strategy Planning.

**Mrs. Boddapaty Radhakumari (Director):** She is a Bachelor of Science and has a business experience of over 10 years.

**Mrs. P S Vasantha (Director):** She is Master of Arts, Master of Education and has vast experience in teaching.

**Group companies/firms of the Portfolio Manager :**

None

**Details of the services being offered:**

**Discretionary:** In Discretionary Portfolio Management Services, we take all the decisions on the investments. The client gives the funds and his stocks to us. As long as we manage the portfolio, we make all the investment decisions on buying and selling. However, periodic reports are sent to the customer.

**Non-discretionary:** In non-discretionary Portfolio management service, the client takes all the investment decision on buying or selling and security. On specific instructions from client, the decisions are implemented.

**Advisory Services:** We offer advisory services to our Non discretionary portfolio management clients as well as others. These advisory services are related to their portfolios and also to specific investments. Where in house skills are not available in specialized areas like Taxation, assistance from outside experts will be taken. The advisory services are offered after the client accepts our specific proposal on methodology and fee.

**4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY**

None

**5. SERVICES OFFERED**

The funds would be primarily invested in midcap companies having a market capitalization between 200 crores and 4000 crores. Stocks would be picked based on historic growth rates and future growth potential. Clients who are likely to stay invested for around 3 years would be advised to go for this investment. Midcap companies with good quality management and operating in some niche areas would offer good returns over a period of time. Short-term investor may lose out due to volatility associated with midcaps. Depending on market conditions, funds may also be invested in small cap stocks, large cap stocks, debt instruments, mutual funds etc. The orientation of the fund will thus vary widely on the market opportunities. Nature of the Portfolio will be finalized based on the specifications of the client, if any.

**6. RISK FACTORS**

- Securities investments are subject to market and other risks and there is no assurance or guarantee that the investment objectives will be achieved.
- The past performance of the investments made/recommended by the Portfolio Manager shall not be construed as an indication of future results, which may prove to be better or worse than the past. The Investments made by the Portfolio Manager may go up or down in value, depending on the market conditions.



- Risk arising from the investment objective, investment strategy and asset allocation.
- The Client is not being offered any guaranteed/assured returns.
- Investment in securities involves certain risks and the value of investments may be affected generally by factors affecting capital markets, such as price and volume, volatility in the stock markets, foreign investments, interest rates, changes in government policies, taxation, political, economic or other developments and closure of the stock exchanges etc.
- There is risk of loss due to inadequate external systems for transferring, pricing, accounting and safekeeping or record keeping of securities.
- Transfer risk may arise due to the process involved in registering the shares (both physical & demat) in the Client's name/s.
- In the case of fixed income investments, changes in the prevailing rates of interest are likely to affect the value of the investment.
- Securities, which are not listed on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. This may however increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- While securities that are listed on the Stock Exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of the Portfolio(s) and may lead to the investment(s) incurring losses till the security is finally sold.
- Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the Portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long – term securities generally fluctuate more in response to interest rate changes than prices of Short- term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield- to maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristics of the Indian fixed income market.
- Credit Risk: Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.
- Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from reinvestment is the “interest on interest” component. The risk is that the



rate at which interim cash flows can be reinvested may be lower than that originally assumed.

- **Currency Risk:** The Portfolio Manager may also invest in overseas Fixed Income or other Securities/ instruments as permitted by the concerned regulatory authorities in India. To the extent that the portfolio of the Strategy will be invested in securities/ instruments denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/ fluctuation in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of Capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- Tracking errors are inherent in any investment and will cause losses and will impact on the returns to the client. Such errors occur due to several factors including but not limited to:
  - Any delay experienced in the purchase or sale of shares due to illiquidity of the market, settlement and realization of sale proceeds and the registration of any securities transfer and any delays in receiving cash and scrip dividends and resulting delays in reinvesting them.
  - The nifty reflects the prices of securities at close of business hours. The Portfolio Manager may buy or sell securities at different points of time during the trading session at the then prevailing price which may not correspond to the closing prices on the NSE.
- Changes in Government policies, regulatory authorities amending conditions or imposing new regulations, interested parties litigating, political developments, restrictions introduced by foreign Governments, could result in delays or indefinite postponements or cancellations of open offers affecting the returns on the investments.
- The Client is advised to consult Client's legal, tax or other professional advisors to determine possible legal, tax, financial or other considerations prior to placing the funds with the Portfolio Manager.

