

DISCLOSURE DOCUMENT

(As per the requirement of Fifth Schedule of Regulation 14 of Securities and Exchange Board of India (Portfolio Managers) Regulation 1993)

The Disclosure Document has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Manager) Regulations, 1993.

The purpose of the Disclosure Document is to provide essential information about the Portfolio Management Services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.

The Disclosure Document contains necessary information about the Portfolio Manager required by an investor before investing. The investor is advised to retain the Disclosure Document for future reference.

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

Name of the Principal Officer	: Mr. Aishvarya Dadheech
Phone	: 022 3982 3281
E-mail	: aishvarya.dadheech@ambit.co
Address	: Ambit House, 449, Senapati Bapat Marg, : Lower Parel, Mumbai – 400 013.

Date: March 22, 2019

Place: Mumbai

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1. Disclaimer

The particulars given in this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and filed with SEBI. This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Disclosure Document.

2. Definitions

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

- “Act” means the Securities and Exchange Board of India, Act 1992 (15 of 1992).
- “Advisory Services” shall mean the non-binding investment advisory services rendered by the Portfolio Manager to the Client. The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment / divestment of Securities.
- “Agreement” means the agreement between Portfolio Manager and its Client and shall include all schedules and annexures attached thereto.
- “Application” means the application made by the Client to the Portfolio Manager as more particularly described in Schedule A to the Agreement, for investing the monies and/or Securities therein mentioned with the Portfolio Manager in the Products for rendering the services. Upon execution of the Agreement by the Parties, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- “Assets” means (i) the Portfolio and/or (ii) the Funds (as the case may be).
- “Bank Account” means one or more accounts opened, maintained and operated by the Portfolio Manager with any of the Scheduled Commercial Banks in the name of the Client or the Product (as may be applicable).
- “Board” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act.
- “Chartered Accountant” means a chartered accountant as defined in Clause (b) of Sub-section (1) of Section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under Sub-section (1) of Section 6 of that Act.
- “Client” means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio/Funds or for receiving advisory services.
- “Client Level” shall mean the Product under which all the Assets of the Client shall be managed on an individual basis through a separate Bank Account and Depository Account which will be opened in the name of the Client and operated by the Portfolio Manager.
- “Custodian” means any person who carries on or proposes to carry on the business of providing custodial services and shall be registered with SEBI.
- “Depository Account” means one or more account or accounts opened, maintained and operated by Portfolio Manager in the name of client or Product (as may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.
- “Disclosure Document” shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the Regulations.
- “Discretionary Portfolio Management Services” shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in this Agreement.
- “Non-Discretionary Portfolio Management Services” shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/ instructions.

- “Funds” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the Application, any further monies that may be placed by the Client with the Portfolio Manager from time to time, for being managed 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 managed by the Portfolio Manager.
- “Financial year” means the year starting from April 1 and ending on 31st March of the following year.
- “Net Asset Value” (NAV) for the Products shall be calculated using the following method: NAV= Market value of all investments + Cash + Balance in ledger account with broker + Dividend/interest receivable - accrued expenses including Portfolio Management Fee.
- “Parties” means the Portfolio Manager and the Client; and “Party” shall be construed accordingly.
- “Person” includes any individual, partners in partnership, central or state government, company, body corporate, co-operative society, corporation, trust, society, Hindu Undivided family or any other body of persons, whether incorporated or not.
- “Portfolio Manager” means any person who pursuant to a contract or arrangement with a Client, advises or directs or undertakes on behalf of the client the management or administration of portfolio of securities or the funds of the client, as the case maybe. For the purpose of this Disclosure Document, Portfolio Manager is Ambit Investment Advisors Private Limited.
- “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 that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to this Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- “Principal Officer” means a director or any senior management employee of the Portfolio Manager, who is responsible for the activities of the portfolio management and has been designated as principal officer by the Portfolio Manager.
- “Portfolio Management Fees/Advisory Fee” shall have the meaning attributed thereto in Clause [10] of this Disclosure Document.
- “RBI” mean Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time
- “Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993, and as may be amended from time to time.
- “Scheduled Commercial Bank” means any bank included in second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).
- “SEBI” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act 1992.
- “Product” means any current investment Products or such Products that may be introduced at any time in the future by the Portfolio Manager.
- “Securities” includes:
 - (i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
 - (ia) derivative;
 - (ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
 - (ic) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
 - (id) units or any other such instrument issued to the investors under any mutual fund scheme;
 - (ii) Government securities;
 - (iia) such other instruments as may be declared by the Central Government to be securities; and
 - (iii) rights or interest in securities;

Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in the regulations governing Portfolio Management Services.

3. Description

3.1 History, Present Business and Background of the Portfolio Manager:

Ambit Investment Advisors Private Limited (AIA), is a company incorporated under the Companies Act, 1956 and have its registered office at Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai - 400013. AIA used to manage Ambit Alpha Fund (AAF), a category III Alternative Investment Fund registered with SEBI. AAF began operations in June 2013 and the Asset under management (AUM) of the last operating period on August 31, 2016 was ~ USD 170.2 million.

AIA also provided non-discretionary investment advice to Ambit Frontier Fund Limited, an open ended fund that was established and registered in Mauritius.

AIA is a subsidiary of Ambit Private Limited (APL). APL has a demonstrated track record in asset management and investment advisory through its subsidiaries and affiliates.

3.2 Promoters of the Portfolio Manager and Directors:

Promoters:

Ambit Private Limited (APL):

APL being the holding company of AIA is also the promoter of the Company. AIA is the wholly owned subsidiary of APL.

Board of Directors:

Mr. Sushant Bhansali

Sushant Bhansali is a Managing Director & Head of the Principal Investment business at Ambit, and has been with Ambit since 2008.

Prior to joining the Principal Investment business in 2013, Sushant was part of the Group CEO office and was responsible for new client acquisition, business development and performance analysis across all verticals in Ambit. Sushant has previously worked with Morgan Stanley Capital International and PricewaterhouseCoopers.

Sushant is a qualified Chartered Accountant and has completed his MBA from the Indian School of Business, Hyderabad (ISB). He holds a B.Com. (Hons) in Accounting.

Mr. Vikas Gandhi

Vikas Gandhi is a Commerce Graduate from Mumbai University and is Chartered Accountant and Company Secretary .

He is a Director of the Company and has been with Ambit Since December, 2013. He has two decades of professional experience in the field of Finance, treasury and taxation.

He has worked in senior position with PhillipCapital Private Limited and Indesec Securities & Finance Limited

3.3 Group company information (i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis):

Top 10 Group Companies on turnover basis is as follows. – (Based on latest Audited Financial Statement as on March 31, 2018)

Sr. No.	Name of the Group Companies
1	Ambit Capital Private Limited
2	Ambit Finvest Private Limited
3	Ambit Investments Private Limited
4	Ambit Private Limited
5	Ambit America Inc. (USA)
6	Ambit Singapore Pte. Ltd
7	Ambit Capital (UK) Ltd.
8	Ambit Pragma Ventures Private Limited
9	Ambit Broking & Advisory Private Limited
10	Ambit Wealth Advisors Private Limited

3.4 Details of services offered by the Portfolio Manager:

a) Discretionary Services:

Under these services the Portfolio Manager shall have the sole and absolute discretion to invest the Client's assets in any type of securities as per executed Agreement and make such changes in the investments and invest some or all of the Client's funds in such manner and in such markets as it deems fit and would benefit the Client. The Securities invested/disinvested by the Portfolio Manager for Clients in the same Product may differ from Client to Client.

The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management, 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. and any other benefits that accrues to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

The Portfolio Managers' decision (taken in good faith) in deployment of the Clients' assets is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines and notifications in force from time to time.

The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's assets and accretions thereto. Account consisting of investments, accruals and monetary and non-monetary corporate action & benefits if any.

b) Non-Discretionary Services:

The Portfolio Manager is offering the same, under the name NDPMS.

The Client here appoints the Portfolio Manager to provide Non-Discretionary Portfolio management and administrative services for the funds / securities put in by the Client in accordance with the provisions of this Agreement. The Portfolio Manager accepts such appointment and agrees to provide the services herein set forth, on the terms and conditions herein mentioned. The Portfolio manager shall be responsible for rendering such services in accordance with the Act, Rules, Regulation, and Guidelines issued under the Act and any other Laws, Regulations, Rules, and Guidelines etc as may be applicable

from time to time. The investments will be with the client's oral and / or written consents and Client will be wholly responsible for the decisions on the investments.

The Portfolio Manager will provide Non-Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities with the client's oral and/or written consent. Additionally the Portfolio Manager will keep the safe custody of the securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's assets and accretions thereto. Account consisting of investments, accruals and monetary and non-monetary corporate action & benefits, if any.

c) Advisory Services:

The Portfolio Manager will provide Advisory Services which shall be in the nature of non-binding investment advice, and may include the responsibility of inter alia advising for renewing and reshuffling the portfolio, buying and selling the securities. Additionally, the Portfolio Manager may advise on the safe custody of the securities and monitor book closures, dividend, bonus, rights etc. and any other benefits that accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client's risk.

