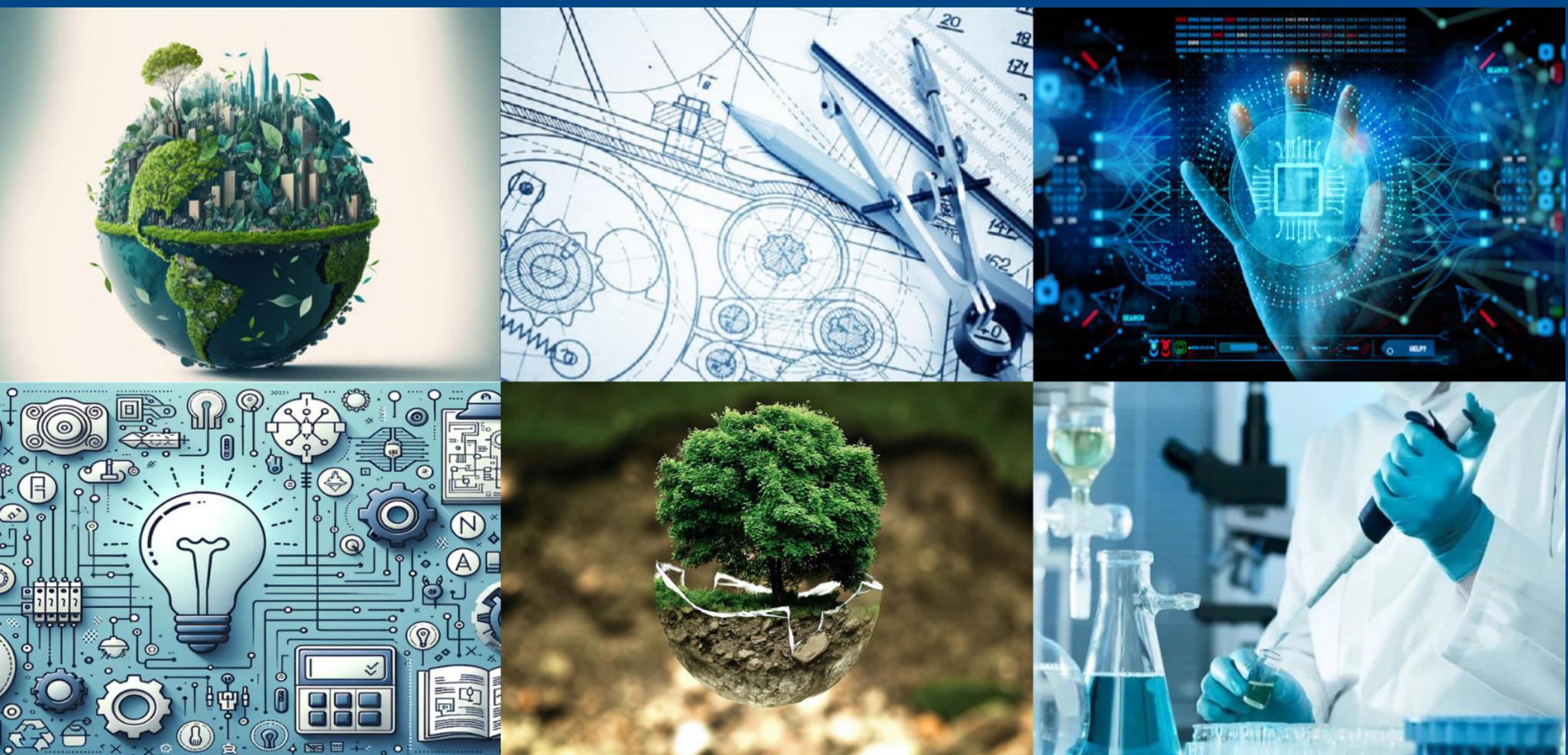
ISSN: 2582-7219

International Journal of Multidisciplinary Research in Science, Engineering and Technology

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)



Impact Factor: 8.206

Volume 8, Issue 4, April 2025

© 2025 IJMRSET | Volume 8, Issue 4, April 2025| DOI:10.15680/IJMRSET.2025.0804312

ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.206| ESTD Year: 2018|

International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

A Study on Portfolio Management Services in India

Sahil Rajendra Thorat, Dr.Rajendra Jarad, Dr.Dhananjay Bhavsar, Dr.Mahendra Yadav, Dr.Praveen Suryavanshi, Prof.Nilambari Moholkar

Department of MBA, Dr. D.Y. Patil Institute of Technology, Pimpri, Pune, India

ABSTRACT: The expanding significance of individualized wealth management solutions for high-net-worth individuals (HNWIs) is shown by this study's thorough examination of portfolio management services (PMS) in India. Unlike mutual funds, which combine clients' money, PMS provides customized investing ideas. The personalized strategy that enables investors to hold specific stocks is the main focus of the study, which examines various PMS models, including discretionary and non-discretionary models. Analysis of performance data from top PMS providers, including Motilal Oswal, ICICI Prudential, HDFC, and Kotak, reveals differences in returns according to the tactics used. Some techniques have demonstrated volatility in the short term, but others have produced strong long-term returns. The paper also assesses the risks related to PMS and discusses pricing structures, including fixed and performance-linked models, such as market volatility and liquidity challenges. At last, the study examines the future of PMS in India, considering new developments such as roboadvisory solutions, technological integration, and improved investor training to help with the decision making process. The goal of the study is to offer a comprehensive manual to financial experts and potential investors who are weighing PMS as a method of investing in India's changing financial environment.

KEYWORDS: Investing, process, method, comprehensive, behaviour, discretionary.

I. INTRODUCTION

Portfolio Management Services (PMS) have been a well-liked investment option in India as wealth management and financial planning become more popular among high-net-worth people (HNWIs). PMS offers specialized investment options that are tailored to each investor's unique financial objectives, risk tolerance, and time horizon. Usually, financial firms or expert portfolio managers deliver the service.

What is Portfolio Management Services (PMS)?

Professional portfolio managers build and manage an individual's investment portfolio through PMS, an investment service. PMS promises a more individualized approach than mutual funds, where investors' money merges with others'. With the investor's risk tolerance and financial objectives in mind, the portfolio manager develops a plan that is customized to match their unique goals and preferences.

Types of PMS In India,

PMS is broadly categorized into two types

1. Discretionary PMS: Under this kind, the portfolio manager is fully empowered to decide on investments on behalf of the investor without needing their approval for every deal. For investors who don't have the time or knowledge to regularly make market decisions, this is perfect.

2. Non-Discretionary PMS: In this scenario, the portfolio manager serves as a consultant. The investor has the last say over investment choices, even while the portfolio manager makes recommendations. This choice is for people who desire professional advice but yet want to be actively involved in their investment decisions,

Key Features of PMS

- **Personalization:** Unlike mutual funds or other collective investment schemes, PMS provides a fully tailored investment plan. The needs of the investor guide the creation of each portfolio.
- **Professional Expertise:** Through PMS, investors can take use of the knowledge of seasoned portfolio managers who keep a careful eye on markets and sectors.
- **Transparency:** Investors can monitor each transaction in their portfolio and receive comprehensive performance

data. In general, this degree of openness is more than what mutual fundsoffer.

Greater Return Potential: Compared to more passive investment vehicles, PMS strategies frequently have the potential to yield higher returns because they are actively managed and customized

Qualifications and the Lowest Amount Needed

HNWIs are the primary target of PMS. The Securities and Exchange Board of India (SEBI) stipulates that a minimum investment of INR 50 lakh is needed to qualify for PMS. Because of this high bar, PMS is mainly available to wealthy people who can make sizable investments in specialized portfolios. Organization and Charges

Fixed Fees: Regardless of the performance of the portfolio, a set yearly management fee is assessed.

Performance-Based Fees: A performance-linked fee is imposed by certain suppliers. Under this arrangement, the portfolio manager gets paid according to how well the portfolio outperforms a benchmark or a predetermined cutoff point.

Hybrid Structure: A combination of fixed and performance-based fees.