## 7. CLIENT REPRESENTATION

### Category of Client's as on 22nd November 2014

Category of Clients	No Of Clients	Funds Managed - (Rs. Crores)	Discretionary/Non Discretionary
Associates /group companies	0	0	NA
Others	12	7.70	Discretionary
<b>Total</b>	<b>12</b>	<b>7.70</b>	

We are a registered portfolio manager vide SEBI Registration No. INP000001447 dated 31<sup>st</sup> October 2011. Certificate of Registration is under renewal for further period of 3 years from 01st November 2014 to 31st October 2016.

The Portfolio Manager may receive commission / remuneration from issuers of financial products (such as from issuers of Mutual Funds units, debentures, shares and other securities / instruments) as consideration on account of investing on behalf of its clients/ selling /



distributing / advising and / or recommending their products to its clients. The Portfolio Manager shall however ensure that investments in financial products on behalf of its clients / advise and/or recommendation to invest in financial products to the clients are done in the best interests of the clients and are not influenced by the commission / remuneration received from the issuers of financial products.

**Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India**

S. No.	Name of Related Party	Particulars	FY 2013-14
1	MFL Net Services Pvt. Ltd.	Loan & Advances	1200000
	Total		1200000

**8. THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER (BASED ON AUDITED FINANCIAL STATEMENTS)**

Particulars (In Rs Lakh)	Year prior to the preceding year of current year 2011 - 12	Preceding year 2012 - 13	Current year 2013 - 14
Net Income	82.71	69.23	120.25
Profit before Tax	40.53	34.37	54.04
Profit after Tax	29.57	26.51	40.22

**9. DISCLOSURE OF PERFORMANCE OF PORTFOLIO MANAGER FOR THE LAST THREE YEARS (REGULATION 14(2)(B)(IV) OF SEBI)**

Parameters		FY	FY	FY
		2013-14	2012-13	2011-12
Portfolio Performance (%), Net of all fees and charges levied by the portfolio manager		-2.34%	-14.12%	-31.54%
Benchmark	S&P BSE Smallcap	21.83%	-12.44%	-20.37%
Benchmark	S&P CNX Midcap	16.36%	-4.02%	-4.09%

**10. NATURE OF EXPENSES**

The following are indicative types of cost and expenses for clients availing the portfolio management services. The exact basis of charge relating to each of the following shall be as per/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.

**Portfolio Management and Advisory Fees:**

Management Fees relate to the Portfolio Management Services offered to clients. The fee may be fixed charge or performance based charge or a combination of these, as agreed by the Client





in the Client Agreement. The fee may include the upfront fees or pre-mature withdrawal fee or any other fees as decided by the Portfolio Manager. Profit /performance shall be computed on the basis of High Water Mark principle over the life of the investment, for charging of performance / profit sharing fee.

**High Water Mark Principle:** High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The Portfolio Manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved High Water Mark.

With regard to the management fees linked to portfolio returns achieved, the terms will be decided as per the Client agreement.

**Custodian/ Depository Fees:**

The charges relate to opening and operation of depository accounts, custody and transfer charges for shares, bonds and units, dematerialization and rematerialization, Pledge and other charges in connection with the operation and management of the depository accounts.

**Registrar and transfer agent fees:**

Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamps and courier charges and other related charges would be recovered.

**Brokerage and transaction costs:**

The brokerage charges and other charges like service tax, stamp duty, transaction costs including bank charges, turnover tax, securities transaction tax or any other tax levied by statutory authorities, foreign transaction charges ( if any ) on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instrument and entry or exit loads (if any) on the purchase and sale of shares, stocks , bonds, debt, deposits, units of mutual funds or otherwise and other financial instruments.

**Certification and professional charges:**

Charges payable for out sourced professional services like accounting, auditing taxation and legal services etc. for documentation notarizations, certifications attestations required by bankers or regulatory authorities including legal fees etc. would be recovered.

## **11. TAXATION**

The information given hereinafter is only for general information purpose and is based on the law and practice currently in force in India during FY 2014-15 and the Investors should be aware that the relevant fiscal rules or their interpretation may change from time to time.

The portfolio gains in an account could be in the nature of capital gains (either short- term or long-term depending upon the holding period) or business income depending on the status and intent of the client at the time of entering into agreement for portfolio management.