4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority.

No penalties/directions have been issued by SEBI under the SEBI Act or Regulations made there under, against Portfolio Manager. There are no pending litigations or legal proceedings, findings of inspections or investigations for which action has been taken or initiated by any regulatory authority against the Portfolio Manager or its Directors, principal officers or employees or any person directly or indirectly connected with the Portfolio Manager under the SEBI Act or Rules and Regulations made there under. There is no inspection conducted by SEBI for the PMS Business of the entity till date.

5. Services offered-

Following Products are currently offered by the Portfolio Manager under Discretionary services. Non-Discretionary and Advisory services are offered basis individual client's need within the parameters prescribed in 3.4:

i) Ambit Good & Clean Portfolio

Objective

The investment objective of the Ambit Good & Clean PMS is to invest in firms which are: (a) Good, on the basis of capital allocation track record and quality of improvement in financial metrics, and (b) Clean, on quality of their accounts and corporate governance.

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies. The objective is to generate upside without compromising on the quality of companies (basis accounting quality, corporate governance and improvement in financials).

Investments can be made in all the securities including cash equities, futures and options, money market instruments, mutual funds etc. to avail the opportunities available in the market.

Investment Approach and Strategy

- To create a portfolio with an objective to generate capital appreciation over the long term using the above Good & Clean philosophy. The Portfolio Manager shall follow a research based approach for selecting stocks in the portfolio with a combination of top down and bottom up process.

- The investment approach would be to generate equity returns by investing in firms which are 1) good on capital allocation and financial improvements, and 2) clean on accounting quality and corporate governance.
- After screening through these frameworks, subjective assessments will be made to narrow down to the final portfolio of stocks

Investment Horizon: 3-5 years

Derivative Investment Strategy

The terms for the investment in Derivative are as follows:

The usage of Derivative Products and transactions will be to maximize the profits and may not be limited to single product or strategy but will also include the transactions for the purpose of hedging and portfolio rebalancing. The quantum of exposure to derivatives will be maximum up to 100 % the aggregate assets (net of existing derivatives investments) of the Client at the disposal of the Portfolio Manager.

The type of derivative instruments will be of all the kinds including Stock futures, index futures, stock option and index option those that are traded on the floor of the recognized stock exchanges namely National Stock Exchange of India Limited and BSE Limited, in the Derivative Market Segment. Similarly, all or any type of derivative positions will be adopted.

Client level position limits and market wide position limits as specified by SEBI from time to time will be observed.

The terms of valuing and liquidating derivative contracts in the event of liquidation of portfolio management Product, will be at the best rate on the floor of the stock exchanges, namely, National Stock Exchange of India Limited and the BSE Limited, in the Derivatives Market Segment. On termination of the portfolio management services, the portfolio manager shall unwind the positions in the derivative segment as soon as possible.

The derivative positions will not be held for Non Resident Indian, and accordingly the NRI's portfolio may differ to that extent with the other persons in this Product.

Investment Structure and Reporting

The Ambit Good & Clean Portfolio shall be operated on "Client Level" basis. All investors' Assets will be in client wise individual separate Bank and Depository Account as the case may be. The Portfolio Manager may at its discretion ordinarily purchase or sell Securities in aggregate for economy of scale and thereafter inter se allocate the same amongst its client on pro-rata basis as per applicable regulations. The portfolio manager shall not hold any securities, belonging to the portfolio account, in its own name on behalf of the clients.

Additionally, through the Agreement the investor shall provide a Power of Attorney authorizing the Portfolio Manager to perform all his investment decisions and all other obligations.

All investors shall receive monthly transaction and performance Report. Further, at the year-end an audited performance Report specifying the long term, short term and dividend received during the year shall be sent to the investor for assisting him/it to file the returns.

Eligibility for Investment in the Ambit Good & Clean Portfolio

- Resident Individuals, Proprietorship Firms, HUFs, Partnership Firms, Registered Trusts, Corporate, FII and any other eligible investors.
- Non Residents Indians (NRIs) are eligible to invest in this portfolio but the derivative positions will not be held for NRI. , The portfolios for NRIs shall be managed keeping in view the list of stocks where Reserve Bank of India has barred investments by NRIs. Accordingly the NRIs portfolio may differ to that extent with the other persons in this Product.
- Furthermore, the individual portfolio of each person may differ based on the various criteria like the corpus amount, residential status or such other criteria, as may be required by the regulations.
- The portfolio of each client may differ from that of the other client in the same portfolio strategy, as per the discretion of the Portfolio Manager.

Minimum Investment Amount

To participate in the **Ambit Good & Clean Portfolio** the minimum investment by the investor shall be Rs. 25 lakhs or as may be provided in the applicable regulations. In the event the Client is interested in investing in the Minimum Investment amount in the form of traded shares or Mutual Fund units, the Client will have to liquidate and make payments to the Portfolio Manager.

Risk factor

All investments under the portfolio are subject to market and other related risks and there is no assurance or guarantee that the value of or return on investments will always be accretive, it could depreciate to an unpredictable extent.

Withdrawals or Redemption

All withdrawals from the Ambit Good & Clean Portfolio would be at the end of every month with mutual consent of the investor and the Portfolio Manager. All investors will have to intimate one (1) week in advance to the expiry of derivatives contract i.e. one (1) week prior to the last Thursday of the month for all withdrawals.

Additionally for investors whose Portfolio value goes below the minimum threshold as provided in the regulations due to withdrawals as per the aforementioned terms and conditions then the Portfolio Manager will have the discretion to close the investors account by liquidation of his position and / or give the shares of the company invested in to the client and /or refund the balance.

Policy for investment in associates / group companies of the Portfolio Manager

The Portfolio Manager currently does not intend to effect any investments out of Client's Funds in any of its associates or group entities.

ii) Ambit Risk Optimizer PMS**Objective**

The investment objective of the Ambit Risk Optimizer PMS is to generate superior risk-adjusted returns by optimizing asset allocation to three common asset classes: Gold backed Securities / Funds, Bonds and Equity.

The PMS will use a proprietary framework to decide allocations to Gold backed Securities / Funds, Bonds and Equity. While in the base case version, the model seeks to enhance debt returns without materially enhancing the risk profile associated with debt instruments, the portfolio can be customized for clients with higher risk appetites, seeking higher returns.

Investments will typically be made in other funds that provide exposure to these three asset classes: Gold backed Securities / Funds, Bonds and Equity. The PMS however will have the option to invest in direct underlying securities wherever feasible.

Investment Approach and Strategy

- The fund seeks to use a proprietary asset allocation framework to optimize allocations to bonds, equity and gold backed securities / funds such that diversification benefits lead to superior risk-adjusted returns.
- The approach would be to dynamically allocate capital to Gold backed Securities / Funds, Bonds and Equity through investments in underlying funds that provide exposure to these asset classes. However, where feasible the portfolio manager will reserve the discretion to take direct exposure to the asset class.
- Within the overall theme of better diversification and superior risk-adjusted returns, individual clients' needs on returns and risk appetites can be considered to create customized asset allocations.

Investment Horizon: 3 years +

Derivative Investment Strategy

The terms for the investment in Derivative are as follows:

The usage of Derivative Products and transactions will be to maximize the profits and may not be limited to single product or strategy but will also include the transactions for the purpose of hedging and portfolio rebalancing. The quantum of exposure to derivatives will be maximum up to 100 % the aggregate assets (net of existing derivatives investments) of the Client at the disposal of the Portfolio Manager.

The type of derivative instruments will be of all the kinds including Stock futures, index futures, stock option and index option those that are traded on the floor of the recognized stock exchanges namely National Stock Exchange of India Limited and BSE Limited, in the Derivative Market Segment. Similarly, all or any type of derivative positions will be adopted.

Client level position limits and market wide position limits as specified by SEBI from time to time will be observed.

The terms of valuing and liquidating derivative contracts in the event of liquidation of portfolio management Product, will be at the best rate on the floor of the stock exchanges, namely, National Stock Exchange of India Limited and the BSE Limited, in the Derivatives Market Segment. On termination of the portfolio management services, the portfolio manager shall unwind the positions in the derivative segment as soon as possible.

The derivative positions will not be held for Non Resident Indian, and accordingly the NRI's portfolio may differ to that extent with the other persons in this Product.

Investment Structure and Reporting

The Ambit Risk Optimizer PMS shall be operated on "Client Level" basis. All investors' Assets will be in client wise individual separate Bank and Depository Account as the case may be. The Portfolio Manager may at its discretion ordinarily purchase or sell securities/funds in aggregate for economy of scale and thereafter inter se allocate the same amongst its client on pro-rata basis as per applicable regulations. The portfolio manager shall not hold any securities, belonging to the portfolio account, in its own name on behalf of the clients.

Additionally, through the Agreement the investor shall provide a Power of Attorney authorizing the Portfolio Manager to perform all his investment decisions and all other obligations.