Regulatory Framework

Since SEBI regulates the PMS sector in India, PMS providers are guaranteed to function within an organized and open framework. This rule addresses client agreements, reporting requirements, and portfolio managers' qualifications. On behalf of investors, SEBI makes sure that the portfolio is handled fairly and with responsibility.

Advantages of PMS

- **Tailored Financial Technique:** PMS provides an adaptable investment strategy that can be tailored to particular requirements, enabling more complex approaches such as fixed income, equities, or a combination of the two.
- **Direct Responsibility:** In PMS, the investor has more power over the shares or securities than in mutual funds, where investors hold units.
- **Expertise:** Having a professional manager oversee your portfolio gives you an advantage when it comes to risk management, investment selection, and market timing.

Disadvantages of PMS

- **Greater Costs:** Compared to mutual funds, PMS usually entails greater fees. Returns may be impacted by these expenses, particularly under fee arrangements that are performance-based**.**
- **Liquidity Issues:** PMS might make investments in less liquid assets that could take a while to turn a profit. Consequently, investors who want short-term liquidity may find PMS unsuitable.
- **Market Risks:** Losses are a possibility with PMS, just like with any other equity or debt investment.

Popular PMS Providers in India

Several reputed financial institutions and asset management companies (AMCs) offer PMS in India. Some of the popular ones include:

- **Motilal Oswal PMS**: Known for its "Buy Right, Sit Tight" philosophy, Motilal Oswal offers a range of PMS strategies tailored to long-term wealth creation.
- **ICICI Prudential PMS**: A top player with various equity-based PMS strategies designed to generate long- term capital appreciation.
- **Kotak PMS**: With a focus on value investing and quality stocks, Kotak PMS has built a strong reputation in the industry.
- **HDFC PMS**: Known for its conservative strategies, HDFC PMS offers a balanced approach with an emphasis on capital preservation.

Review of literature

- Rao (2019) delved into investor decision-making processes in PMS, highlighting how customization in PMS offerings plays a crucial role in aligning with the financial goals of individual clients.
- Singh and Sharma (2018) analyzed risk-adjusted returns in PMS portfolios, particularly the use of modern portfolio theory to optimize ass*et al*location and mitigate systemic risks.
- Sundar and Misra, 2001 emphasize how PMS offered a more sophisticated alternative to mutual funds for affluent investors.
- Basu and Venkataraman (2020) provide a comparative analysis of PMS, mutual funds, and AIFs, examining cost

ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.206| ESTD Year: 2018|

International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

structures, flexibility, transparency, and investor experience.

- Kumar *et al*. (2015) highlight how SEBI's tightening of PMS rules in 2008 improved the accountability of portfolio managers and ensured better protection for investors.

Research Objectives

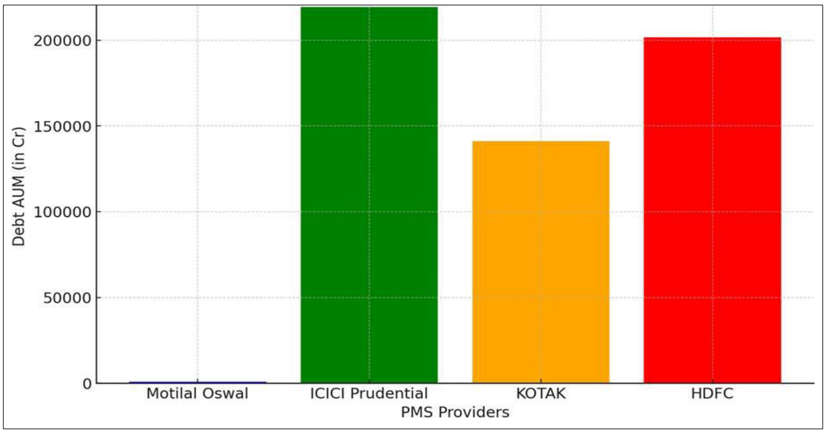
- **Analyze the Development of Indian Portfolio Management Services:** To follow PMS's evolution over time in India and its importance to the country's financial system.to determine significant turning points in commercial and regulatory developments that influenced the PMS environment.
- **Examine the PMS Regulatory Environment:** To examine how SEBI and other regulatory agencies have shaped investor protection and PMS standards.To assess how PMS offerings and investor participation are affected by recent regulatory changes, such as SEBI's 2020 review.
- **Examine the Different Portfolio Management Service Types Offered in India:** To investigate the differences between advisory, non-discretionary, and discretionary PMS. To evaluate the performance and attractiveness of these various PMS varieties according to investor preferences.
- **Recognize Investor Preferences and Behaviour in the PMS Sector:** To determine the decision-making procedures and behavioural patterns of high-net-worth individuals (HNIs) who make PMS investments.To evaluate how crucial personalized and customized financial services are in affecting investor retention and satisfaction.

