SUREFIN INVESTMENTS

August 27, 2019

March 2019 Annual Update on the Surefin India Value Fund

Dear Investor,

Please find below the performance of the fund. This is the performance of the master series. Each of you will receive your individual performances separately. Please find the performance update also on the website at http://surefin.com/newsite/?page_id=14.

Returns Table and Other Important Data

Surefin Investments is up 5.5% in the last quarter, registering a 0.5% return for the year (since April 1st, 2018) and is up 3,861.4% since inception in May 2001 after fees and other expenses[1].

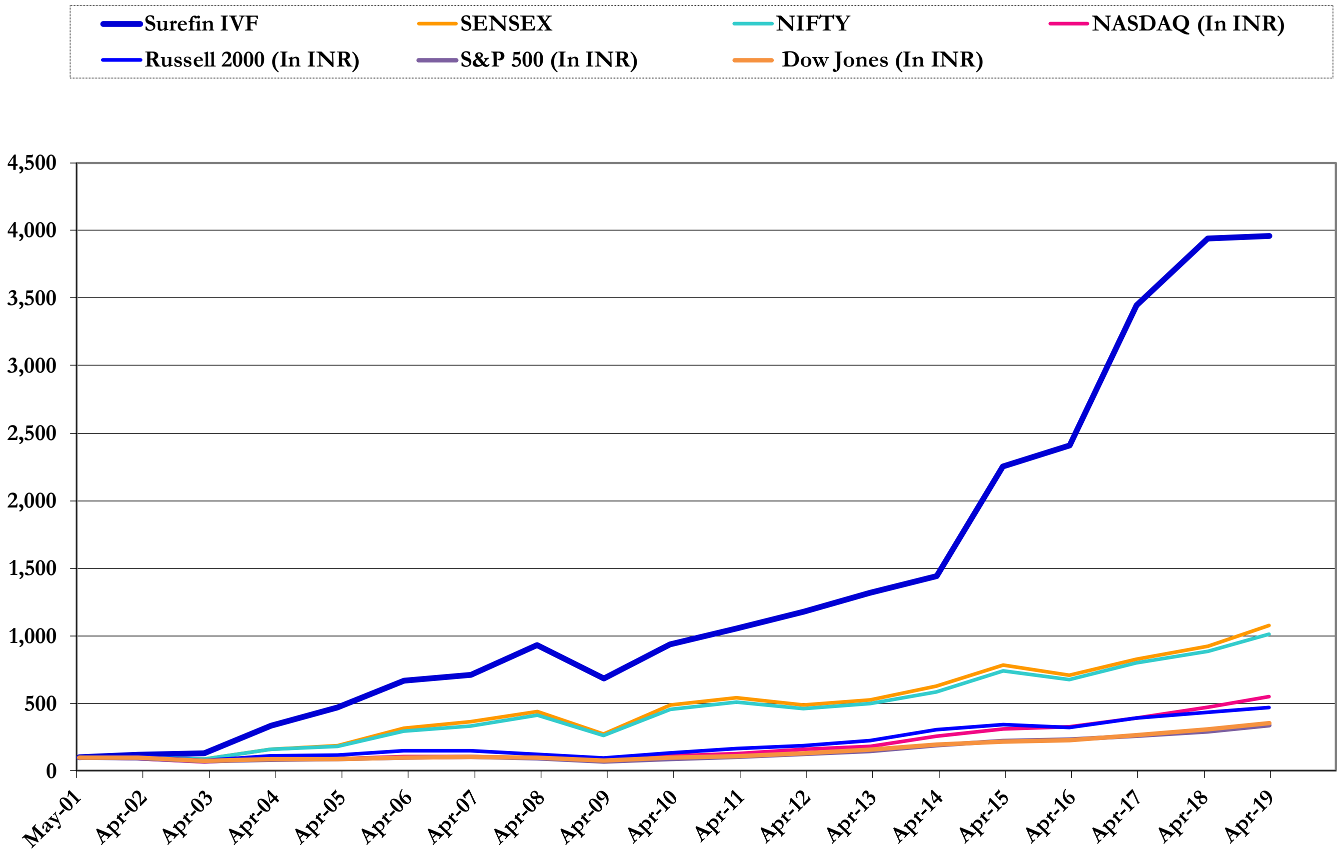
This fund has grossed a CAGR of 22.8% over the last 18 years after fees and other expenses.