All investors shall receive monthly transaction and performance Report. Further, at the year-end an audited performance Report specifying the long term, short term and dividend received during the year shall be sent to the investor for assisting him/it to file the returns.

Eligibility for Investment in the Ambit Risk Optimizer PMS

- Resident Individuals, Proprietorship Firms, HUFs, Partnership Firms, Registered Trusts, Corporate, FII and any other eligible investors.
- Non Residents Indians (NRIs) are eligible to invest in this portfolio but the derivative positions will not be held for NRI. , The portfolios for NRIs shall be managed keeping in view the list of securities / funds where Reserve Bank of India has barred investments by NRIs. Accordingly the NRIs portfolio may differ to that extent with the other persons in this Product.
- Furthermore, the individual portfolio of each person may differ based on the various criteria like the corpus amount, residential status or such other criteria, as may be required by the regulations.
- The portfolio of each client may differ from that of the other client in the same portfolio strategy, as per the discretion of the Portfolio Manager.

Minimum Investment Amount

To participate in the **Ambit Risk Optimizer PMS** the minimum investment by the investor shall be Rs. 25 lakhs or as may be provided in the applicable regulations. In the event the Client is interested in investing in the Minimum Investment amount in the form of traded shares or Mutual Fund units, the Client will have to liquidate and make payments to the Portfolio Manager.

Risk factor

All investments under the portfolio are subject to market and other related risks and there is no assurance or guarantee that the value of or return on investments will always be accretive, it could depreciate to an unpredictable extent.

Withdrawals or Redemption

The withdrawals may be in the form of securities/funds held in the portfolio.

Additionally for investors whose Portfolio value goes below the minimum threshold as provided in the regulations due to withdrawals as per the aforementioned terms and conditions then the Portfolio Manager will have the discretion to close the investors account by liquidation of his positions and / or give the units/shares of the funds/securities invested in to the client and /or refund the balance.

iii) Emerging Giants: G&C Small Cap**Objective**

The investment objective of the Emerging Giants: G&C Small Cap PMS is to invest in firms which are small caps today and have the potential to grow into larger firms of tomorrow. Our framework driven approach supplemented with bottom-up fundamental research will help create a concentrated portfolio of promising small caps- companies which are clean on governance and accounting and good on capital allocation while also holding promise of continued longer term growth.

Market cap universe will typically be small caps with companies lower than 2500 cr market cap as the primary focus.

Investments will typically be made in cash equities with the option of parking surplus liquidity in money market instruments, liquid funds, debt mutual funds etc.

Investment Approach and Strategy

- To create a portfolio with an objective to generate capital appreciation over the long term in promising small cap companies. The Portfolio Manager shall follow a research based approach for selecting stocks in the portfolio with a combination of framework and bottom up research driven process.
- The firms should, in addition to the potential of continued growth, have a track record of clean accounting and governance and efficient capital allocation.
- After screening stocks through our selection frameworks initially, subjective assessments will be made to narrow down to the final portfolio of stocks

Investment Horizon: 3-5 years

Derivative Investment Strategy

No use of derivatives is envisaged in this scheme

Investment Structure and Reporting

The Emerging Giants: G&C Small Cap Portfolio shall be operated on "Client Level" basis. All investors' Assets will be in client wise individual separate Bank and Depository Account as the case may be. The Portfolio Manager may at its discretion ordinarily purchase or sell Securities in aggregate for economy of scale and thereafter inter se allocate the same amongst its client on pro-rata basis as per applicable regulations. The portfolio manager shall not hold any securities, belonging to the portfolio account, in its own name on behalf of the clients.

Additionally, through the Agreement the investor shall provide a Power of Attorney authorizing the Portfolio Manager to perform all his investment decisions and all other obligations. All investors shall receive monthly transaction and performance Report. Further, at the year-end an audited performance Report specifying the long term, short term and dividend received during the year shall be sent to the investor for assisting him/it to file the returns.

Eligibility for Investment in the Emerging Giants: G&C Small Cap Portfolio

- Resident Individuals, Proprietorship Firms, HUFs, Partnership Firms, Registered Trusts, Corporate, FII and any other eligible investors.
- Non Residents Indians (NRIs) are eligible to invest in this portfolio but the derivative positions will not be held for NRI. , The portfolios for NRIs shall be managed keeping in view the list of

stocks where Reserve Bank of India has barred investments by NRIs. Accordingly the NRIs portfolio may differ to that extent with the other persons in this Product.

- Furthermore, the individual portfolio of each person may differ based on the various criteria like the corpus amount, residential status or such other criteria, as may be required by the regulations.
- The portfolio of each client may differ from that of the other client in the same portfolio strategy, as per the discretion of the Portfolio Manager.

Minimum Investment Amount

To participate in the **Emerging Giants: G&C Small Cap Portfolio** the minimum investment by the investor shall be Rs. 25 lakhs or as may be provided in the applicable regulations. In the event the Client is interested in investing in the Minimum Investment amount in the form of traded shares or Mutual Fund units, the Client will have to liquidate and make payments to the Portfolio Manager.

Risk factor

All investments under the portfolio are subject to market and other related risks and there is no assurance or guarantee that the value of or return on investments will always be accretive, it could depreciate to an unpredictable extent. Further, small caps typically carry illiquidity risk that investors need to be aware of.

Withdrawals or Redemption

Withdrawals from the Emerging Giants: G&C Small Cap can be requested on any working day and the liquidation for the same may take up to 7 working days to execute depending on the liquidity of the portfolio constituents.

Additionally for investors whose Portfolio value goes below the minimum threshold as provided in the regulations due to withdrawals as per the aforementioned terms and conditions then the Portfolio Manager will have the discretion to close the investors account by liquidation of his position and / or give the shares of the company invested in to the client and /or refund the balance.

iv) Ambit Coffee Can Portfolio

Objective

The investment objective of the Ambit Coffee Can PMS is to invest in firms which have consistently delivered healthy fundamentals over long periods of time historically, and have their present organizational DNA robust enough to deliver similar consistency of returns in future as well.

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies. The objective is to generate healthy portfolio performance with reduced uncertainty regardless of the nature of prevailing macro-economic environment at any point of time.

Investments can be made either cash equities or money market instruments to avail the opportunities available in the market.

Investment Approach and Strategy

- Our investment approach is to buy shares in 'great' businesses for less than they are worth and then to hold on to them for a long time. Our aim is to help our clients generate 'high return in the most consistent manner, over a long period of time, adjusted for risk'.
- Our investment approach is built around identifying companies whose DNA is structured in a way that helps them sustain competitive advantages over more than 10-20 years (or longer) consistently.
- Once we have identified such companies, we do a deep-dive understanding of the competitive advantages and their sustainability in future.
- Given the nature of companies that we invest in - healthy and consistent cash generation over the longer term - we believe only in DCF (Discounted Cash Flows) methodology for valuations. This approach allows us to factor in the longevity of consistent returns of a business by giving a visibility of how an industry can realistically develop in future and how a company within that industry can evolve.

Investment Horizon: 3-5 years

Investment Structure and Reporting

The Ambit Coffee Can Portfolio shall be operated on “Client Level” basis. All investors’ Assets will be in client wise individual separate Bank and Depository Account as the case may be. The Portfolio Manager may at its discretion ordinarily purchase or sell Securities in aggregate for economy of scale and thereafter inter se allocate the same amongst its client on pro-rata basis as per applicable regulations. The portfolio manager shall not hold any securities, belonging to the portfolio account, in its own name on behalf of the clients.

Additionally, through the Agreement the investor shall provide a Power of Attorney authorizing the Portfolio Manager to perform all his investment decisions and all other obligations.

All investors shall receive monthly transaction and performance Report. Further, at the year-end an audited performance report specifying the long term, short term and dividend received during the year shall be sent to the investor for assisting him/it to file the returns.

Eligibility for Investment in the Ambit Coffee Can Portfolio

- Resident Individuals, Proprietorship Firms, HUFs, Partnership Firms, Registered Trusts, Corporate, FPI and any other eligible investors.
- Non Residents Indians (NRIs) are eligible to invest in this portfolio. The portfolios for NRIs shall be managed keeping in view the list of stocks where Reserve Bank of India has barred investments by NRIs. Accordingly the NRIs portfolio may differ to that extent with the other persons in this Product.
- Furthermore, the individual portfolio of each person may differ based on the various criteria like the corpus amount, residential status or such other criteria, as may be required by the regulations.
- The portfolio of each client may differ from that of the other client in the same portfolio strategy, as per the discretion of the Portfolio Manager.

Minimum Investment Amount

To participate in the **Ambit Coffee Can Portfolio** the minimum investment by the investor shall be Rs. 25 lakhs or as may be provided in the applicable regulations. In the event the Client is interested in investing in the Minimum Investment amount in the form of traded shares or Mutual Fund units, the Client will have to liquidate and make payments to the Portfolio Manager.

Risk factor

All investments under the portfolio are subject to market and other related risks and there is no assurance or guarantee that the value of or return on investments will always be accretive, it could depreciate to an unpredictable extent.