II. METHODOLOGY

Literature Review: A review of the literature on the Comprehensive Guide to Portfolio Management Services (PMS) in India involves reviewing academic publications, industry reports, regulatory updates, and case studies that address major PMS topics.
Data Collection: For a Comprehensive Guide to Portfolio Management Services (PMS) in India, secondary data collecting entails compiling material from pre-existing sources such publications, studies, scholarly papers, and regulatory documents.
Data Analysis: In order to derive insights regarding market trends, performance, investor behavior, and regulatory impacts, a comprehensive guide to portfolio management services (PMS) in India must analyze a variety of quantitative and qualitative data points

Sr No	Name	Debt AUM
1	Motilal Oswal	795 Cr
2	ICICI Prudential	219278 Cr
3	KOTAK	141109 Cr
4	HDFC	201752 Cr

Table 1: Company wise Market on PMS



© 2025 IJMRSET | Volume 8, Issue 4, April 2025| DOI:10.15680/IJMRSET.2025.0804312

ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.206| ESTD Year: 2018|

International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

Interpretation

The debt AUM (assets under management) of many portfolio management service (PMS) providers in India is contrasted in this bar chart. It demonstrates the notable disparities in debt AUM between companies, with HDFC and ICICI Prudential dominating with far higher sums than Motilal Oswal.

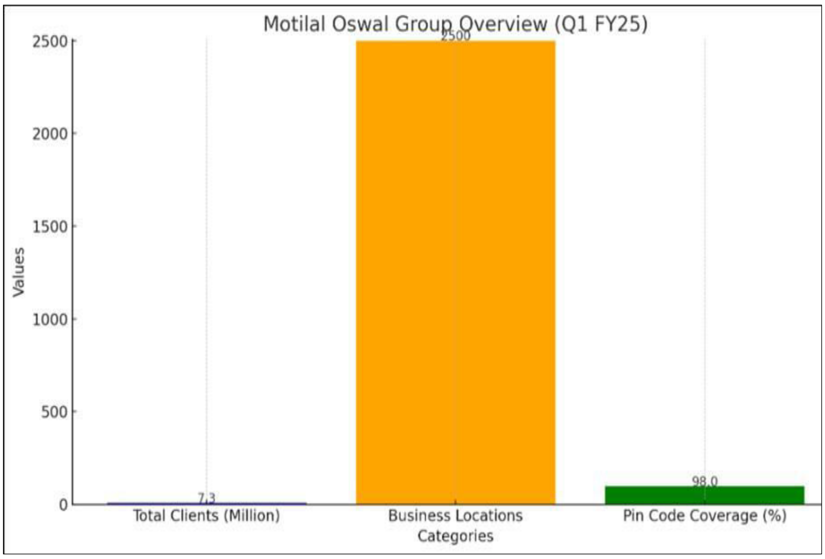


Fig 2: Customer base of Motilal Oswal

Graphical representation

The Motilal Oswal Group's overview at the end of the June 2024 quarter (Q1 FY25) is shown in this bar graph. It emphasizes the about 7.3 million clients overall, the 2,500 business sites, and the 98% pin code coverage. Please let me know if you require any modifications or further data visualizations

