


**FORM C**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**(PORTFOLIO MANAGERS) REGULATIONS, 2020**  
**(Regulation 22)**

**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, 2020, 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(s).
- (iii) the Disclosure Document has been duly certified by Mr. Shardul Shah of M/s. Shah & Ramiaya (Membership No. 118394 and FRN 126489W) independent Chartered Accountant in practice having his office at 36/227, RDP 10 Sector 6, Charkop, Near Ambe Mata Mandir, Kandivali West, Mumbai 400067 on June 08, 2026 (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**

  
**Siddhartha Rastogi**  
**Principal Officer**  
Ambit Investment Advisors Private Limited  
Ambit House, 449, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013

**June 08, 2026**



## CERTIFICATE

We have verified the Disclosure Document ("the Document") for Portfolio Management Services prepared by **Ambit Investment Advisors Private Limited**, a Portfolio Manager registered with SEBI under the SEBI (Portfolio Managers) Regulations, 2020 (SEBI Reg. No. **INP000005059**), dated June 08, 2026, having its Registered Office at Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

The disclosure made in the document is made on the model disclosure document as per circular SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125 dated September 09, 2025.

With regard to TWRR calculation method, we have been informed by the management that the TWRR has been calculated by their software as per the logic specified by SEBI.

Our certification is based on the audited Balance sheet of the Company for the Financial Year Ended March 31, 2025, audited by Statutory Auditors Deloitte Haskins & Sells LLP, Chartered Accountants and examination of other records, data made available and information & explanations provided to us.

Based on such examination we certify that:

- The Disclosure made in the document is true, fair and correct and
- The information provided in the Disclosure Document is adequate to enable the investors to make well-informed decisions.

The enclosed document is stamped and initialed / signed by us for the purpose of identification.

**For Shah & Ramaiya**  
**Chartered Accountants**  
**FRN.:126489W**

SHARDUL  
JASHWANTLA  
L SHAH

Digitally signed by  
SHARDUL  
JASHWANTLAL SHAH  
Date: 2026.06.08  
18:19:48 +05'30'

**CA Shardul Shah**

**Partner**

**M No.: 118394**

**UDIN No.: 26118394ZSPBGH4363**

**Place: Mumbai**

**Date: June 08, 2026**

## DISCLOSURE DOCUMENT

*(As per Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and SEBI Circular No. SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125)*

The Disclosure Document has been filed with Securities and Exchange Board of India ("the Board") along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 and SEBI Circular No. SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125.

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 the 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 designated by the Portfolio Manager is:

Name of the Principal Officer	Mr. Siddhartha Rastogi
E-mail	siddhartha.rastogi@ambit.co
Phone	022 66233258
Registered Address	Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
Correspondence Address	One Lodha Place, 21st Floor, Unit Number 2103/2104, Senapati Bapat Marg, Lower Parel, Mumbai 400013.

Date: June 08, 2026

Place: Mumbai

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## **PART I Static Section**

### **1. Disclaimer Clause**

The particulars given in this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 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.

The distribution of this Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about and to observe any such restrictions.

## 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) and as amended from time to time.
- **“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 Investment approach (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” / “Investor”** 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 Investment approach 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 with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 2018.

- **“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 March 31 of the following year.
- **“Net Asset Value” (NAV)** for the Investment Approach shall be calculated using the following method:  $NAV = \text{Market value of all investments} + \text{Cash} + \text{Balance in ledger account with broker} + \text{Dividend/interest receivable} - \text{accrued expenses including Portfolio Management Fee}$ .
- **“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 an employee of the portfolio manager who has been designated as such by the portfolio manager and is responsible for: -

(i) the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and  
(ii) all other operations of the portfolio manager.

- “**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, 2020, 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**” shall mean securities as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956, as may be amended from time to time. Provided that it shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the SEBI Regulations or other Applicable Law, for the time being in force.

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

#### (i) History, Present Business and Background of the Portfolio Manager

Ambit Investment Advisors Private Limited (AIAPL), 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.

AIAPL was earlier a joint venture between Ambit Private Limited (APL) and Nikko Asset Management International Limited (Nikko) with APL holding 51% and Niko holding 49% of the share capital of AIAPL. The Joint Venture aimed to combine Ambit Group's ability to advise large Indian equity funds, with its extensive local knowledge and investment expertise with the product development and risk management practices of Nikko.

AIAPL 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.

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

In October 2017, Nikko transferred its entire holding of 49% equity shares in AIAPL to APL. Pursuant to the change in the controlling interest, AIAPL became the subsidiary of APL.

AIAPL is currently acting as a Portfolio Manager registered with SEBI (Registration No. INP000005059) since April 2016.