Withdrawals or Redemption

All withdrawals from the Ambit Coffee Can Portfolio would be at the end of every month with mutual consent of the investor and the Portfolio Manager.

Additionally for investors whose Portfolio value goes below the minimum threshold as provided in the regulations due to withdrawals as per the aforementioned terms and conditions then the Portfolio Manager will have the discretion to close the investors account by liquidation of his position and / or give the shares of the companied invested in to the client and /or refund the balance.

6. Risk Factors

Any investments made in Securities are subject to market risk and there is no assurance or guarantee that the objective of the investments will be achieved. The value of or return on the investments made may appreciate, or it could depreciate to an unpredictable extent. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Client availing the Portfolio Manager’s Products.

The below risks factors are non-exhaustive and are intended to highlight certain risks associated with investing in Securities.

Following are the risk factors as perceived by the management and as may be applicable depending on the Product for which Portfolio Manager's services are utilised:

1. Investments in Securities are subject to market risks and there is no assurance or guarantee that the objective of the Investment / Products/Services will be achieved.
2. The past performance of the Portfolio Manager does not indicate its future performance. There is no assurance that past performances will be repeated. Investors are not being offered any guaranteed or indicative returns by the Portfolio Manager. Investment decisions or recommendations made by the Portfolio Manager may not always be profitable.
3. As with any investment in Securities, the NAV of the portfolio can go up or down depending upon the factors and forces affecting the capital market.
4. The performance of the Products/Services may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
5. Investments in the Products/Services which the Clients have opted are subject to wide range of risks which inter alia also include but not limited to economic slowdown, volatility & illiquidity of the stocks, poor corporate performance, economic policies, changes of Government and its policies, acts of God, acts of war, civil disturbance, sovereign action and /or such other acts/ circumstance beyond the control of the Portfolio Manager.
6. The names of the Products/Services do not in any manner indicate their prospects or returns. The performance may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors.
7. Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the portfolio may be subject to the fluctuation.
8. Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
9. The Product/Services may invest/recommend in non-publicly offered debt securities and unlisted equities. This may expose Portfolio to liquidity risks.
10. Engaging in securities lending is subject to risks related to fluctuations in collateral value / settlement/ liquidity/counter party.
11. The Product/Services may use/recommend derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risk inherent to such derivatives. As and when the Products trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand.
12. The Product/Services may use/recommend derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Derivative products are specialized instruments and require investment techniques and risk analyses different from those associated with stock and bonds. The use of derivative requires a high degree of skill, diligence and expertise. Thus, derivatives are highly leveraged instruments. Small price movement in the underlying security could have a large impact on their value. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
13. The NAV may be affected by changes in settlement periods and transfer procedures.
14. The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/unrated securities offering higher yield. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
15. The arrangement of managing of funds from various Clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.
16. After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.
17. Investments are subject to market risk arising out of non-diversification by the Portfolio Manager, whilst managing the portfolio or making recommendations.

7. Client Representation

a) Details of client's accounts activated

As on September 30, 2018

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non - Discretionary
Associates / Group Companies*	6.00	15.99	Discretionary
Others (Active)	135.00	132.63	Discretionary
Total	141.00	148.62	Discretionary
Associates / Group Companies	NA	NA	Non - Discretionary
Others (Active)	NA	NA	Non - Discretionary
Total	NA	NA	Non - Discretionary

Associates / Group Companies*

Sr. No.	Client	AUM in Crs.
1	AMBIT INVESTMENTS (EMERGING GIANTS ILFS)	4.93
	AMBIT INVESTMENTS (RISK OPTIMIZER ILFS)	5.02
2	ASHOK MURLIDHAR WADHWA (GOOD AND CLEAN ILFS)	3.14
3	GAURAV MEHTA (EMERGING GIANTS ILFS)	0.31
	GAURAV MEHTA (GOOD AND CLEAN ILFS)	0.67
4	NAVEEN KUMAR KSHATRIYA (RISK OPTIMIZER ILFS)	1.08
5	SAIFUDDIN ABDULLAH ATTAR (GOOD AND CLEAN ILFS)	0.62
6	SIDDHARTH KHARABANDA (EMERGING GIANTS ILFS)	0.22
	Total	15.99

As on March 31, 2018

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non - Discretionary
Associates / Group Companies*	7.00	23.39	Discretionary
Others (Active)	109.00	129.05	Discretionary
Total	116.00	152.44	Discretionary
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	NA	NA	Non-Discretionary
Total	NA	NA	Non-Discretionary

Associates / Group Companies*

Sr. No.	Client	AUM in Crs.
1	AMBIT INVESTMENTS (EMERGING GIANTS ILFS)	5.14
	AMBIT INVESTMENTS (RISK OPTIMIZER ILFS)	10.75
2	ASHOK MURLIDHAR WADHWA (GOOD AND CLEAN	3.04

	ILFS)	
3	GAURAV MEHTA (EMERGING GIANTS ILFS)	0.33
	GAURAV MEHTA (GOOD AND CLEAN ILFS)	0.63
4	NAVEEN KUMAR KSHATRIYA (RISK OPTIMIZER ILFS)	1.06
5	SAIFUDDIN ABDULLAH ATTAR (GOOD AND CLEAN ILFS)	0.60
6	SAURABH MUKHERJEA (EMERGING GIANTS ILFS)	0.30
	SAURABH MUKHERJEA (RISK OPTIMIZER ILFS)	1.31
7	SIDDHARTH KHARABANDA (EMERGING GIANTS ILFS)	0.23
	Total	23.39

As on September 30, 2017

Category Of clients	No Clients of	Funds Managed (Rs.in Crs)	Discretionary /Non Discretionary
Associates / Group Companies*	06.00	18.24	Discretionary
Others (Active)	75.00	87.22	Discretionary
Total	81.00	105.46	Discretionary
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	NA	NA	Non-Discretionary
Total	NA	NA	Non-Discretionary

1. AMBIT INVESTMENTS (RISK OPTIMIZER ILFS)	---	10.57Crs
2. ASHOK MURLIDHAR WADHWA (GOOD AND CLEAN ILFS)	---	2.93 Crs
3. GAURAV MEHTA (GOOD AND CLEAN ILFS)	---	0.5 Crs
4. NAVEEN KUMAR KSHATRIYA (GOOD AND CLEAN ILFS)	---	1.34 Crs
5. NAVEEN KUMAR KSHATRIYA (RISK OPTIMIZER ILFS)	---	1.04 Crs
9. SAIFUDDIN ABDULLAH ATTAR (GOOD AND CLEAN ILFS)	---	0.58 Crs
10. SAURABH MUKHERJEA (RISK OPTIMIZER ILFS)	---	1.28 Crs

As on March 31, 2017

Category Of clients	No Clients of	Funds Managed (Rs.in Crs)	Discretionary /Non Discretionary
Associates / Group Companies*	05	15.36	Discretionary
Others (Active)	63	59.00	Discretionary
Total	68	74.36	Discretionary
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	NA	NA	Non-Discretionary
Total	NA	NA	Non-Discretionary

1. AMBIT INVESTMENTS (RISK OPTIMIZER)	---	10.11 Crs
2. ASHOK MURLIDHAR WADHWA (GOOD AND CLEAN ILFS)	---	2.90 Crs
3. NAVEEN KUMAR KSHATRIYA (GOOD AND CLEAN ILFS)	---	1.27 Crs
4. SAIFUDDIN ABDULLAH ATTAR (GOOD AND CLEAN ILFS)	---	0.58 Crs
5. SAURABH MUKHERJEA (RISK OPTIMIZER)	---	0.50 Crs

As on September 30, 2016

Category Of clients	No Clients of	Funds Managed (Rs.in Crs)	Discretionary /Non Discretionary
Associates / Group Companies*	3	3.56	Discretionary

Others (Active)	69	56.93	Discretionary
Total	72	60.49	Discretionary
Associates / Group Companies	N.A	N.A	Non Discretionary
Others (Active)	N.A	N.A	Non Discretionary
Total	N.A	N.A	Non Discretionary

* Mr Ashok Wadhwa (Rs 2.76 cr), Mr Saif Attar (Rs 0.53 cr), & Mr. Andrew Holland (Rs 0.26 cr)

b) Transactions with related parties are as under:

PMS will use the broking services of Ambit Capital Private Private Limited who is a member of BSE in cash segment and for NSE in cash, derivative and currency derivative segment. The Products may also use the Depository services of Ambit Capital Private Limited who is a depository participant of CDSL.