ICICI Prudential Mutual Fund

Fund Name	Launch Date	Category	AUM (crores)	CAGR
ICICI Prudential BlueChip	23-May-2008	Equity: Large cap	44,425	14.95
ICICI Prudential Large & MidCap	9-July-1998	Equity: Large and Mid cap	9,637	18.55
ICICI Prudential Multi cap Fund	1-Oct-1994	Equity: Mid cap fund	9,515	15.22
ICICI Prudential Multi-Asset Fund	31-Oct-2002	Hybrid: Multi Asset Allocation	27,924	21.28
ICICI Prudential Infrastructure	31-Aug-2005	Equity: Sectoral-Infrastructure	3,693	15.75

Fig 3: Table on Category of ICICI Prudential

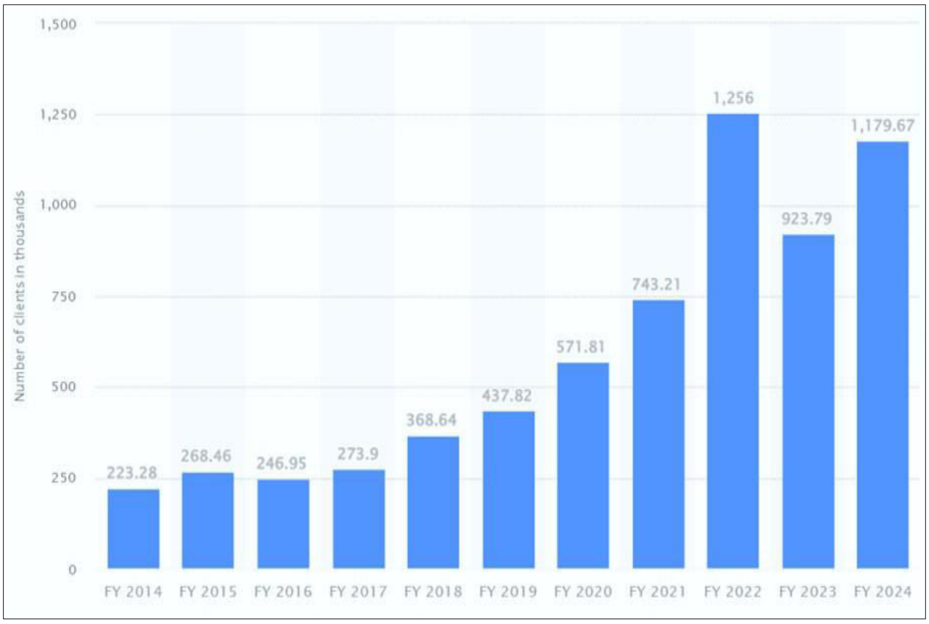


Fig 4: Customer or clients base in Kotak PMS

Kotak Securities Limited, an Indian financial services company, had over 1.1 million active customers in the fiscal year 2024. When compared to the prior fiscal year, this was a significant gain. As a division of Kotak Mahindra Bank, Kotak Securities provided a range of services, such as investment banking, mutual funds, and stock broking

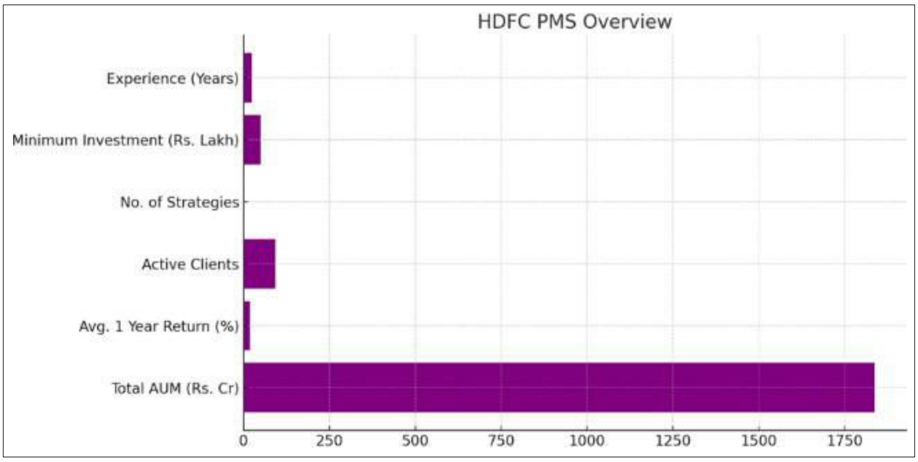


Fig 5: Overview of HDFC PMS Performance

The HDFC PMS metrics, including total AUM, average 1- year return, active clients, strategies, minimum investment, and experience, are summarized in this horizontal bar graph. If you would like any changes, please let me know.