As on March 31, 2026 AIAPL had average assets under management of approximately ₹ 1913.67 crores. Currently AIAPL offers Discretionary, Non-Discretionary and Advisory Services to its clients.

Under the Discretionary Services, the products offered by AIAPL include:

- Ambit Coffee Can Portfolio
- Ambit Good & Clean Portfolio
- Ambit Emerging Giants Small Cap Portfolio
- Ambit Curated Portfolios
- Ambit Good & Clean Multi Cap Portfolio
- Ambit STP Portfolio
- Ambit TenX Portfolio
- Ambit Micro Marvels Portfolio

#### (ii) Promoters of the Portfolio Manager and Directors and their background:

##### Promoters:

##### Ambit Private Limited (APL):

APL was incorporated on August 11, 1997 under the Companies Act, 2013, having its registered office at Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. APL is registered with SEBI as a Merchant Banker with Registration No. INM000010585. Its cumulative knowledge in corporate finance advisory, mergers, acquisitions, strategic partnerships, divestitures and restructurings across industries is the best in the field. APL being the holding company of AIAPL is also the promoter of the Company. APL is a SEBI registered category I Merchant Banker and is one

of India's premier providers of financial advice and capital to its clients with a holistic view of their needs along with its subsidiaries and associate companies, in the areas of Investment Banking- Corporate Finance, Equity Capital Markets, Institutional Equities, Asset Management, Wealth Management, Structured Finance, Principal Investment and Non- Banking Financing (SME Lending). Ambit majorly focuses on delivering tailor-made, insightful, and finest financial solutions to enable sustainable growth of its clients across Institutions, Corporates, High Net worth Individuals, self-employed individuals, and small & medium Enterprises, to achieve their goals and maximize their profits.

**Board of Directors:**

**Mr. Sushant Bhansali**

Sushant has over 23 years of experience, including 17 years with Ambit in senior leadership roles and as a member of its Executive Committee. For the past five years, he has led the Asset Management business, growing assets more than tenfold and expanding operations to 11 cities. Previously, he headed Ambit's Principal Investment business, delivering exceptional returns in small and mid-cap equities through a high-conviction, concentrated portfolio approach. Earlier, in the Group CEO's office, he worked on M&A, capital raising, and building new business verticals. Prior to Ambit, he worked with MSCI Inc. and PwC. A Chartered Accountant with a Post-Graduate Diploma in Business Management from ISB and Advanced Management Program at Harvard Business School. He also serves as the board member at Teamwork Arts Pvt Ltd and the Vice Chairman on the Board of Association of Portfolio Managers in India.

**Ms. Veena Adivarekar**

Veena Adivarekar is a Chartered Accountant by qualification and has experience of more than 20 years in the fields of Accounts, Audit, Payroll and Taxation. She has been working with Ambit Group of Companies since 2008. She is Director-Finance & Accounts for Ambit Group and entrusted with various responsibilities related to Finance & Accounts function. Prior to joining Ambit, she worked with Patni Computer Systems Limited and was responsible for Finance Reporting/Statutory Audits/Taxation. She was a partner in R. B. Pandya & Co., Chartered Accountants in the past. She has also worked with Chartered Accountancy firms heading Taxation & Audit Departments.

**Mr. Dhiraj Agarwal**

Dhiraj Agarwal is the managing director of Ambit Investment Managers Private Limited. He was previously a co-head of the Institutional Equities business at Ambit Capital. He has over 25 years of experience in the financial markets. Before joining Ambit, Dhiraj was head of sales at Standard Chartered India. He also worked with firms like SSKI Securities where he started his career in equity research, and CLSA. He has also spent four years on the buy-side with Boyer Allan Investment Management Ltd., a UK-based hedge fund. While Dhiraj was at SSKI, he founded and also led Sharekhan. He holds an MBA from the Indian Institute of Management, Bangalore and is a graduate from Shri Ram College of Commerce, Delhi.

**(iii) Top 10 Group Companies on turnover basis is as follows. – (Based on last audited Financial Statements as on March 31, 2025)**

Sr. No.	Name of the Group Companies
1.	Ambit Finvest Private Limited
2.	Ambit Capital Private Limited
3.	Ambit Private Limited

4.	Ambit Wealth Private Limited
5.	Ambit Singapore Pte. Ltd
6.	Ambit Global Private Client (MENA) Ltd
7.	Ambit Principal Investments
8.	Ambit Investments
9.	Ambit Investment Managers Private Limited
10.	Ambit America

**(iv) 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 Investment approach 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. either through itself or through external third parties, subject to the Regulations 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 mala fide, 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. Every product shall have separate term sheet and risk factors that would be read, understood, agreed and signed by the Client before investment.

**b) Non-Discretionary Services:**

Under these services the Client 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 the 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/divestments as the case may be.