Complete Disclosure in respect of the transactions with the Related Parties (as per the Audited Accounts of March 31, 2018) as per the Standards specified by the Institute of Chartered Accountants of India are as per the Annexure A attached herewith.

c) Appointment of Custodian and Fund Accountant:

Ambit Investment Advisors Private Limited may appoint a custodian and/or fund accounted for its PMS services. Currently IL&FS Securities Services Limited is being appointed as custodians and fund accountants to some of the Products of DPMS. The Product may use the depository services of IL&FS Securities Services Limited who is a depository participant of CDSL

8. The financial performance of Portfolio Manager. (Based on audited financial statements)

Financial highlights of Ambit Investment Advisors Private Limited for the last 3 years are given as under:

Particulars	Year ended 31st March 2018 (Rs.)	Year ended 31st March 2017 (Rs.)	Year ended 31st March 2016 (Rs.)
Total Income	27,216,298	275,849,253	139,398,375.96
Total Expenditure	32,722,428	270,206,934	137,890,774.00
Profit / (Loss) before depreciation & tax	(5,506,130)	5,642,319	1,507,601.96
Less: Depreciation	324,021	363,592	257,252.00
Provision for tax	-	800,000	600,000.00
Add/(Less): Deferred Tax Asset and excess/ short provision for tax in respect of earlier years	(360,964)	1,454,553	(403,354.00)

9. Portfolio Management performance of the Portfolio Manager for the last 3 years

Below is the Performance of the Portfolio Manager for the period from 01/04/2018 to 30/09/2018

PRODUCT-AMBIT CONQUIRE (DPMS)

Particulars	Corporate	Individual
	Weighted Return (%)	Weighted Return (%)
Portfolio Return	NA	8.85
S&P CNX Nifty	NA	8.08
Sensex	NA	9.88

PRODUCT-AMBIT TRANSCEND (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	NA	-4.04
S&P CNX Nifty	NA	8.08
Sensex	NA	9.88

PRODUCT-AMBIT CORE OPPORTUNITIES PORTFOLIO (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	NA	-10.66
BSE 500	NA	6.08

PRODUCT-AMBIT GOOD & CLEAN PORTFOLIO (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	4.80	2.56
BSE 500	2.99	2.51

PRODUCT- Risk Optimizer (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	0.12	-4.57
CCIL BOND INDEX	-1.11	-1.41

PRODUCT- EMERGING GIANTS (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	-5.08	-10.01
BSE SMALL-CAP INDEX	-16.78	-20.58

Below is the Performance of the Portfolio Manager for the period from 01-04-2017 to 31-03-2018

PRODUCT-AMBIT CONQUIRE (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	NA	1.80
S&P CNX Nifty	NA	10.25
Sensex	NA	11.30

PRODUCT-AMBIT REIGN (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	NA	0
S&P CNX Nifty	NA	10.25
Sensex	NA	11.30

PRODUCT-AMBIT TRANSCEND (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	NA	6.52
S&P CNX Nifty	NA	10.25
Sensex	NA	11.30

PRODUCT-AMBIT CORE OPPORTUNITIES PORTFOLIO (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	NA	22.61
BSE 500	NA	16.56

PRODUCT-AMBIT GOOD & CLEAN PORTFOLIO (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	7.65	3.80
BSE 500	7.40	11.21

PRODUCT- RISK OPTIMIZER (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	6.24	6.15
CCIL BOND INDEX	4.36	4.13

PRODUCT- EMERGING GIANTS (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	5.75	-10.60
BSE SMALL-CAP INDEX	11.98	-17.21

Below is the Performance of the Portfolio Manager for the period from 01-04-2016 to 31-03-2017

PRODUCT-AMBIT CONQUER

Particulars	Annualised Return (%)	Weighted Return (%)
Portfolio	11.84	11.80
Nifty*	28.38	28.30
Sensex*	26.43	26.35

PRODUCT- AMBIT CORE OPPORTUNITIES

Particulars	Annualised Return (%)	Weighted Return (%)
Portfolio	14.99	14.94
BSE 500*	23.14	23.07

PRODUCT-AMBIT GOOD AND CLEAN

Particulars	Annualised Return (%)	Weighted Return (%)
Portfolio	23.08	23.01
BSE 500*	23.41	23.34

PRODUCT-AMBIT REIGN

Particulars	Annualised Return (%)	Weighted Return (%)
Portfolio	33.61	33.50
Nifty*	26.44	26.36
Sensex*	24.46	24.38

PRODUCT –AMBIT RISK OPTIMIZER PMS

Particulars	Annualised Return (%)	Weighted Return (%)
Portfolio	13.90	1.11
CCIL BOND INDEX*	20.88	1.62

PRODUCT – AMBIT TRANSCEND

Particulars	Annualised Return (%)	Weighted Return (%)
Portfolio	21.15	21.08
Nifty*	18.60	18.55
Sensex*	16.93	16.88

***Benchmark**

The Portfolio Manager was registered with SEBI on April 07, 2016

10. Nature of expenses

Portfolio Management Fees

It relates to the fees payable by the client for the Portfolio Management Services offered to the Clients by the Portfolio Manager. This fee may be a fixed charge or a percentage of quantum of funds managed or linked to portfolio on return achieved or a combination of any of these or Advisory Fee, as set out in the Portfolio Management Service Agreements / annexure / schedules attached thereto. Performance based fee is charged when there is incremental profit, this is known as High Water Marking. The detailed fee schedule is available as a part of agreement and depends on the nature of product.

Depository & Custodian charges

These charges relate to opening and maintenance of Depository Accounts and/or custody fee and charges (wherever required) paid to the Custodians and/or Depository Participants, dematerialization of scrips, Securities lending & borrowing & their transfer charges in connection with the operation and management of the Client's Portfolio account.

Registrar and transfer agent fee

A fee payable to the Registrar and Transfer Agents for effecting transfers of Securities and includes stamp charges, notary charges, cost of affidavits, courier, post etc.

Brokerage and transaction cost

These costs relate to charges payable to the broker for account opening charges, execution of transactions on the stock exchange or otherwise on purchase & sale of shares, bonds, debentures, units, and other instruments and includes charges like service charges, stamp duty, service tax, turnover tax, transaction cost, security transaction tax, entry and/ or exit load on sale or purchase of mutual fund etc as applicable from time to time.

Securities lending and borrowing charges

Charges pertaining to the lending of securities and cost of borrowings including interest and cost associated with the transfer of securities in connection with the lending and borrowing operations.

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. may be charged and recovered from the Client. Additional applicable taxes shall be charged on the amount of fees.

Fees, entry/exit loads and charges in respect of investment in mutual funds:

In case of investments in Mutual Funds, Mutual Fund shall be recovering expenses or management fees, entry/exit loads and other incidental expenses along with service tax, if any, on such recoveries and such fees, entry/exit loads and charges including services tax on such recoveries shall be paid to the Asset Management Company of these Mutual Funds on the Clients' account. Such fees and charges are in addition to the Portfolio Management fees described above.

Incidental expenses

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

11. Taxation Policy:

The general information stated below is based on the general understanding of direct tax laws in force in India as on the date of the Disclosure Document and is provided only for general information to the Client only *vis-à-vis* the investments made through the Portfolio Management Services ('PMS') of Ambit Capital Private Limited. This information gives the direct tax implications on the footing that the securities are/will be held for the purpose of investments. In case, the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position

prevailing as on the date of the Disclosure Document/the date of making investment shall endure indefinitely.

Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of Ambit Capital Private Limited to induce any client, prospective or existing, to invest in the portfolio management schemes of Ambit Capital Private Limited. Implications of any judicial decisions/ double tax avoidance treaties etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the Client is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by Ambit Capital Private Limited.

It is the responsibility of all prospective clients to inform themselves as to any income tax or other tax consequences arising in the jurisdictions in which they are resident or domiciled or have any other presence for tax purposes, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of the units.

The following summary is based on the law and practice of the IT Act, the IT Rules and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year, and this summary reflects the amendments enacted in the Finance Act, 2019.

The tax rates mentioned below relate to Financial Year -2019-20 (Assessment Year 2020-21). The applicable rate of surcharge in case of foreign companies is 2% where the income exceeds INR 10 m but is less than or equal to INR 100 m and is 5% where the income exceeds INR 100 m. In case of resident companies having total income exceeding INR 10 m but not exceeding INR 100 m, surcharge of 7% on income tax is applicable. In case of resident companies having total income exceeding INR 100 m, surcharge of 12% is applicable. In case of firms having total income exceeding INR 10 m, surcharge of 12% is applicable. In case of individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person, surcharge rate of 15% is applicable if the total income exceeds INR 10 m and at the rate of 10% if income excess INR 5 m but not exceeding INR 10 m.

In addition to the above, Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge.

I. Taxation in hands of Clients

A. Resident taxation

A resident investor should be subject to tax on his / her global income. In the case of a resident but not ordinarily resident, any income which accrues/ arises outside India shall not be subject to tax in India, unless it is derived from a business/ profession controlled from India.

A Hindu undivided family, firm or other association of persons is said to be resident in India in any previous year unless where the control and management of its affairs is situated wholly outside India during the year under consideration.

A Company is said to be a resident in India in the previous year if (i) it is an Indian Company; or (ii) its place of effective management is situated in India.

Every other person is said to be resident in India during the year under consideration except where the control and management of affairs is situated wholly outside India.

B. Non-resident taxation

A non-resident investor would be subject to taxation in India only if;

- it is regarded a tax resident of India; or

- being a non-resident in India, it derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income has accrued / deemed to have accrued in India in terms of the provisions of the IT Act.