[1] Fees are calculated differently for different clients, depending on when they entered the fund. However, now fees are charged at 0% management fees and 25% carry, over a 5% hurdle rate, with high water marks.

Percentage Return							
Date	Surefin IVF	SENSEX	NIFTY	NASDAQ (In INR)	Russell 2000 (In INR)	S&P 500 (In INR)	Dow Jones (In INR)
May-01	-	-	-	-	-	-	-
April-02	20.0%	(2.1%)	(0.6%)	(7.2%)	7.1%	(4.6%)	(1.0%)
April-03	9.0%	(12.0%)	(13.6%)	(29.6%)	(29.0%)	(27.2%)	(24.3%)
April-04	154.0%	86.3%	84.9%	36.7%	47.6%	20.6%	17.5%
April-05	42.0%	15.1%	13.6%	(0.7%)	3.6%	4.5%	1.1%
April-06	42.0%	70.8%	64.6%	20.1%	27.5%	12.5%	8.8%
April-07	6.4%	15.9%	12.3%	1.0%	2.1%	7.0%	8.5%
April-08	30.9%	19.7%	23.9%	(13.2%)	(20.7%)	(14.1%)	(8.4%)
April-09	(26.7%)	(37.9%)	(36.2%)	(15.1%)	(22.2%)	(23.6%)	(21.4%)
April-10	36.9%	80.5%	73.8%	39.1%	42.3%	29.9%	26.5%
April-11	12.6%	10.9%	11.1%	16.4%	24.7%	13.7%	13.8%
April-12	11.6%	(10.5%)	(9.2%)	26.1%	11.7%	20.6%	21.7%
April-13	12.1%	8.2%	7.3%	12.2%	21.7%	18.3%	17.2%
April-14	9.3%	18.8%	18.0%	41.6%	35.8%	31.5%	24.4%
April-15	56.1%	24.9%	26.7%	21.7%	11.3%	15.1%	12.6%
April-16	6.9%	(9.4%)	(8.9%)	5.2%	(5.8%)	5.5%	5.4%
April-17	43.0%	16.9%	18.5%	18.9%	21.8%	12.3%	14.4%
April-18	14.5%	11.3%	10.2%	20.2%	11.0%	12.4%	17.4%
April-19	0.5%	16.9%	14.4%	16.7%	8.2%	14.5%	14.7%
Percent Change	**3,861.4**	**977.6**	**910.2**	**448.7**	**369.4**	**235.9**	**253.1**

Performance Evaluation of Surefin India Value Fund

Index Value							
Date	Surefin IVF	SENSEX	NIFTY	NASDAQ (In INR)	Russell 2000 (In INR)	S&P 500 (In INR)	Dow Jones (In INR)
May-01	1,000.0	3,577.0	1,145.3	97,813.7	22,963.6	58,598.7	509,942.3
April-02	1,200.0	3,500.2	1,139.0	90,784.1	24,589.3	55,882.4	505,078.0
April-03	1,308.0	3,081.0	984.3	63,882.5	17,468.5	40,674.8	382,350.0
April-04	3,322.3	5,740.9	1,819.7	87,300.3	25,792.2	49,051.3	449,424.5
April-05	4,717.7	6,605.0	2,067.7	86,702.5	26,714.3	51,236.7	454,491.0
April-06	6,699.1	11,280.0	3,402.6	104,132.8	34,052.7	57,628.4	494,422.5
April-07	7,129.9	13,072.1	3,821.6	105,142.0	34,765.0	61,690.5	536,397.5
April-08	9,334.4	15,644.4	4,734.5	91,281.6	27,554.3	52,976.3	491,148.4
April-09	6,845.5	9,708.5	3,021.0	77,514.6	21,437.6	40,459.9	385,847.6
April-10	9,370.1	17,527.8	5,249.1	107,810.4	30,511.1	52,576.6	488,105.4
April-11	10,548.0	19,445.2	5,833.8	125,440.4	38,048.4	59,801.7	555,682.7
April-12	11,774.9	17,404.2	5,295.6	158,242.0	42,498.9	72,092.5	676,258.3
April-13	13,200.8	18,835.8	5,682.6	177,606.0	51,721.0	85,293.3	792,416.5
April-14	14,428.5	22,386.3	6,704.2	251,447.3	70,244.9	112,121.0	985,530.8
April-15	22,518.3	27,957.5	8,491.0	305,909.5	78,197.0	129,076.2	1,109,573.0
April-16	24,083.2	25,341.9	7,738.4	321,891.7	73,636.2	136,146.5	1,168,965.0
April-17	34,434.2	29,620.5	9,173.8	382,628.9	89,701.7	152,923.6	1,337,397.2
April-18	39,411.8	32,968.7	10,113.7	459,935.9	99,588.8	171,960.3	1,569,474.0
April-19	39,613.6	38,545.7	11,570.0	536,724.0	107,781.3	196,820.7	1,800,487.5
Percent Change	**3,861.4**	**977.6**	**910.2**	**448.7**	**369.4**	**235.9**	**253.1**
CAGR	**22.8%**	**14.2%**	**13.8%**	**10.0%**	**9.0%**	**7.0%**	**7.3%**