III. CONCLUSION

© 2025 IJMRSET | Volume 8, Issue 4, April 2025| DOI:10.15680/IJMRSET.2025.0804312

ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.206| ESTD Year: 2018|

International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

With individualized financial solutions that go beyond mutual funds or conventional investment vehicles, portfolio management services (PMS) have emerged as a key tool for high-net-worth individuals (HNIs) and institutional investors in India. Several significant issues are highlighted by PMS study conducted in India:

- **Tailored Investment Strategy:** In contrast to mutual funds, PMS offers individualized portfolio management based on the investor's investing preferences, financial objectives, and risk tolerance. More flexibility and control over asset allocation are made possible by this custom technique.
- **Various Approaches:** Large-cap, mid-cap, small-cap, multi-cap, and sectoral focus are among the strategies offered by PMS providers in India, including Kotak, HDFC, and Motilal Oswal. Various investment goals, such as growth, value, or income-based portfolios, are served by these techniques.
- **Management of Performance and Risk:** With indicators like Alpha, Beta, Sharpe ratio, and consistency ratios to evaluate risk and returns, PMS usually provides comprehensive performance tracking. Compared to mutual funds, a greater degree of transparency is offered, which facilitates investors' ability to assess portfolio performance in relation to market benchmarks.
- **Greater Barriers to Entry:** PMS is largely targeted at high net worth individuals (HNIs) due to its typically higher minimum investment requirement of ₹50 lakh or more. Customers are more likely to want a premium service in terms of performance and customisation in the niche sector.
- **Diversification of Portfolios:** The majority of PMS portfolios span industries such as banking, finance, IT, healthcare, and autos. However, the chosen strategy— which may have sectoral biases or be biased towards specific market capitalizations (large-cap, mid-cap, or small-cap)—determines the degree of diversification.
- **Long-Term Attention and Proficiency:** Investors can access seasoned fund managers that actively manage portfolios with a long-term perspective thanks to PMS providers' years of experience (Kotak PMS, for example, has been in the market for 24 years).
- **Investor Protection and Regulatory Oversight:** The Securities and Exchange Board of India (SEBI), which oversees PMS regulation in India, guarantees accountability, openness, and investor safety. In order to protect investor interests, SEBI requires PMS providers to adhere strictly to investment standards.

The main obstacles

- **High Fees:** PMS often has higher management and performance fees than mutual funds, which may have an effect on net returns.
- **Liquidity issues:** During market downturns, PMS portfolios, especially those that concentrate on small- and mid-cap stocks, may be vulnerable to liquidity issues.
- **Complexity:** For retail investors, PMS can be complicated, therefore it's critical that clients comprehend the risks involved and the tactics for building a portfolio.

For HNIs and those looking for individualized, actively managed portfolios, portfolio management services in India offer a sophisticated investment channel. For investors with more resources and a greater risk tolerance, PMS may be a desirable alternative because of its broad choice of strategies and increased degree of flexibility. Potential investors should, however, make sure that their financial objectives coincide with the services offered by PMS by being aware of the expenses, dangers, and long-term commitment involved.