Section 6 of the IT Act was amended by the Finance Act, 2015 to provide that a foreign company should be treated as a tax resident in India if its place of effective management ('**POEM**') is in India in that year. The Finance Act, 2016 provided that the said amended provisions are effective from 1 April 2017. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

The CBDT had *vide* its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company ('**POEM Guidelines**'). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had *vide* circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than or equal to INR 500 m during the Financial Year.

○ *Tax Treaty Benefits*

As per section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ('**Tax Treaty**') between India and the country of residence of the offshore investor to the extent of availability of Tax Treaty benefits to the offshore investors. However, no assurance can be provided that the Tax Treaty benefits would be available to the offshore investor or the terms of the Tax Treaty would not be subject to amendment or reinterpretation in the future.

○ *Tax Residency Certificate*

Section 90(4) of the IT Act provides that in order to claim Tax Treaty benefits, the offshore investor has to obtain Tax Residency Certificate ('**TRC**') as issued by the foreign tax authorities. Further, the offshore investor should be required to furnish such other information or document as prescribed. In this connection, the CBDT *vide* its notification dated 1 August 2013, amended Rule 21AB of the IT Rules prescribing certain information in Form No 10F to be produced along with the TRC, if the same does not form part of the TRC.

The details required to be furnished are as follows:

- Status (individual, company, firm, etc.) of the assessee;
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
- Period for which the residential status, as mentioned in the TRC, is applicable; and
- Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The additional information prescribed above may not be required to be provided if it already forms a part of the TRC.

C. *Characterisation of income*

Traditionally, the issue of characterisation of exit gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the Indian Revenue authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as 'business income' or as 'capital gains'. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case.

Also, the Central Board of Direct Taxes ('CBDT') has provided guidance (*vide* its Instruction no. 1827 dated 31 August 1989 and Circular No. 4 of 2007, dated 15 June 2007) in respect of characterisation of gains as either capital gains or business income. Following are the key illustrative factors indicative of capital gains characterisation (not business income):

- (a) Intention at the time of acquisition - capital appreciation
- (b) Low transaction frequency
- (c) Long period of holding
- (d) Shown as investments in books of accounts (not stock in trade)
- (e) Use of owned funds (as opposed to loan) for acquisition
- (f) Main object in constitution document is to make investments
- (g) Higher level of control over the investee company

Regarding characterisation of income from transactions in listed shares and securities, the CBDT had also issued a clarificatory Circular No. 6 of 2016, dated February 29, 2016, wherein with a view to reduce litigation and maintain consistency in approach in assessments, it has instructed that income arising from transfer of listed shares and securities, which are held for more than twelve months would be taxed under the head 'Capital Gains' unless the tax-payer itself treats these as its stock-in-trade and transfer thereof as its business income.

D. Different streams of income and its tax implications

The tax implications in the hands of resident as well as non-resident investors on different income streams received on transfer of securities being units of mutual fund are discussed below:

i. Dividend income

As per section 10(35) of the IT Act, dividends distributed by a mutual fund specified under section 10(23D) are exempt in the hands of all unitholders, irrespective of their residential status. The mutual fund shall be required to pay additional income-tax as under on the income distributed by it.

Particulars	Rates (grossed-up)
On income distributed to any person being an individual or a HUF by a money market mutual fund or a liquid fund.	38.8267%
On income distributed to any other person (Other than an individual or a HUF) by a money market mutual fund or a liquid fund	49.92%
On income distributed to any person by an equity oriented fund	12.942%
On income distributed to any person being an individual or a HUF by a fund other a money market mutual fund or a liquid fund or an equity oriented fund	38.8267%
On income distributed to any other person (other than individual or a HUF) by a fund other a money market mutual fund or a liquid fund or an equity oriented fund	49.92%

ii. If gains are categorised as capital gains

If the gains arising from sale of capital assets being securities (including units, etc.) are characterised as capital gains, the tax rate depends on the period of holding of the securities. The tax rates for securities (including mutual funds) are discussed below.

i. Period of holding

Capital assets are classified as long-term assets ('LTCA') or short-term assets ('STCA'), based on the period of holding of these assets. The period of holding of the asset is

computed from the date of acquisition to the date of transfer. Depending on the period of holding for which the securities are held, the gains would be taxable as short-term capital gains ('STCG') or long term capital gains ('LTCG').

This is discussed below:

Nature of asset	STCA	LTCA
Unit of equity oriented fund	Held for not more than 12 months	Held for more than 12 months
Unlisted and listed units (other than units in an equity oriented fund)	Held for not more than 36 months	Held for more than 36 months

ii. Taxation of capital gains

Depending on the classification of capital gains, the investors would be chargeable to tax as per the IT Act as under:

Nature of Income	Tax rate for resident investors (Note 1)	Tax rate for non-residents (Note 1 and 2)	Tax rate for Foreign Portfolio Investors (Note 1)
STCG on transfer of unit of an equity oriented fund on which Securities Transaction Tax ("STT") has been paid	15%	15%	15%
STCG on transfer of unlisted units and listed units (other than the above)	30% (Note 3)	40%/ 30% (Note 4)	30% (Note 5)
LTCG on transfer of unit of an equity oriented fund provided STT paid on transfer of units of an equity oriented fund exceeding INR 1 lakh	10% (Note 6)	10% (Note 6)	10% (Note 6)
LTCG on transfer of unlisted units	20% (with indexation)	10% (Note 6, 7 and 8)	10% (Note 6)
LTCG on transfer of units of listed mutual fund (other than equity oriented fund)	20% (with indexation)	20% (with indexation)	10% (Note 6)

The above rates would be subject to availability of Tax Treaty benefits in the case of non-residents, if any.

Note 1 - Plus applicable surcharge and cess

Note 2 - In case the investments are made by Non Resident Indian ('NRI') - Such clients are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if the NRI investors opt to be governed by these provisions under the IT Act, any long-term capital gains should be taxable at the rate of 10% (plus applicable rate of surcharge and cess) without considering the indexation benefit.

Note 3 - Assuming highest rate for resident individual investors. The Finance Act, 2019, has reduced the tax rate to 25% in case of domestic companies having total turnover or gross receipts not exceeding INR 2500 m in the Financial Year 2017-18 (Assessment Year 2018-19).

Note 4 - 30% in the case of non-resident investors other than foreign company

Note 5 - No foreign exchange benefit

Note 6 - Without considering indexation and foreign exchange fluctuation benefit

Note 7 - The Revenue Authority may seek to apply a higher rate of 20% considering the judicial precedent.

Note 8 – Further, the revenue may seek to apply a higher rate of 20% on sale of unlisted units as against 10% as stated above.

iii. If gains are categorised as business income

If the gains are categorised as business income, it shall be taxable at the rate of 30% (plus applicable surcharge and cess) in case of resident investors and also for non-residents other than a foreign company (assuming the highest slab rate for individual). The Finance Act, 2019, has however reduced the tax rate to 25% in case of domestic companies having total turnover or gross receipts not exceeding INR 2500 m in the Financial Year 2017-18 (Assessment Year 2018-19).

It shall be taxable at the rate of 40% (plus applicable surcharge and cess) in case of a foreign company. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

iv. Deemed income on investment in securities

Section 56(2)(x), provides that if any assessee receives any property (including securities) without consideration or for inadequate consideration in excess of INR 0.05 m as compared to the fair market value, fair market value in excess of such consideration shall be taxable in the hands of the recipient as Income from Other Sources. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

The CBDT has issued rules with revised mechanism for computation of FMV for the purpose of section 56(2)(x) of the IT Act.

Accordingly, such other income would be chargeable to tax (i) at the rate of 30% (plus applicable rates of surcharge and cess) in case of resident investors (assuming highest slab rate for resident individual) (ii) at the rate of 40% plus applicable rates of surcharge and cess) in case of foreign companies (ii) at the rate of 30% (plus applicable rates of surcharge and cess) in case of non-resident firms/LLPs.

v. Expenditure incurred in relation to income not includible in the total income

As per the provisions of section 14A read with rule 8D of the ITRules, if any income of the investors does not form part of the total income or is exempt under the provisions of the IT Act then any expenditure incurred by the Investor, directly or indirectly, in relation to such income will not be allowed as deduction for the purpose of calculating the total taxable income of the Investor.

vi. Dividend stripping

Where any person buys or acquires any securities or units within a period of three months prior to the record date (i.e., the date that may be fixed by a company for the purposes of entitlement of the holder of the securities to receive dividend or by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case may be) and such person (i) sells or transfers such securities within a period of three months after record date, or (ii) such unit within a period of nine months after such record date, and (iii) the dividend or income on such securities or unit received or receivable by such person is exempt, then, any loss arising to such person on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of such dividend or income received or receivable, would be ignored for the purposes of computing his income chargeable to tax.

vii. Bonus stripping

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of

entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units.

viii. Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax ('MAT') on corporates if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act.