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. either through itself or through external third parties, subject to the Regulations, 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:**

Under these 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.**

AIAPL hereby confirms that during the financial year 2025 - 26:

- (i) There were no cases of penalties imposed by SEBI or directions issued by SEBI under the ACT or Rules or Regulations made thereunder.
- (ii) There are no penalty / direction.
- (iii) No penalties/fines were imposed for any economic offence and/ or for violation of any securities laws.
- (iv) No material litigation/legal proceedings were pending against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases.
- (v) No deficiency in the systems and operations of the portfolio manager was observed by SEBI or any regulatory agency.
- (vi) No enquiry/ adjudication proceedings were initiated by SEBI against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder.

## 5. Services offered:

(i) Investment Approaches of the Portfolio Manager and the present objectives and policies including the types of securities in which it generally invests

**Following Investment Approaches are currently offered by the Portfolio Manager under Discretionary Services.**

**The Discretionary products include:**

- 1) Ambit Coffee Can Portfolio
- 2) Ambit Good & Clean Portfolio
- 3) Ambit Emerging Giants Small Cap Portfolio
- 4) Ambit Curated Portfolios
- 5) Ambit Good & Clean Multi Cap
- 6) Ambit STP Portfolio
- 7) Ambit TenX Portfolio
- 8) Ambit Micro Marvels Portfolio

### 1. Ambit Coffee Can Portfolio

**Strategy:** Equity

#### **Investment Objective:**

The investment objective of the Ambit Coffee Can Portfolio 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.

#### **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.
- The investment in equity stocks is based on the proprietary framework adapted by the Portfolio Manager.

#### **Description of Securities and Basis of Selection:**

Investments can be made in securities listed or traded on a recognized stock exchange; Money Market instruments (including but not limited to CPs, trade bill, treasury bills, certificate of deposit and usance bill.); units of Mutual Funds through direct plan and such other securities as allowed under the extant regulations.

**Allocation of Portfolio across types of securities:**

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies.

**Appropriate Benchmark to compare performance and basis for choice of benchmark:**

**Nifty 50 TRI** - The benchmark index has been selected as Nifty 50 TRI as it is the closest resemblance to the underlying portfolio composition.

**Indicative tenure / Investment Horizon:** 3-5 years

**Risks associated with the product:**

There are two risks which are associated with the Investment Approach – a) Macro events can drag the overall markets down thus impacting the performance of the Investment Approach portfolio, and b) individual companies may report earnings below expectations. This maybe on account of acquisition of business by the company, significant jump in debt, or any specific event which hampers the earnings, revenue, sales and cost structure of the company which in turn will impact the stock price, thereby impacting the returns of the Investment Approach.

**2. Ambit Good & Clean Portfolio**

**Strategy:** Equity

**Investment Objective:**

The investment objective of the Ambit Good & Clean Portfolio 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).

**Investment Approach and Strategy:**

- To create a portfolio with an objective to generate capital appreciation over the long term using the above Ambit 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 good on capital allocation and financial improvements, and 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.
- The investment in equity stocks is based on the proprietary framework adapted by the Portfolio Manager.

**Description of Securities and Basis of Selection:**

Investments can be made in securities listed or traded on a recognized stock exchange; Money Market instruments (including but not limited to CPs, trade bill, treasury bills, certificate of deposit and usance bill); units of Mutual Funds through direct plan and such other securities as allowed under the extant regulations.

**Allocation of Portfolio across types of securities:**

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies.

**Appropriate Benchmark to compare performance and basis for choice of benchmark**

**S&P BSE500 TRI** - S&P BSE500 TRI is a broad based index with adequate representation of all segments, and hence represents as a right indicator of performance.

**Indicative tenure / Investment Horizon:** 3-5 years

**Risks associated with the product:**

There are two risks which are associated with the Investment Approach – a) Macro events can drag the overall markets down thus impacting the performance of the Investment Approach portfolio, and b) individual companies may report earnings below expectations. This maybe on account of acquisition of business by the company, significant jump in debt, or any specific event which hampers the earnings, revenue, sales and cost structure of the company which in turn will impact the stock price, thereby impacting the returns of the Investment Approach.

**3. Ambit Emerging Giants Small Cap Portfolio**

**Strategy:** Equity

**Investment Objective:**

The investment objective of the Ambit Emerging Giants Small Cap Portfolio is to invest in firms which are relatively small in market size 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.

**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
- The investment in equity stocks is based on the proprietary framework adapted by the Portfolio Manager.

**Description of Securities and Basis of Selection:**

Investments can be made in securities listed or traded on a recognized stock exchange; Money Market instruments (including but not limited to CPs, trade bill, treasury bills, certificate of deposit and usance bill.); units of Mutual Funds through direct plan and such other securities as allowed under the extant regulations.