Note:
The returns till 2005 are calculated on an XIRR basis. XIRR is the internal rate of return of an investment that does not necessarily have periodic payments. This function is closely related to the net present value function (NPV). The IRR is the interest rate for a series of cash flows where the net present value is zero. FY is from 1st April to 31st March.

Performance Evaluation

The fund is up 0.5% compared with the best of the main indices, which is up 16.9% for the year. In comparison, the BSE mid-cap index in India is down (3.0%) and small-cap index in India is down (11.6%) during the same period. These indices represent smaller companies.[2]

Our performance for the year was unsatisfactory. The returns were terrible when compared to the main indices and we didn't distinguish ourselves with our stock-picking either. Briefly during the year we got small windows to buy things and we did take advantage of those. But overall it was a difficult year for the fund and the environment continued to be tough till the end of the year.

What is worse is that investors who have started with us during late 2014 and early 2015 are now underperforming compared to the indices. Unless there is a miracle with our portfolio prices over this year, there is a high chance we will slightly underperform or just about match the 5-year index returns for these particular portfolios. Therefore come 2020,

[2] We have converted all the international indices to INR for a more relevant comparison. A comparison with USD prices is given in the appendix.

if the relative performance has not improved, we will send an account of the returns and related commentary to the concerned investors and will also share some details in the annual letter. I would deserve closer scrutiny (and maybe even brickbats) and expect those investors to consider withdrawing their money for better prospects, which may include simply indexing. Older client portfolios have done better because they have older positions that have done okay.

As on the date of this letter going out, most of our holdings are down in price. There are some positions where we have made a mistake in buying that we have mentioned later in this letter and in past annual letters. But for the rest of the positions, the silver lining is that they are much more reasonably priced. We prefer that over these positions being overpriced or even perfectly priced since we generally like opportunities to add to what we already hold, especially in tough markets like the last few years where cheap things aren't easily available. Having the companies trade at reasonable valuations is therefore useful over time. Fortunately we have enough dry powder ready in the fund to take advantage whenever the opportunities arise.

This is what we had written about our largest position, rather pithily, last year:

"Our current largest position continues to do well. The main underlying business is now large and still growing fast. However, the risk in the business has grown equally fast as has the valuation. We will leave further discussions on this position for future letters."

Our largest position has also gone down in price during the year and beyond. The ideal investment is where a company makes a high return on invested capital and is also able to redeploy most of that capital at high returns in the business itself year-on-year. We think our largest position is such a company. In such a situation it bodes well if the price of the business does not go up to egregious levels so that one does not feel the need to trim or sell out of the position. We are happy about the prospects from here on over the long-term but we may see increased volatility in the price over the next few years. We will refrain from getting into any more details on this for now.

At the time of this letter going out, a few things seem to have appeared on the horizon and if prices continue to soften, we may have better luck in putting capital to work. We are keeping our fingers (and toes) crossed.

Portfolio Transactions, Holdings and Mistakes

We sold no positions during the year. We bought two new positions and added to two existing positions during the year. The two new positions were small, at 1% and 3% of the portfolio. One of the new positions we have bought is down substantially after the year ended. I was hoping for some fall in price at the time of buying the position so that I could add more, but the severity of the fall has been quite substantial. Maybe buying this at the original price was a mistake I made. We will write more about that in our next annual letter to you.