If MAT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund shall also be included to determine the MAT.

The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

ix. Alternate Minimum Tax

The IT Act provides for levy of Alternate Minimum Tax ('AMT') on non-corporate tax payers if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and cess) of the adjusted total income, as the case may be, is higher than the regular income-tax payable under the normal provisions of the IT Act.

If AMT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund shall also be included to determine the AMT.

II. Withholding at a higher rate

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number, then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents. As per Rule 37BC of the ITR, the following details and documents are prescribed:

- Name, e-mail id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate; and
- Tax identification number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

III. Carry-forward of losses and other provisions (applicable irrespective of the residential status)

In terms of section 70 read with section 74 of the IT Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

IV. General Anti Avoidance Rule

General Anti Avoidance Rule ('GAAR') provisions have been introduced in Chapter X-A of the IT Act (effective from Financial Year beginning on 1 April 2017), which provides that an arrangement whose main purpose is to obtain tax benefit and which also satisfies at least one of the four specified test as mentioned below, can be declared as an 'impermissible avoidance arrangement'.

- Arrangement creates rights or obligations, which are not ordinarily created between persons dealing at arm's length price;
- Arrangement directly or indirectly results in the misuse or abuse of the provisions of the IT Act;
- Arrangement lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- Arrangement is entered into, or carried out, by means, or in a manner, which are not ordinarily employed by bonafide purposes.

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the IT Rules. The IT Rules provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 30 m.

On 27 January 2017, the CBDT has issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause ('LOB') in a Tax Treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 30 m cannot be read in respect of a single taxpayer only.

V. FATCA Guidelines

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

- a. the name, address, taxpayer identification number ['TIN' (assigned in the country of residence)] and date and place of birth ['DOB' and 'POB' (in the case of an individual)];
- b. where an entity has one or more controlling persons that are reportable persons:
 - i. the name and address of the entity, TIN assigned to the entity by the country of its residence; and
 - ii. the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
- c. account number (or functional equivalent in the absence of an account number);

- d. account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;
- e. the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year; and
- f. in case of any account held by a non-participating financial institution ('NPFII'), for the calendar years 2015 and 2016, the name of NPFII and aggregate amount of such payments.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and Other reportable accounts (i.e. under CRS).

VI. Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs

VII. Securities transaction tax

Delivery based purchase of unit of an equity oriented fund is subject to a NIL rate. Delivery based sale of unit of an equity oriented fund is subject to a rate of 0.001%. STT is levied on the seller at the rate of 0.025% on the sale of an equity oriented mutual fund - transaction in a recognised stock exchange, settled otherwise than by actual delivery.

VIII. Tax Risks

The investors are subject to a number of risks related to tax matters. In particular, the tax laws relevant to the investors are subject to change, accordingly, the tax liabilities that could be incurred by the investors as a result of such changes should also change. Further, any alternative tax positions adopted by the income tax authorities could give rise to incremental tax liabilities in addition to the tax amounts already discharged by the investors. Some of the tax risks that may be faced by the investors are highlighted below:

a. Characterisation of income

As per the existing income-tax law, the income arising on transfer of listed securities held for more than 12 months immediately preceding the date of transfer could be characterised as capital gains if such assets are held as capital assets and this should not be subject to litigation by the income-tax authorities. Further, any other gains arising from the transfer of securities held by the investors may be treated either as "capital gains" or as "business income" for tax purposes, depending upon whether such securities were held as a capital asset or trading asset (i.e. stock-in-trade) and other criteria for characterising such income.

b. Denial of tax treaty benefit to non-resident investors

In case, the tax treaty benefits are denied to a particular non-resident investor. The particular investor shall have to pay higher taxes as per the IT Act.

c. GAAR

The GAAR provisions provide that an arrangement whose main purpose is to obtain a tax benefit and which also satisfies at least one of the four specified tests (i.e. arrangement is not in arm's length, misuse or abuse of tax laws, lacks or is deemed to lack commercial substance or not carried out for bonafide purpose) can be declared as an “impermissible avoidance arrangement”. Further, the GAAR provisions, if invoked, could override the Treaty provisions.

The provisions pertaining to GAAR have been effective from financial year beginning on 1 April 2017 i.e. from Financial Year 2017-18 onwards.

There is no precedence on how GAAR will be implemented by Indian tax authorities.

d. Disallowance under Section 14A of the Act

The provisions of section 14A of the Act, aims to disallow any expenditure which are incurred for earning exempt income. The tax authorities may in this regard, disallow a particular expense in fully or partially claiming that the same is incurred for the purpose of earning exempt income. There are a plethora of decisions on the applicability of Section 14A of the IT Act, in a particular situation.

e. Proposed change in the India tax regime.

The Government of India intends to replace the current Income-Tax Act, 1961 with a new direct tax code (“DTC”) in consonance with the economic needs of the country. The task force is in the process of drafting a direct tax legislation keeping in mind, tax system prevalent in various countries, international best practices, economic needs of the country, among others. At this stage, it is not possible to comment on the final provisions that the new DTC will seek to enact into law and consequently, no views in that regard are being expressed. There can be no assurance as to the implications of the final new DTC for the Company and its investors

IX. Goods and Services Tax (GST)

GST is applicable on services provided by the Portfolio Manager to its Clients. Accordingly, GST at the rate of 18% shall be levied on fees if any, payable towards investment management fee to the Company.

THERE CAN BE NO GUARANTEE THAT THE ABOVE POSITION REGARDING TAXATION WOULD BE NECESSARILY ACCEPTED BY THE INDIAN TAX AUTHORITIES UNDER THE IT ACT. NO REPRESENTATION IS MADE EITHER BY THE PORTFOLIO MANAGER OR ANY EMPLOYEE, PARTNER OR AGENT OF THE MANAGER IN REGARD TO THE ACCEPTABILITY OR OTHERWISE OF THE ABOVE POSITION REGARDING TAXATION BY THE INDIAN TAX AUTHORITIES UNDER THE IT ACT. INVESTORS ARE

URGED TO CONSULT THEIR OWN TAX ADVISERS IN THIS REGARD.

12. Accounting Policies

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

1. Accounting of investments:

- (i) The Books of Account of the Client is maintained on an historical cost basis.
- (ii) Realised gains/losses will be calculated by applying the first in/first out method.
- (iii) For derivatives/futures and options, unrealised gains and losses will be calculated by marking all the open positions to market.
- (iv) Unrealised gains/losses are the differences between the current market values / NAV's and the historical cost of the securities/price at which securities are valued on the date of admitting as a Corpus.
- (v) All income will be accounted on accrual or receipt basis, whichever is earlier.
- (vi) All expenses will be accounted on due or payment basis, whichever is earlier.
- (vii) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investment or for accounting the same, as may be mutually agreed between them on a case-by-case basis.
- (viii) Purchase and Sale transactions are accounted for on contract date basis.
- (ix) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.
- (x) Securities Transaction Tax paid on purchase/sale of securities including derivatives, during the Financial Year is recognized as an expense in the books of accounts.
- (xi) Bonus shares are recorded on the ex-benefit date (ex-date).
- (xii) Dividend income is recorded on the ex-dividend date (ex-date).
- (xiii) Interest on Debt instruments/ Fixed Deposit with banks is accounted on accrual basis.
- (xiv) Tax deducted at source (TDS) on interest on Fixed Deposits is considered as withdrawal of Portfolio and debited accordingly.
- (xv) For derivatives including futures and options, unrealized gains and losses will be calculated by marking to market the open positions.

2. Valuation of Investments:

Investments in Equities, Mutual Funds and Debt Instruments will be valued at the closing price of the exchanges (closing price of NSE for DPMS portfolio or BSE as the case may be and BSE for NDPMS portfolio or NSE as the case may be) or the Repurchase Net Asset Value declared for the relevant Product on the date of the report or any cut off date or the market value of the debt instrument at the cut off date. Alternatively, the last available prices on the exchange or the most recent NAV will be reckoned.

Realized gains/losses will be calculated by applying the first in/first out and/or weighted average principle. The Portfolio Manager and the client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case specific basis. For derivatives including futures and options, unrealized gains and losses will be calculated by marking to market the open positions. Unrealized gains/losses are the differences in between the current market values/NAVs and the historical cost of the securities. Dividends on shares and units in mutual funds, interest etc, shall be accounted on receipt basis. The interest on debt instruments shall be accounted on accrual basis.

3. Valuation of Unlisted Shares, Valuation of Suspended/Non traded Share/debt:

Unlisted Shares: Unlisted shares would be valued at cost of acquisition till the shares get listed on a recognized stock exchange. Valuation of Suspended/Non traded Share: If a listed share is suspended for a certain period, then upto 30 days the last traded price would be used for valuation and after 30 days the valuation methodology would be decided on a case to case basis and approved by the valuation committee. Shares awaiting listing due to IPO would be valued at

allotment price. Valuation of Non traded debt: Non-traded fixed income instruments will be valued at cost.