**Allocation of Portfolio across types of securities:**

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies.

**Appropriate Benchmark to compare performance and basis for choice of benchmark**

**Primary benchmark - S&P BSE500 TRI** - S&P BSE500 TRI is a broad based index with adequate representation of all segments, and hence represents as a right indicator of performance.

**Secondary benchmark - Nifty Smallcap 250 Index** – This index represents the balance 250 companies (companies ranked 251-500) from Nifty 500. This index intends to measure the performance of small market cap companies. With respect to the small and micro-cap oriented strategies, it is the closest comparable index and benchmark from a risk-return profile perspective.

**Indicative tenure / Investment Horizon:** 3-5 years

**Risks associated with the product**

There are two risks which are associated with the Investment Approach – a) Macro events can drag the overall markets down thus impacting the performance of the Investment Approach portfolio, and b) individual companies may report earnings below expectations. This maybe on account of acquisition of business by the company, significant jump in debt, or any specific event which hampers the earnings, revenue, sales and cost structure of the company which in turn will impact the stock price, thereby impacting the returns of the Investment Approach.

**4. Ambit Curated Portfolios**

**Strategy:** Equity

**Investment Objective:**

Ambit Curated Portfolios aims to generate returns through capital appreciation by investing in diversified portfolio of securities listed or traded on a recognized stock exchange: Money Market instruments (including but not limited to CPs, trade bill, treasury bills, certificate of deposit and usance bill); units of Mutual Funds through direct plan, and such other securities as allowed under the extant regulations. In addition, Portfolio Manager may also invest in businesses which are providing exciting opportunities on account of: (a) correction in prices due to market / sectorial/ company specific factors, or (b) turnaround stories, or (c) Invest in businesses of considerable size, high growth at attractive valuation and good quality. Further, the Strategy shall aim to achieve its objective by following a prudent asset allocation and deployment strategy, which will be driven by a mix of quantitative factors and qualitative factors. The Strategy will also be customized based on the investors risk profile – conservative, moderate or aggressive.

**Investment Approach and Strategy:**

To create a portfolio with an objective to generate capital appreciation over the long term by investing in diversified portfolio of securities.

**Description of Securities and Basis of Selection:**

Investments can be made in securities listed or traded on a recognized stock exchange; Money Market instruments (including but not limited to CPs, trade bill, treasury bills, certificate of deposit and usance bill.); units of Mutual Funds through direct plan and such other securities as allowed under the extant regulations.

**Allocation of Portfolio across types of securities:**

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies.

**Appropriate Benchmark to compare performance and basis for choice of benchmark:**

**S&P BSE500 TRI** - S&P BSE500 TRI is a broad based index with adequate representation of all segments, and hence represents as a right indicator of performance.

**Indicative tenure / Investment Horizon:** 3-5 years

**Risks associated with the product:**

There are two risks which are associated with the Investment Approach – a) Macro events can drag the overall markets down thus impacting the performance of the Investment Approach portfolio, and

b) individual companies may report earnings below expectations. This maybe on account of acquisition of business by the company, significant jump in debt, or any specific event which hampers the earnings, revenue, sales and cost structure of the company which in turn will impact the stock price, thereby impacting the returns of the Investment Approach.

## 5. Ambit Good & Clean Multi Cap Portfolio

**Strategy:** Equity

### **Investment Objective:**

The investment objective of the Ambit Good & Clean Multi Cap Portfolio is to invest in businesses which have: (a) an impeccable corporate governance track record and best in class accounting practices, and (b) a consistent track record of delivering on growth and returns. The idea is to minimize the risk for the investors and yet pick businesses which will help create wealth in the medium to long term.

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).

### **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.
- The stocks shall be selected strictly on the basis on the proprietary framework developed in-house by Ambit which focuses on companies that have a proven track record of efficient capital allocation and high growth, but at a reasonable valuation.

### **Description of Securities and Basis of Selection:**

Investments can be made in securities listed or traded on a recognized stock exchange; Money Market instruments (including but not limited to CPs, trade bill, treasury bills, certificate of deposit and usance bill.); units of Mutual Funds through direct plan and such other securities as allowed under the extant regulations.

### **Allocation of Portfolio across types of securities:**

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies.

### **Appropriate Benchmark to compare performance and basis for choice of benchmark:**

**S&P BSE500 TRI** - S&P BSE500 TRI is a broad based index with adequate representation of all segments, and hence represents as a right indicator of performance.

**Indicative tenure / Investment Horizon:** 3-5 years

### **Risks associated with the product**

There are two risks which are associated with the Investment Approach – a) Macro events can drag the overall markets down thus impacting the performance of the Investment Approach portfolio, and b) individual companies may report earnings below expectations. This maybe on account of acquisition of business by the company, significant jump in debt, or any specific event which hampers

the earnings, revenue, sales and cost structure of the company which in turn will impact the stock price, thereby impacting the returns of the Investment Approach.