Other than that we added to some of our existing positions in some accounts wherever the prices were agreeable. But overall the year was one of subdued activity for the fund. We did not make any other major mistakes that we can think of. We did buy a few new positions after the year was over but they will be covered in our next annual letter.

Prices on a few things have become considerably more reasonable over the last month of this letter going out but they are still not mouthwatering enough to make us dramatically change our prior cheerless prognosis. Although things are much better from the year before, unless prices fall a bit more from here on, we do not want to heighten your expectations from what we wrote in last year's annual letter on the subject:

"The investment environment this year has become tougher for us to operate in and last year was not easy either. I will be happy if over the next few years we are able to simply keep up with the indices if they go up even moderately. Therefore investors should not expect anything higher than low double-digit annual returns (say 10%) net of fees even if the markets give high double-digit returns and lower if the market returns are lower. Those of you with higher expectations may want to exit and invest elsewhere, perhaps in an index fund, and that will be perfectly fine with us. I do not want to disappoint our partners and it is entirely possible that some mutual funds or other money managers may deliver higher returns going forward in this market. Over the long run though we hope to do okay."

As on 31 March 2019 we were holding 13 positions that made up about 48% of the fund. The balance was held in cash, money market mutual funds and other current assets. Here is a break-up of the industries we were holding companies in:

Allocation (March 2019)	**# of Cos.**	**% Allocation**
Holding Company (Many Industries)	2	37%
Other	3	4%
Financials	5	3%
Media	1	2%
Real-estate Linked	2	2%
Cash, Money Market, Margin Money (if any)		52%
Total	**13**	**100%**

Our top five and top eight positions make up 92% and 98% of the non-cash portion of the fund; and 45% and 47% of the total fund, respectively.

We continue to like our positions more than anything else we are able to understand in the market and like them at the prices they are available at. The benefit of having some good quality companies that can protect their turf and continue to grow over time is that one can, for the most part, let them be on their own and focus on finding something else for the balance of the portfolio.

Portfolio Concentration – Brace for Impact

We are repeating something we have mentioned in our previous annual letters to you because it is important for us and we want to make sure that we are on the same page on this going ahead:

Mr. Buffett in his 1965 year letter has an excellent section labeled <u>Diversification</u>. He wrote *"We are obviously following a policy regarding diversification which differs markedly from that of practically all public investment operations. … We have to work extremely hard to find just a very few attractive investment situations. … We probably have had only five or six situations in the nine-year history of the Partnership where we have exceeded 25% [in a single investment]. … We presently have two situations in the over 25% category – one a controlled company, and the other a large company where we will never take an active part. It is worth pointing out that our performance in 1965 was overwhelmingly the product of five investments. … If you should take the overall performance of our five smallest general investments in 1965, the results are lackluster (I chose a very charitable adjective)."*

Mr. Buffett said that he had invested more than 25% of the fund in a single investment <u>only</u> five or six times in the last nine years! How many fund managers can say that for themselves today?

We had written this to you last year and wanted to reiterate it because it is probably more pertinent today:

"We have consciously allowed our portfolio to get concentrated into one particular industry as everything else seemed to be priced well. We have, to some extent, back-ended into this industry and tried to learn as we went along. I also added to a few companies during the year and as a result am now very committed within this one industry. The industry has characteristics that may seem risky to conventional investors (including to me for more than a decade before I made these bets). The dynamics of the industry usually cause the companies within it to have a lot of volatility in their business numbers. So things can grow very fast or can have some very bad years with losses and even blow-ups. So we expect volatility over the next three years in these businesses and maybe the stock prices too…

"…Going ahead, especially in a market like the one we are in currently, our top two to three positions or buckets will be most crucial to our overall performance. If we are unable to find them or we get those wrong, we will likely have very mediocre results"

Since the ending of the year the portfolio is witnessing lower prices for our top few positions and this may get worse if there is a blow-up in the one sector we are concentrated in. We generally like lower prices (so that we can take advantage of them if possible) and the NAV movements for a few quarters or even several years do not bother us. They should not bother you either. If we realize that we have made a mistake in our reasoning, you will be the first to know.