In view of the above, and since the Individual nature of tax consequences may differ in each case on its merits and facts, each investor is advised to consult his/ her or its own professional tax advisor with respect to the specific tax implication arising out of its participation in the PMS Strategy/ option as an investor. The portfolio manager shall not be responsible for assisting in or completing the fulfilment of the Client's tax obligations.



The following are the tax provisions applicable to Clients investing in the Portfolio Management Services under the taxation laws as on the date herewith, as advised by our Tax Consultants.

### Dividend

Dividends declared, distributed or paid on or after April 1, 2003 by domestic companies will be exempt in the hands of the shareholder recipient but a tax on distributed profits of 15 percent (as increased by surcharge @5 percent plus 2 percent Education Cess and 1 percent Secondary and Higher Education Cess ) will be payable by the domestic company. Income distributed on or after April 1, 2003 by a mutual fund specified u/s 10(23D) of the Act will be exempt in the hands of the unit holders but a tax on distributed income will be paid as under:

In case of distribution by a money market mutual fund or a liquid fund or any other fund:

Distribution To	Income Tax (%)	Surcharge (%)	Education Cess (%)	Secondary & Higher Education Cess (%)	Total (%)
<b>Applicable upto 30<sup>th</sup> Sep, 2014</b>					
Individual or HUF	25	2.5	0.55	0.275	28.325
Any other person	30	3	0.66	0.33	33.99
<b>Applicable w.e.f 1<sup>st</sup> Oct, 2014</b>					
Individual or HUF	33.33	3.33	0.74	0.37	37.77
Any other person	42.86	4.29	0.94	0.47	48.56

However, no tax on such distributed income is payable by an equity oriented mutual fund.

### Capital Gains Tax

Profit on sale of investments, (being shares in a company or any other securities listed on a recognized stock exchange in India or units of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or units of a Mutual Fund specified under Section 10(23D)) held for a period of more than 12 months (36 months in case of any other investments) immediately preceding the date of transfer, will be treated as long-term capital gains; in all other cases, it would be treated as short-term capital gains. The taxability of long-term and short-term capital gains is discussed below:

#### Transactions in securities on recognized stock exchange and in units of an equity oriented fund

Long term capital gains on sale of listed securities and on units of an equity oriented fund are exempt from tax when the transactions for sale take place on recognized stock exchanges and are subject to the Securities Transactions Tax ("STT"). However, such long Term Capital Gains arising to a company shall be taken into account in computing the book profit and income tax payable u/s 115JB.

Short term capital gains on sale of listed securities and units of an equity oriented fund are taxable @15% (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess) when the transactions for sale take place on recognized stock exchanges and are subject to the STT.



Additionally, STT is payable in respect of purchase of listed securities and units of an equity oriented fund on recognized stock exchanges as follows

Sr. No.	Taxable securities	Transaction Rate (per cent)	Payable by
1	Purchase of equity share in a company where the transaction of such purchase is entered into in a recognized stock exchange (deliver based); Purchase of units of equity oriented fund, where the transaction of such purchase is entered into in a recognized stock exchange (deliver based);	0.1 NIL	Purchaser
2	Sale of equity share in a company where the transaction of such purchase is entered into in a recognized stock exchange (deliver based); Sale of units of equity oriented fund, where the transaction of such purchase is entered into in a recognized stock exchange (deliver based);	0.1 0.001	Seller
3	Sale of an equity share in a company or a unit of an equity oriented fund, where the transaction of such sale is entered into in a recognized stock exchange (non-delivery based)	0.025	Seller
4	Sale of derivative, where the transaction of such sale is entered into in a recognized stock exchange	0.017 of option premium in the case of sale of option, 0.125 of settlement price in the case of sale of an option where option is exercised, 0.01 of the price in the case of sale of futures	Seller
5	Sale of unit of an equity oriented fund to the mutual fund	0.001	Seller
6	Sale of unlisted equity shares under an offer for sale to public	0.2	Seller

#### Transactions in other securities or transactions not on recognized stock exchanges

##### **Tax on Long Term Gain**

**For Indian Companies:** Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, at the rate of 20 percent (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess- see note) with indexation or 10 percent without indexation (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess - see note).

**For Resident Individuals and HUFs:** Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, at the rate of 20 percent (plus Education Cess and Secondary and Higher Education Cess- see note) with indexation or 10 percent without indexation (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess - see note). Where the taxable income as reduced by long term capital gains is below the exemption limit, the long term capital gains will be reduced to the extent of the shortfall



and only the balance long term capital gains will be charged at the flat rate of 20 percent (plus Education Cess and Secondary and Higher Education Cess see note).