## 6. Ambit STP Portfolio

**Strategy:** Debt

### **Investment Objective:**

The portfolio strategy shall be to invest in debt mutual funds (like Liquid/Money Market/Arbitrage/Overnight/Ultrashort Mutual funds), money market instruments, Exchange Traded Funds, Index funds etc. The strategy is intended for the investors who are wary of the near-term market volatility or having no immediate investment opportunities but plan to systematically transfer the same to invest in other equity strategies of the Portfolio Manager over a period of time.

### **Investment Approach and Strategy:**

The Ambit STP Portfolio investment approach is based on investing money in units of debt mutual funds (like Liquid/Money Market /Arbitrage/Overnight /Ultrashort Mutual funds), money market instruments and Index funds till the funds are invested in one of the other investment approaches.

### **Description of Securities and Basis of Selection:**

Investments can be made in all debt mutual funds (like Liquid/Money Market /Arbitrage/Overnight /Ultrashort Mutual funds), money market instruments, Exchange Traded Funds, Index funds etc.

### **Allocation of portfolio across types of securities:**

The segment allocation shall be in the following manner:

Debt Mutual Funds (like Liquid/Money Market/ Arbitrage / Overnight / Ultrashort Mutual funds), money market instruments, Exchange Traded Funds, Index funds etc..

### **Appropriate benchmark to compare performance and basis for choice of benchmark:**

**CRISIL Composite Bond Fund Index** - Given the objective of the portfolio is to park money temporarily, the benchmark is chosen appropriately.

### **Indicative tenure / Investment Horizon:**

Short Term with an objective of interim parking of money.

### **Risks associated with the Investment Approach:**

Given that the portfolio invests into liquid / money market / Index based mutual funds, all risks applicable to such funds will be applicable. Few of them are as follows:

- Liquid / money market funds invests into fixed income securities and hence will be subject to interest rate risk, credit risk, liquidity risk, reinvestment risk, etc.
- Though the portfolio of such funds comprises of short –term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates change, sometimes on a daily basis, thereby making the fund susceptible. However such interest rate changes though have a low impact on the fund.
- Investment in equities, Mutual funds, Exchange Traded Index Funds are subject to market risks and there is no assurance or guarantee that the objective of investments will be achieved.

## 7. Ambit TenX Portfolio

**Strategy:** Equity

**Investment Objective:**

Ambit TenX Portfolio aims to generate returns through capital appreciation by investing in diversified portfolio of equity and equity related securities; Mutual Funds, and such other securities as allowed under the extant regulations. The strategy may also selectively use derivatives for hedging purposes.

In addition, Portfolio Manager also advise clients to invest in businesses which are providing exciting opportunities on account of: (a) correction in prices due to market / sectorial/ company specific factors, or (b) turnaround stories, or (c) Invest in businesses of considerable size, high growth at attractive valuation and good quality.

Further, the Strategy shall aim to achieve its objective by following a prudent asset allocation and deployment strategy, which will be driven by a mix of quantitative factors and qualitative factors. The Strategy will also be customized based on the investors risk profile – conservative, moderate or aggressive.

**Investment Approach and Strategy:**

To create a portfolio with an objective to generate capital appreciation over the long term by investing in diversified portfolio of securities.

**Description of Securities and Basis of Selection:**

Investments can be made in securities listed or traded on a recognized stock exchange; Money Market instruments (including but not limited to CPs, trade bill, treasury bills, certificate of deposit and usance bill.); units of Mutual Funds through direct plan and such other securities as allowed under the extant regulations.

**Allocation of Portfolio across types of securities:**

Portfolio is agnostic to market cap and can invest in companies across large/mid/small cap companies.

**Appropriate Benchmark to compare performance and basis for choice of benchmark**

**S&P BSE500 TRI** - S&P BSE500 TRI is a broad based index with adequate representation of all segments, and hence represents as a right indicator of performance.

**Indicative tenure / Investment Horizon: 5-8 years**

**Risks associated with the product:**

There are two risks which are associated with the Investment Approach – a) Macro events can drag the overall markets down thus impacting the performance of the Investment Approach portfolio, and b) individual companies may report earnings below expectations. This maybe on account of acquisition of business by the company, significant jump in debt, or any specific event which hampers the earnings, revenue, sales and cost structure of the company which in turn will impact the stock price, thereby impacting the returns of the Investment Approach.