Let's Not "Venture"

This is what we had written a few years ago about the positive effects of the ongoing technology boom (and the somewhat related 'start-up' boom) on the Indian business environment:

"The rapid innovation in telecom that was heralded by many companies five years ago but got stalled for a few years for various reasons has started again. The entire country is continuing on its prior path of getting digitized. On the consumer side that will mean a huge market for new products and services in retailing, tutoring, media etc. In the next three years we will have over 500 million smart-phone users (from 300 million today and up from under a 100 million

only a few years ago). All those consumers will not only want to spend on better hardware, software and services but will also demand a digital fluency from all the old-world businesses that serve them.

"Many existing business models in India will change as entire industries get digitized and as enterprises embrace new technology . From agriculture where the farmer will become a lot more productive and many of the middle-men will die to automobiles where the entire make-up of the car will change from the engine to the navigation system to even how the car is utilized in its downtime. As automobiles go from selling 3 million per year to 6 million per year, the composition of the car and the required change in supply chain (due to technology changes) will throw up very interesting opportunities.

"The Indian consumption boom is going to have a very long runway. The best part is that what goes on in the rest of the world has little to no impact on what goes on in India. Indians will buy cars assembled or manufactured in India, shirts branded and manufactured in India, want banking services provided by Indian old-school banks and new 'digital banks', consume food ranging from high quality staple grains to fast food all produced in India. And of course they will continue to have lavish weddings and produce many babies! We are world leaders in that.

"This confluence of huge pent-up demand in old school businesses intermingled with cutting edge digital fluency among the consumers makes India a very attractive market. Given the slowdown in the West and the rapid digitization of India's consumers and businesses, many high caliber Indians are no longer leaving India but staying back to create businesses within the country. Entrepreneurship has never been more intense with innumerable new start-ups getting formed and funded. And this trend should continue especially as domestic money moves into helping build these domestic businesses. The energy is palpable. It is probably the best time to be a 25 year old with an idea in India today."

This will continue to be a large business opportunity. However, it is not necessarily an interesting investment opportunity for us because we cannot predict with any degree of certainty where exactly the wealth will be created. Also, there are clear early signs of froth building in the technology and non-technology venture capital space in India. Multiple financing rounds from a handful of global investors at crazy valuations continues to attract more and more attention to this space. Domestic investors are beginning to follow. The intrinsic values in most cases are nowhere close to their current valuations.

It is not as if the customers don't need those services but the businesses behind them will not survive as the business models and management cultures are broken. The financial reporting of some of these companies is often cringeworthy. One glaring example is of a "start-up" (valued at over $5 billion) that runs a voluntary blog as the medium of financial reporting where one has to scroll through a dazzling number of multi-coloured texts, vivid pictures and catchy videos. It almost seems like an attempt to distract the attention of the reader away from the true accounting data, which is presented in an obscure three line table, tucked away somewhere in the middle, revealing a relatively modest revenue and a persistent loss.

It feels like the early days of a formidable bubble forming – probably the most dangerous kind where the ground rises slowly, no one realizes it and a new normal gets created. As Mr. Munger says - "If you are a duck on a pond, and it's rising due to a downpour, you start going up in the world. But you think it is you, and not the pond."

As this continues, the spillover of the excessive spending by technology companies and other start-ups (it is already tough to know which is really a technology company and which is simply masquerading as one) may start being felt in the "old" economy businesses in the next few years.

History often rhymes but sometimes may also repeat. Eventually many of these companies will go to zero before they turn a dime of profit for shareholders. And by profit I mean the old-school in-your-hands cash that comes after paying your due share of corporate taxes and expensing all crazy financing charges like ESOPs, conversions provisions etc. To carry on with the duck analogy, it is only when the water dries out will we know how many proverbial "ducks" are actually swimming naked. It could even turn out to be a nudist beach! (I really must stop with this analogy.)

Typically in such situations the markets go up the stairs but take the elevators down. We could see some interesting market dislocations at that time. In the meantime we plan to participate in this arena much like we would if we were offered to be a part in "the Running of the Bulls" – as an intrigued but skeptical spectator far away from the action.