REFERENCES

1. Dhayalan V, *et al*. Saving habit and investment preference of government school teachers in Vellore district.
2. Venkatesh P. A study on school children’s perception towards frequency of visits and selection of junk food retail chain store. Nat Volatiles Essent Oils. 2021;8(5):8181-8190.
3. Venkatesh P. A study on technical analysis of the commodity market with special reference to gold and silver. Nat Volatiles Essent Oils. 2021;8(4):366-379.
4. Venkatesh P. A study on technical analysis using candlestick pattern of selected large-cap stocks listed in National Stock Exchange (NSE), India with reference to steel sector. GSI Journals Serie B: Advancements in Business and Economics. 2021;3(2):62-71.
DOI: 10.5281/zenodo.4972495.
5. Venkatesh P. A study on the weak form efficiency of metals & mining sector in BSE. Nat Volatiles Essent Oils. 2021;8(4):287-296.
6. Venkatesh P. Study on price discovery of selected Indian agricultural commodity with special reference to

ISSN: 2582-7219 | www.ijmrset.com | Impact Factor: 8.206| ESTD Year: 2018|

International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

NCDEX. Int J Adv Innov Res. 2021;8(3):76-84.

7. Maran K, Senthilnathan CR, Usha S, Venkatesh P. Business analytics contribution in the growth of Indian digital business. In: 2022 1st International Conference on Computational Science and Technology (ICCST); Chennai, India. 2022:497-500.
DOI: 10.1109/ICCST55948.2022.10040343.
8. Krishnamoorthi M, Guha D, Neelappa SN, Shaikh A, Venkatesh P. Testing the weak-form market efficiency of IT sector: An empirical evidence from India. In: Hamdan A, Braendle U, editors. Harnessing AI, Machine Learning, and IoT for Intelligent Business. Cham: Springer; c2025. p. 555. DOI: 10.1007/978-3- 031-67890-5_56.
9. Maran MK, Senthilnathan CR, Usha S, Venkatesh P. Impact of solar energy on mitigating climate changes for sustainable development in India. In: 2022 International Conference on Power, Energy, Control and Transmission Systems (ICPECTS); Chennai, India. 2022, 1-5.
DOI: 10.1109/ICPECTS56089.2022.10046744.
10. Maran K, *et al*. Business analytics contribution in the growth of Indian digital business. In: 2022 1st International Conference on Computational Science and Technology (ICCST); c2022.
11. Maran K, *et al*. Impact of solar energy on mitigating climate changes for sustainable development in India. In: 2022 International Conference on Power, Energy, Control and Transmission Systems (ICPECTS); c2022.
12. Maran K, Prabaharan T, Priyadarshini P, Venkatesh P. Impact of enumeration factors on effective self-help group (SHG) functioning. Int J Early Childhood Special Educ. 2022, 14(3).
13. Maran K, Priyadarshini P, Jenifa L, Senthilnathan CR, Venkatesh P. Data analysis on mobile payment technology with reference to users' behaviour of retail goods in India. In: 2021 4th International Conference on Computing and Communications Technologies (ICCCT); c2021. p. 267-272.
14. Murugan K, Venkatesh P. Viral marketing of digital products using social media. Int J Inf Technol Computer Sci Perspect. 2013;2(1):120.
15. Murugan K, Roselin Gracy SH, Venkatesh P. A study on customer perception towards Mugi Ultra Liquid Detergent. IJMPERD. 2018;8(3):978-984.
16. Murugan K, Selvakumar V, Venkatesh P, Manikandan M, Ramu M, Krishnamoorthi M. The big data analytics and its effectiveness on bank financial risk management. In: 2023 6th International Conference on Recent Trends in Advance Computing (ICRTAC); c2023. p. 313-316.
17. Venkatesh P. A study on school children's perception towards frequency of visits and selection of junk food retail chain store. Nat Volatiles Essent Oils; c2021 .p. 2148-9637.
Venkatesh P, Sudheer KS, Paramasivan Senthilmurugan. A study on technical analysis using candlestick pattern of selected large-cap stocks.

INNO SPACE
SJIF Scientific Journal Impact Factor

INTERNATIONAL STANDARD SERIAL NUMBER INDIA

निस्केयर
NISCAIR

INTERNATIONAL JOURNAL OF
MULTIDISCIPLINARY RESEARCH
IN SCIENCE, ENGINEERING AND TECHNOLOGY

| Mobile No: +91-6381907438 | Whatsapp: +91-6381907438 | ijmrset@gmail.com |

www.ijmrset.com