**8. Ambit Micro Marvels Portfolio**

**Strategy:** Equity

**Investment Objective:**

We aim to create a portfolio that invests predominantly into small and micro-cap companies with the potential of delivering superior earnings growth and generating relatively better risk adjusted performance over a long period of time. Our framework driven approach supplemented with bottom-up fundamental research will help create a concentrated portfolio of promising micro-caps companies which are clean on governance and accounting and good on capital allocation while also holding promise of continued longer term growth.

**Investment Approach and Strategy:**

- To create a portfolio with an objective to generate capital appreciation over the long term in promising small and micro-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.
- The investment in equity stocks is based on the proprietary framework adapted by the Portfolio Manager.

**Description of Securities and Basis of Selection:**

Investments can be made in securities listed or traded on a recognized stock exchange; money Market instruments (including but not limited to CPs, trade bill, treasury bills, and CDs); units of Mutual Funds through direct plan and such other securities as allowed under the extant regulations.

**Allocation of Portfolio across types of securities:**

Portfolio is agnostic to market cap and can invest in companies across large-, mid-, small- and micro-cap companies. Furthermore, we aim to create a portfolio that invests predominantly into micro-cap companies with the potential of delivering superior earnings growth and generating relatively better risk adjusted performance over a long period of time.

**Appropriate Benchmark to compare performance and basis for choice of benchmark**

**Primary benchmark - S&P BSE500 TRI - S&P BSE500 TRI** is a broad based index with adequate representation of all segments, and hence represents as a right indicator of performance.

**Secondary benchmark - Nifty Smallcap 250 Index** – This index represents the balance 250 companies (companies ranked 251-500) from Nifty 500. This index intends to measure the performance of small market cap companies. With respect to the small and micro-cap oriented strategies, it is the closest comparable index and benchmark from a risk-return profile perspective.

**Indicative tenure / Investment Horizon:** 4 to 6 years

**Risks associated with the product:**

There are two risks which are associated with the Investment Approach – a) Macro events can drag the overall markets down thus impacting the performance of the Investment Approach portfolio, and b) individual companies may report earnings below expectations. This maybe on account of acquisition of business by the company, significant jump in debt, or any specific event which hampers the earnings, revenue, sales and cost structure of the company which in turn will impact the stock price, thereby impacting the returns of the Investment Approach.

**General notes for all products:**

**Investment Structure and Reporting**

All Portfolios 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, along with 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 periodically receive their transaction and performance report as per the agreement but not exceeding a period of three months and as and when required by the Client. 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**

- 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 Investment Approach.
- 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**

The Minimum Investment by the Client shall be Rs. 50 lakhs or an amount as may be specified under the Regulations or such other higher amount as may be required by the Portfolio Manager, as amended from time to time. 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. The Client can choose and invest in multiple Investment Approaches of Ambit Investment Advisors Pvt. Ltd. with the Minimum Investment limit of Rs. 50 lakhs.

**Withdrawals or Redemption**

Withdrawals can be requested on any working day and the liquation for the same may take up to 15 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 companies invested in to the client and /or refund the balance.

**(ii). The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/guidelines**

The Portfolio Manager does not envisage investments in the securities of its related parties/associates. In case of any opportunity for such Investments, the Portfolio Manager shall comply with the following limits as provided in the Regulations and as may be amended from time to time:

Security	Limit for investment in single associate/related party (as percentage of client's AUM)	Limit for investment across multiple associates/related parties (as percentage of client's AUM)
Equity	15%	25%
Debt and hybrid securities	15%	25%
Equity + Debt + Hybrid securities		30%

## 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 due to an unpredictable extent. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Client availing the Portfolio Manager's Investment Approaches.

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:**

### A. General Risks Factors

- (1) Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.
- (2) The Portfolio Manager does not assure that the objectives of any of the Investment Approach will be achieved and investors are not being offered any guaranteed returns. The investments may not be suitable to all the investors.
- (3) [Past performance of the Portfolio Manager does not indicate the future performance of the same or any other Investment Approach in future or any other future Investment Approach of the Portfolio Manager. [OR] The Portfolio Manager has no previous experience/track record in the field of portfolio management services. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich individual experience.]
- (4) The names of the Investment Approach do not in any manner indicate their prospects or returns.
- (5) Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.
- (6) When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.
- (7) Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.
- (8) The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- (9) The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.

## **B. Risk associated with equity and equity related instruments**

(10) Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws, political, economic or other developments, which may have an adverse impact on individual Securities, a specific sector or all sectors. Consequently, the value of the Client's Portfolio may be adversely affected.

(11) Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.

(12) Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.

## **C. Risk associated with debt and money market securities**

### **(13) Interest Rate Risk**

Fixed income and money market Securities run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income Securities fall and when interest rate falls, the prices increase. In case of floating rate Securities, an additional risk could arise because of the changes in the spreads of floating rate Securities. With the increase in the spread of floating rate Securities, the price can fall and with decrease in spread of floating rate Securities, the prices can rise.