On that happy note we wish to repeat something we had written last year:

"India's overall economic output will grow decade after decade into the future. No change in political party, no deterioration in macro-economic variables, no international geo-political disorder, no social upheaval, no threat of technology disruption will be able to affect that. India will grow irrespective even though the news at many times will be dismal and things could look very difficult for a few years in the middle. The reason for this growth is that the spirit of capitalism is now deeply entrenched in the psyche of India's people and it is only getting stronger as people get more empowered. The socialist policies, which are very critical for the vast majority of India that is marginalized, ensure that many people are happily moving into the small but growing middle-class in India and once there, they immediately switch to being ruthless capitalists. As each decade passes, and as education and health services become more pervasive (and at some point in the future they are taken for granted by everyone), the fire of capitalism will be fueled even further. From being helpless worshippers of the "sacred cow" they will switch to wanting to ride the "market bull". India's hundreds of millions of consumers-in-waiting will devour products and services like never before. And most of those products and services will be produced in India and we will take the world's capital and know-how as we grow."

Our simple job is to be a disciplined buyer of securities that provide us with more value than the price we pay for them. It would be great if a lot of our money is invested in securities behind which are great Indian businesses bought at reasonable prices. However we will be almost as happy if we find mis-priced securities (irrespective of the quality of the businesses behind those securities) if the prices offered are attractive. If it rains, we hope to be out with our buckets and not thimbles. So pray that it does.

Changes in Structure and Communication

The investing environment in India is going to be very exciting in the decades to come. As we think ahead it will be beneficial to proactively alter the structure we operate in.

Most managers (including myself) create marketable structures with names to describe temporary (though no one advertises that at the onset) investment opportunities like 'Asian Distressed Credit Opportunities Fund' or 'Indian Mid-cap Private Equity Value Fund' to attract particular sets of investors. But ideally a structure should have only one purpose which is to maximize long-term returns on invested capital, especially through tough years, while minimizing frictional costs. As we had written last year we are considering a new structure to replace our current one to do just that.

We will be doing ourselves a disservice over the long-haul if we are constrained to invest solely in Indian listed equities. It will be critical to have the ability and agility to be able to participate in all other available asset classes including real estate (either through joint ventures or outright), fixed income, structured private transactions etc. from time to time.

Moreover, in the current structure of the Portfolio Management Scheme ("PMS"), for accounting purposes, we are simply buying and selling on behalf of the client. Therefore as we scale and add new investors, it will be impossible to keep our trades a secret.

For tax purposes we do not get to treat the fund as one pool. Investors have to manage their own taxes which means that I have to do some special situation and arbitrage trades with incomplete knowledge of their eventual tax consequences.

Additionally we had mentioned a few other reasons in our last year's letter to you:

"Today the problem of our structure is that we have too many pools that hold different portfolios under slightly varied terms… We also cannot borrow against our assets. We cannot invest internationally. We cannot buy private companies. The list goes on."

The new structure should allow us to hold positions through various business and market cycles as we are constantly looking to park some of the capital in long-term positions. The volatility in such positions can be long and deep and it is important to almost not care about marked-to-market returns for a few years. We will be writing to each of you separately on the new structure whenever it is ready.

I am looking to add like-minded investors who are willing to be invested for the long-term and who understand how we operate and what we can deliver. We are blessed to have such a group today and I am sure there will be times I will test their patience. However, our incentives are aligned and we wish to be as transparent as possible to explain our nature of investing.

We plan to limit access to our investment letters going ahead. The headiness of the markets, and the difficulty in finding ideas lends itself to me wanting to keep more and more things private. Also I am a little tired of both having and explaining a quarterly race with the index so publicly (though I suspect no one other than my investors actually reads my dawdling letters). In case you do not get our communications in the future but want to be added to the list, please let us know via a reply to this email or at investments@surefin.com.

Finally, I want to thank our excellent set of investors who are not only contrarian, long-term and business-minded themselves but also send other similar investors our way ever so often. Thank you for your trust in us and please reach out if you have any concerns, questions or thoughts.

Warm regards,

Amitabh Singhi.