**For any other Resident:** Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, at the rate of 20 percent (plus Education Cess and Secondary and Higher Education Cess- see note) with indexation or 10 percent without indexation (plus applicable surcharge, Education Cess and Secondary and Higher Education Cess - see note).

**For any Non Resident or Foreign Company:** Long -term Capital Gains on unlisted securities computed without giving effect to first and second proviso of Section 48 of the Income Tax Act, 1961, will be chargeable at the rate of 10 percent (plus Education Cess and Secondary and Higher Education Cess) and in cases other than Long -term Capital Gains on unlisted securities as above will be chargeable at the rate of 20 percent (plus Education Cess and Secondary and Higher Education Cess). However, no tax will be charged on any income arising from the transfer of a long term capital asset, being an equity share in a Company or a unit of an equity oriented fund where the transaction of sale of such equity share or unit is entered into on or after 1st October 2004 and such transaction is chargeable to Securities Transaction Tax.

**Tax on Short Term Capital Gain:** Short-term capital gains are chargeable to tax as per the relevant slab rates.

**Capital loss can be set off against any capital gains as follows:** Long-term capital loss of a tax year, which is chargeable to tax, cannot be set off against short-term capital gains arising in that year. On the other hand, short-term capital loss in a year can be set off against both short-term and chargeable long-term capital gains of the same year. Unabsorbed short term and long-term capital loss of prior years shall be separately carried forward. However, short-term capital loss shall be eligible for set off against the chargeable long term capital gains.

**Dividend stripping:** Losses arising from the sale/transfer (including redemption) of securities including units purchased up to 3 months prior to the record date (for entitlement of dividends) and sold within 9 months (in case of units) or 3 months (in case of any other securities) after such date, will be disallowed to the extent of income distribution (excluding redemptions) on such units claimed as tax exempt by the unit holder.

**Bonus stripping:** In case of units purchased within a period of 3 months prior to the record date (for entitlement of bonus) and sold/ transferred (including redeemed) within 9 months after such date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

The tax rates applicable to resident individuals and Hindu Undivided Families are as follows (F.Y. 14-15):

**Slab Tax Rate: Should be read along with note below:-**

In the case of resident Senior citizen, who is of sixty years or more at any time during the previous year but not more than 80 years on the last day of the previous year

Particulars	Rates of Income Tax
Where the total income does not exceed Rs. 3,00,000	Nil
Where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	10% of the amount by which the total income exceeds Rs. 3,00,000
Where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	by Rs. 20,000 plus 20% of the amount which the total income exceeds Rs. 5,00,000
Where the total income exceeds Rs. 10,00,000	Rs 1,20,000 plus 30% of the amount by which the total income exceeds Rs. 10,00,000



In the case of resident super senior citizen, who is of 80 years or more at any time during the previous year

Particulars	Rates of Income Tax
Where the total income does not exceed Rs. 5,00,000	Nil
Where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20% of the amount by which the total income exceeds Rs. 5,00,000
Where the total income exceeds Rs. 10,00,000	Rs 1,00,000 plus 30% of the amount by which the total income exceeds Rs. 10,00,000

In the case of any other individual, every HUF /AOP/BOI/ artificial judicial person

Particulars	Rates of Income Tax
Where the total income does not exceed Rs. 2,50,000	Nil
Where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	10% of the amount by which the total income exceeds Rs. 2,50,000
Where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	by Rs. 25,000 plus 20% of the amount which the total income exceeds Rs. 5,00,000
Where the total income exceeds Rs. 10,00,000	Rs 1,25,000 plus 30% of the amount by which the total income exceeds Rs. 10,00,000

**Notes:**

- Surcharge – Surcharge is 10% of Income Tax if net income exceeds Rs. 1 Crore. It is subject to marginal relief.
- Education Cess- It is 2 per cent of Income Tax
- Secondary and higher education cess – It is 1 per cent of Income Tax

**Partnership Firms:** In case of Partnership Firms the tax rate applicable would be 30 percent. (plus Education Cess and Secondary and Higher Education Cess on the amount of tax + Surcharge at the rate of 10% of Income Tax if net income exceeds Rs. 1 Crore. It is subject to marginal relief)

**Indian Companies:** In case of Indian Companies having total income of less than Rs. One Crore- the tax rate applicable would be 30 percent (plus Education Cess and Secondary and Higher Education Cess on the amount of tax).