### **(14) Liquidity or Marketability Risk**

The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The Securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these Securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.

### **(15) Credit Risk**

Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

### **(16) Reinvestment Risk**

This refers to the interest rate risk at which the intermediate cash flows received from the Securities in the Portfolio including maturity proceeds are reinvested. Investments in fixed income Securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may

differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

#### **D. Risk associated with derivatives instruments**

(17) The use of derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.

(18) Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include settlement risk, risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price.

#### **E. Risk associated with investments in mutual fund schemes**

(19) Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.

(20) As with any securities investment, the NAV of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.

(21) Past performance of the sponsors, asset management company (AMC)/fund does not indicate the future performance of the schemes of the fund.

(22) The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the schemes.

(23) The Portfolio Manager shall not be responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/scheme information document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

(24) The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC/the fund.

(25) While it would be the endeavor of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.

(26) The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.

#### **F. Risk arising out of Non-diversification**

(27) The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry. Similarly, the portfolios with investment objective to have larger exposure to certain market capitalization buckets, would be exposed to risk associated with underperformance of those relevant market capitalization buckets. Moreover, from the style orientation perspective, concentrated exposure to value or growth stocks based on the requirement of the mandate/strategy may also result in risk associated with this factor.

#### **G. Risk arising out of investment in Associate and Related Party transactions**

(28) All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio.

(29) The Portfolio Manager may utilize the services of its group companies or associates for managing the portfolios of the client. In such scenarios, the Portfolio Manager shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates by ensuring that such dealings are at arm's length basis.

(30) The Portfolios may invest in its Associates/ Related Parties relating to portfolio management services and thus conflict of interest may arise while investing in securities of the Associates/Related Parties of the Portfolio Manager. Portfolio Manager shall ensure that such transactions shall be purely on arms' length basis and to the extent and limits permitted under the Regulations. Accordingly, all market risk and investment risk as applicable to securities may also be applicable while investing in securities of the Associates/Related Parties of the Portfolio Manager.

## **7. Nature of expenses / Range of fees**

### **Portfolio Management /Investment Management and Advisory 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. 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 payable under execution of deal/trades under Securities lending and borrowings (SLB) means charges payable for lending of securities, cost of borrowing, transfer of securities in connection with same.

### **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.

### **Distribution Commission**

In case of clients introduced through distributors, the portfolio manager may share upto 80% of the fees received from the client with the distributor.

The Range of fees charged by the Portfolio Manager is given in the below table:

Transaction type	Range
<b>Client Onboarding Fee</b>	Up to Rs 3000/- on client activation (Include Franking & Stamping)
<b>Fixed Management Fee</b>	From 0% to 3% p.a.
<b>Performance fee</b>	From 0% to 20% of profit above Hurdle, if any
<b>Exit fees</b>	From 0% to 3% as mentioned in the Agreement, Nil for exit post 3 years
<b>Transaction Charges</b>	1 Basis Point subject to a maximum of Rs. 100/- per transaction or charges based on trade allocated to clients (Charged Quarterly )
<b>Equity Brokerage</b>	8.5 bps + Other charges + Security Transaction Tax, at actuals for Non-Pool clients
<b>Custody Charges</b>	At actual subject to, upto 4 bps per annum on AUM (Charged Quarterly )
<b>DP Charges</b>	Nil
<b>Fund Accounting Charges</b>	1.5 bps per annum on AUM (Charged Quarterly )
<b>Certification &amp; Professional Charges</b>	Upto Rs 2000/- per annum
<b>Incidental Expenses</b>	At actuals

All fees and charges (including Portfolio Management fee whether fixed or variable) are subject to and exclusive of applicable taxes/levies or such other taxes/levies as may be introduced in future as prescribed under relevant State or Central laws including but not limited to GST, STT, Capital Gains etc.

Deduction of tax at source (TDS) at appropriate rates on the payments made to Portfolio Manager is the responsibility of the clients. TDS should be deducted in the same year in which expenses are charged to the client. The client should file appropriate TDS returns and provide a certificate of deduction of such tax at source to the Portfolio Manager. The Portfolio Manager will reimburse the TDS amount once it is reflected in Form 26AS(or any other applicable form) of the same year in which expenses are charged to the client (but not later than the four months after the end of relevant financial year).

Further, Any income tax and other tax liability on investments, funds and yields shall be borne and paid by you. The Portfolio Manager does not take any responsibility for any matters relating to the tax filings or assessments.