13. Investors Services

The detail of investor relation officer who shall attend to the investor queries and complaints is mentioned here below:

Name of the person : Sneha Jain
Designation : Senior Executive – Compliance & Legal
Address : Ambit House, 449, Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013
Telephone : 91-22 39821939
Email : compliance@ambit.co

Grievance, if any, that may arise pursuant to the Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and the same shall be subject to SEBI (Portfolio Managers) Regulations, 1993 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time (i.e. within 30 days of receipt of complaint). If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the Portfolio Manager shall abide by the below mechanisms:

All disputes, difference, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with the provision of the Arbitration and Conciliation Act, 1996 or any statutory requirement, modification or re-enactment thereof for the time being in force. Such arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit.

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

In case of any grievances the investors may email to investorgrievance.aia@ambit.co.

14. General

Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advised all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). SEBI has further strengthened the KYC and client risk assessment requirements under its circular no. CIR/MIRSD/1/2014 dated March 12, 2014. The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified

from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'.

The Client(s) should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under applicable laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including *inter alia* identity, residential address(es), occupation and financial information by the Portfolio Manager. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND (and any other competent authorities and self-regulating bodies), that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager may not seek fresh KYC from the Clients who are already KRA compliant and the ones who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the client account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.

Client Information

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said Funds. The Portfolio Manager may stop all the trading activities for such Client/s and take such actions as may be required under the Regulations and the Agreement, including closure of account.

Notwithstanding anything contained in this Disclosure Document, the provisions of the Regulations, PML Laws and the guidelines thereunder shall be applicable. Clients are advised to read the Disclosure Document carefully before entering into an agreement with the Portfolio Manager.

For Ambit Investment Advisors Private Limited

Sd/-

Mr. Sushant Bhansali
Director

Sd/-

Mr. Vikas Gandhi
Director

AMBIT INVESTMENT ADVISORS PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31st March, 2018

24. Deferred tax:

Nature of timing differences	As at	Credit for the	As at
	31st March, 2017	current year	31st March, 2018
	Rs.	Rs.	Rs.
(i)	(ii)	(iii)	(iv)
Deferred tax asset/(liability):			
Items covered under section 43B	533,850	312,668	846,518
Depreciation and amortisation	(5,784)	18,491	12,707
Total	528,066	331,159	859,225

25. Earnings per share:

	Year ended	Year ended
	31st March, 2018	31st March, 2017
(a) Numerator: (Loss)/profit for the year (Rs.)	(5,469,187)	3,024,174
(b) Denominator: Weighted average number of equity shares	24,338	24,338
(c) Earnings per share [Basic and diluted] (Rs.)	(224.72)	124.26

26. Disclosure required under section 22 of Micro, Small and Medium Enterprises Development Act, 2006:

- No amount of principal and interest was due and remaining unpaid to suppliers as at the end of the year;
- No amount of interest was paid during the year in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, and no amount was paid to any supplier beyond the appointed day;
- No amount of interest was due and payable during the year towards delay in making payment under the Micro, Small and Medium Enterprises Development Act, 2006;
- No amount of interest was accrued and remaining unpaid at the end of the year.

The above information in respect of the Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

27. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Rs.	Foreign Currency		Rs.	Foreign Currency	
Trade receivables	1,959,737	30,131	USD	1,787,370	27,587	USD

28. Related parties disclosures

(i) Name of related parties and description of relationship

- An individual owning, indirectly, an interest in the voting power that gives him control

- Ashok Wadhwa

(b) Holding Company

- Ambit Private Limited

(c) Fellow Subsidiary Company (with whom there are transactions)

- Ambit Capital Private Limited

(d) Key Management Personnel

- Andrew Holland, Whole Time Director upto 16th September, 2016
- Rahul Gupta, Director
- Gaurav Mehta, Whole Time Director w.e.f. 2nd December, 2016



AMBIT INVESTMENT ADVISORS PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31st March, 2018

28. Related parties disclosures

(ii) Transactions carried out with the related parties in (i) above, in ordinary course of business :

Nature of transactions	Referred in	Referred in	Referred in	Total
	i(b) Rs.	i(c) Rs.	i(d) Rs.	Rs.
Expenses				
Interest on inter corporate deposits				
- Ambit Private Limited	190,028	-	-	190,028
	(-)	(-)	(-)	(-)
Distribution fees				
- Ambit Capital Private Limited	-	-	-	-
	(-)	(29,007,307)	(-)	(29,007,307)
Advisory fees				
- Ambit Capital Private Limited	-	-	-	-
	(-)	(10,000,000)	(-)	(10,000,000)
Expenses [see note 23]				
- Recovered by Ambit Private Limited	9,814,199	-	-	9,814,199
	(24,773,011)	(-)	(-)	(24,773,011)
- Recovered by Ambit Capital Private Limited	-	189,263	-	189,263
	(-)	(822,873)	(-)	(822,873)
Expenditure incurred by related party on behalf of the Company				
- Ambit Private Limited	50,340	-	-	50,340
	(15,340)	(-)	(-)	(15,340)
- Ambit Capital Private Limited	-	294,875	-	294,875
	(-)	(588,604)	(-)	(588,604)
Expenses incurred on behalf of related party				
- Ambit Capital Private Limited	-	-	-	-
	(-)	(186)	(-)	(186)
Remuneration				
- Andrew Holland	-	-	-	-
	(-)	(-)	(7,932,730)	(7,932,730)
- Gaurav Mehta	-	-	9,033,827	9,033,827
	(-)	(-)	(3,340,475)	(3,340,475)
- Rahul Gupta	-	-	-	-
	(-)	(-)	(12,500,000)	(12,500,000)
Loans taken				
- Ambit Private Limited	27,000,000	-	-	27,000,000
	(-)	(-)	(-)	(-)
Loans repaid				
- Ambit Private Limited	27,000,000	-	-	27,000,000
	(-)	(-)	(-)	(-)
Outstandings at year end				
Payable				
- Ambit Private Limited	2,057,709	-	-	2,057,709
	(1,761,521)	(-)	(-)	(1,761,521)
- Ambit Capital Private Limited	-	40,638	-	40,638
	(-)	(6,933,882)	(-)	(6,933,882)
- Rahul Gupta	-	-	-	-
	(-)	(-)	(12,500,000)	(12,500,000)
- Gaurav Mehta	-	-	3,063,932	3,063,932
	(-)	(-)	(5,028,745)	(5,028,745)

Note: Figures in brackets are the corresponding figures in respect of the previous year.

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FORM C
SECURITIES AND EXCHANGE BOARD OF INDIA
(PORTFOLIO MANAGERS) REGULATIONS, 1993
(Regulation 14)

Ambit Investment Advisors Private Limited

Ambit House, 449, Senapati Bapat Marg
Lower Parel, Mumbai – 400 013
SEBI Registration No. INP000005059
We confirm that:

- (i) the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time.
- (ii) the disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us/investment in the Portfolio Management Product.
- (iii) the Disclosure Document has been duly certified by Ms. Harmeeek Bhela (M. No.109158) of independent Chartered Accountant, Aneja Associates, Membership Number 100404W on March 22, 2019 (enclosed a copy of the chartered accountants' certificate to the effect that the disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well informed decision).

For Ambit Investment Advisors Private Limited



Aishvarya Dadheech
Principal Officer

Ambit Investment Advisors Private Limited
Ambit House, 449, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013



March 22, 2019

Ambit Investment Advisors Private Limited

Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 India

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ANEJA ASSOCIATES

C H A R T E R E D A C C O U N T A N T S

CERTIFICATE

The Board of Directors,
Ambit Investment Advisor Private Limited,
Ambit House,
Senapati Bapat Marg,
Lower Parel,
Mumbai 400 013

1. You have requested to us to provide a certificate on the Disclosure document for Portfolio Management services (“the Disclosure Document”) of Ambit Investment Advisor Private Limited (“the Company”). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India (“the SEBI”)
2. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 (“the SEBI Regulation”) is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purposes issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
3. In respect of the information given in the Disclosure document, we state that:
 - i. The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.

ANEJA ASSOCIATES
CHARTERED ACCOUNTANTS

- ii. The Promoters and directors qualification, experience, ownership details are as declared by them and have been accepted without further verification.
 - iii. We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure document.
 - iv. We have relied on the representation made by the management regarding the Assets under management of Rs. 148.62 crore as on September 2018.
4. Read with above and on the basis of our examination of the books of accounts, records, statements produced before us and to the best of our knowledge and according to the information, explanations and representations given to us, we certify that the disclosure made in the Disclosure Document dated March 18, 2019 are true and fair in accordance with the disclosure requirements laid down in Regulation 14 (2) read with Schedule V to the SEBI Regulations. A management certified copy of the disclosure document is enclosed herewith.
5. This certificate is intended solely for the use of the management of the company for the purpose as specified in paragraph 1 above.

Aneja Associates
Chartered Accountants
(Seal & Signature)



Harmeeek Bhela
Membership No. 109158
UDIN No. 19109158AAAAAB2425
Firm Membership No. 100404W

Place: Mumbai
Date: March 22, 2019