In case of Indian Companies having total income of more than Rs. One Crore but upto Rs. Ten Crore -the tax rate applicable would be 30 percent (plus 5.0% surcharge and Education Cess and Secondary and Higher Education Cess on the amount of tax and surcharge).

In case of Indian Companies having total income of more than Rs. Ten Crore -the tax rate applicable would be 30 percent (plus 10.0% surcharge and Education Cess and Secondary and Higher Education Cess on the amount of tax and surcharge).

**Note:**

- The total tax liability (including surcharge, shall be further increased by the Education cess of 2 percent and Secondary and Higher Education Cess of 1 percent.
- The above provisions are as per the Finance Act, 2014. Above said provisions and tax rates are subject to applicable Finance Act from time to time.

**12. ACCOUNTING POLICIES:**

The following accounting policy/ valuation will be applied for the portfolio investment of clients:

- Investments in Equities / other traded securities and instruments (including debt and money market instruments) will be valued at the closing market prices of the Bombay



Stock Exchange Limited or National Stock Exchange. If these Securities / instruments are not listed on Bombay Stock Exchange then the closing market prices on National Stock Exchange of India Limited or any other exchange where the Securities are listed, will be considered for the purpose of valuations. The Portfolio Manager shall endeavour to be consistent in applying the policy adopted by it. Investment in the units of mutual funds will be valued at latest repurchase Net Assets Value (NAV) declared for the relevant Scheme on the date of valuation of portfolio investment. Non-traded and thinly traded equity securities / instruments, including those not traded within thirty days prior to the valuation date shall be valued at fair value as determined by. Non-traded, thinly traded and unlisted debt and money market instruments shall also be valued at fair value. The Portfolio Manager shall use its discretion in valuation of securities with an intent to provide appropriate valuation to the investments held by the clients.

- Realized gains / losses will be calculated by applying the First In First Out (FIFO) method. For example, the earliest purchased quantity will be reckoned for the current / most recent sale at the respective prices at both points in time.
- Transaction 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 financial year are recorded and reflected in the financial statements for that year.
- For derivative transactions (if any), unrealized gains and losses on open position will be calculated by mark to market method.
- Unrealized gains/ losses are the differences between the current market values or NAV of even date and the historical cost of the securities.
- Dividend on shares and units in mutual funds, interest on debt instrument, stock lending fees earned etc. shall be accounted on receipt of the same.
- 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.

### 13. INVESTORS SERVICES

**Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:**

Mr. A. V. Koteswara Rao,  
Operations & Compliance Manager,  
Millennium Finance Limited,  
402, MGR Estates, Panjagutta,  
Hyderabad – 500 082  
Ph: 91-40-6666 8679  
Fax: 91-40-23352469  
Email: [mflhyd@gmail.com](mailto:mflhyd@gmail.com)

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

Investor may also register/lodge complaints online on SCORES (SEBI COMPLAINTS REDRESS SYSTEM) portal i.e. <http://scores.gov.in/> by clicking on “Complaint Registration” under “Investor Corner”.



**Grievance redressal and dispute settlement mechanism:**

Grievances, if any, may be sent to Mr. A. V .Koteswara Rao, Investor Relation Assistant Manager, by email or fax or regular mail. If the grievance is not settled within seven working days, the principal officer may be informed of the non-redressal. The Principal Officer will investigate and send a written communication within 2 weeks.

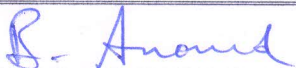
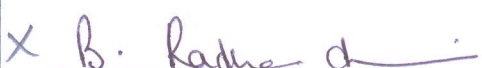
The portfolio manager will endeavour to address all complaints regarding service deficiencies or causes for grievances, for whatever reason, in a reasonable manner and time. If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall be 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 in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996, or any statutory requirement, modification or re-enactment thereof. Such arbitration proceeding shall be held at Hyderabad.

**14. GENERAL**

The portfolio manager and the client can mutually agree to be bound by specified terms through a written two- way agreement between themselves in addition to the standard agreement.

**FOR MILLENNIUM FINANCE LIMITED**

S. No.	Name of Director(s)	Signature
1.	Mr. Boddapaty Anand	
2.	Mrs. Boddapaty Radhakumari	

Date : 26<sup>th</sup> November, 2014

Place : Hyderabad

S. No.	Name of Client(s)	Signature
1.		
2.		

Date :

Place :