Portfolio Manager
Surefin Investments
www.surefin.com

Appendix

Performance Evaluation of Surefin India Value Fund

							Index Value				
Date	**Surefin IVF**	**SENSEX**	**NIFTY**	**NASDAQ**	**NASDAQ (In INR)**	**Russell 2000**	**Russell 2000 (In INR)**	**S&P 500**	**S&P 500 (In INR)**	**Dow Jones**	**Dow Jones (In INR)**
May-01	1,000.0	3,577.0	1,145.3	2,085.6	97,813.7	489.6	22,963.6	1,249.4	58,598.7	10,873.0	509,942.3
April-02	1,200.0	3,500.2	1,139.0	1,862.6	90,784.1	504.5	24,589.3	1,146.5	55,882.4	10,362.7	505,078.0
April-03	1,308.0	3,081.0	984.3	1,348.3	63,882.5	368.7	17,468.5	858.5	40,674.8	8,069.9	382,350.0
April-04	3,322.3	5,740.9	1,819.7	2,015.0	87,300.3	595.3	25,792.2	1,132.2	49,051.3	10,373.3	449,424.5
April-05	4,717.7	6,605.0	2,067.7	1,984.8	86,702.5	611.6	26,714.3	1,172.9	51,236.7	10,404.3	454,491.0
April-06	6,699.1	11,280.0	3,402.6	2,339.8	104,132.8	765.1	34,052.7	1,294.9	57,628.4	11,109.3	494,422.5
April-07	7,129.9	13,072.1	3,821.6	2,421.6	105,142.0	800.7	34,765.0	1,420.9	61,690.5	12,354.4	536,397.5
April-08	9,334.4	15,644.4	4,734.5	2,279.1	91,281.6	688.0	27,554.3	1,322.7	52,976.3	12,262.9	491,148.4
April-09	6,845.5	9,708.5	3,021.0	1,528.6	77,514.6	422.8	21,437.6	797.9	40,459.9	7,608.9	385,847.6
April-10	9,370.1	17,527.8	5,249.1	2,398.0	107,810.4	678.6	30,511.1	1,169.4	52,576.6	10,856.6	488,105.4
April-11	10,548.0	19,445.2	5,833.8	2,781.1	125,440.4	843.6	38,048.4	1,325.8	59,801.7	12,319.7	555,682.7
April-12	11,774.9	17,404.2	5,295.6	3,091.6	158,242.0	830.3	42,498.9	1,408.5	72,092.5	13,212.0	676,258.3
April-13	13,200.8	18,835.8	5,682.6	3,267.5	177,606.0	951.5	51,721.0	1,569.2	85,293.3	14,578.5	792,416.5
April-14	14,428.5	22,386.3	6,704.2	4,199.0	251,447.3	1,173.0	70,244.9	1,872.3	112,121.0	16,457.7	985,530.8
April-15	22,518.3	27,957.5	8,491.0	4,900.9	305,909.5	1,252.8	78,197.0	2,067.9	129,076.2	17,776.1	1,109,573.0
April-16	24,083.2	25,341.9	7,738.4	4,869.9	321,891.7	1,114.0	73,636.2	2,059.7	136,146.5	17,685.1	1,168,965.0
April-17	34,434.2	29,620.5	9,173.8	5,911.7	382,628.9	1,385.9	89,701.7	2,362.7	152,923.6	20,663.2	1,337,397.2
April-18	39,411.8	32,968.7	10,113.7	7,063.4	459,935.9	1,529.4	99,588.8	2,640.9	171,960.3	24,103.1	1,569,474.0
April-19	39,613.6	38,545.7	11,570.0	7,729.3	536,724.0	1,552.2	107,781.3	2,834.4	196,820.7	25,928.7	1,800,487.5
Percent Change	**3,861.4**	**977.6**	**910.2**	**270.6**	**448.7**	**217.0**	**369.4**	**126.9**	**235.9**	**138.5**	**253.1**
CAGR	**22.8%**	**14.2%**	**13.8%**	**7.6%**	**10.0%**	**6.7%**	**9.0%**	**4.7%**	**7.0%**	**5.0%**	**7.3%**

Note:

During the early part of the year 2009, SEBI had changed the way that PMS providers operated the accounts. SEBI mandated that each provider open separate Demat Accounts for every client and till a Demat Account had not been opened for every client, the PMS provider could not buy securities on behalf of any of the clients. Given the new laws in opening Demat Accounts and the tedious KYC norms by the NSDL and various custodians, it was impossible to meet the deadlines set by SEBI and our buying was in effect frozen for a good part of May 2009. Most stocks rallied soon after and it was painful to sit with cash (that we had hoarded so painstakingly for a period like 2009) and not be able to buy anything due to this back-end and regulatory glitch. We estimate that we lost a potential 40% return in addition to the existing return due to this. The substantially lower returns in FY 2010 have lowered our overall return substantially (from a 5-year perspective). We have spruced up our back-end operations and team since then to make sure that this does not repeat itself.