***DIRECT ON-BOARDING OF CLIENTS: AIAPL provides the facility for direct on-boarding of clients .i.e. on-boarding of clients without intermediation of distributors. In case of direct on-boarding, no charges except statutory charges shall be levied on clients.***

## 8. Taxation

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 Investment Advisors Private Limited ("the Portfolio Manager" or "the Company"). 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 the Portfolio Manager to induce any client, prospective or existing, to invest in the portfolios of the Company. 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 the Portfolio Manager.

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 Income-tax Act, 1961 ("The IT Act"), the Income tax Rules, 1962 ("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 (No. 2) Bill, 2024. The tax rates mentioned below relate to Financial Year 2024-25 (Assessment Year 2025-26). Please note that the Finance (No. 2) Bill, 2024 is yet to be approved by the Parliament and hence, the below summary is based on the proposals as mentioned in the Finance (No. 2) Bill, 2024 which can undergo changes at the time of final approval.

The applicable rate of surcharge in case of foreign companies is 2% where the income exceeds Rs. 10 m but is less than or equal to Rs. 100 m and is 5% where the income exceeds Rs. 100 m.

In case of resident companies (other than companies covered under section 115BAA and 115BAB of the IT Act) having total income exceeding Rs. 10 m but not exceeding Rs. 100 m, surcharge of 7% on income tax is applicable. In case of resident companies having total income exceeding Rs. 100 m, surcharge of 12% is applicable. In the case of resident companies having income chargeable under Section 115BAA and 115BAB of the IT Act, surcharge of 10% is applicable irrespective of taxable income.

In case of firms having total income exceeding Rs. 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, except an AOP consisting of only companies as its members, i) having total income exceeding Rs. 5 m but not exceeding Rs. 10 m, surcharge of 10% on income tax is applicable ii) having total income exceeding Rs. 10 m but not exceeding Rs. 20 m, surcharge of 15% on income tax is applicable iii) having total income exceeding Rs. 20 m but not exceeding Rs. 50 m, surcharge of 25% on income tax is applicable and iv) having total income exceeding Rs. 50 m, surcharge of 37% on income tax is applicable (the enhanced

surcharge of 37% shall not apply in case the assessee opts to pay tax as per new tax regime. In that case the enhanced surcharge will be limited to 25%). However, in the case where the total income includes any income referred to in Section 111A or Section 112A of the IT Act, or income by way of dividends, surcharge on such income shall not exceed 15%.

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 controlled in India / profession set up in India.

A HUF, firm or other AOP 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 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 Central Board of Direct Taxes (“**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 Rs. 500 m during the Financial Year.

#### o 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 (subject to General Anti-Avoidance Rules (“**GAAR**”) provisions discussed below and to the extent of availability of Treaty benefits to the non-resident investors). However, no assurance can be provided that the Tax Treaty

benefits will be available to the offshore investor or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future.

The taxability of such income of the non-resident investor, in the absence of Treaty benefits or from a country with which India has no Treaty, would be as per the provisions of the IT Act.

Further, to prevent the granting of Tax Treaty benefits in inappropriate circumstances and to align it with the Multilateral Convention to implement Treaty related measures to prevent Base Erosion and Profit Shifting, the Finance Act, 2020 has amended Section 90(1) to provide that the Central Government shall enter into agreement(s) for the avoidance of double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

o *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.

While, as per the extant law, Form 10F should not be required if the above information already forms a part of the TRC. However, recently there has been a notification issued to the effect that Form No. 10F should be generated electronically on the Income-tax portal and hence, where any treaty benefit is sought, practically it is advised that along with TRC, Form No. 10F as generated over the income-tax portal should also be furnished.

**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 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 characterization 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.

In the context of transfer of unlisted shares, the CBDT has issued a clarification vide Instruction No. F.No. 225/12/2016/ITA.II dated May 2, 2016 stating that income arising from transfer of unlisted shares would be considered under the head 'Capital Gains' irrespective of the period of holding with a view to avoid dispute /litigation and to maintain uniform approach (with tax treatment on transfer of listed shares). However, the above shall not apply in the following cases:

- The genuineness of transactions in unlisted shares itself is questionable; or
- The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
- The transfer of unlisted shares is made along with the control and management of underlying business

and the Indian Revenue Authorities would take appropriate view in such situations.

#### **D. *Different streams of income and it's tax implications***

The tax implications in the hands of resident as well as non-resident investors on different income streams pertaining to investment in securities are discussed below:

##### **i. Dividend income**

###### **Resident Investors**

Prior to the amendments by the Finance Act, 2020, dividends declared by Indian companies were exempt from tax in the hands of the investors under section 10(34) of the Act. The Indian Company would be liable to pay dividend distribution tax at the effective rate 20.56% till F.Y, 2019-20 of the dividends at the time of distributing to the investors.

As per the amendments made by the Finance Act, 2020, the Indian Company declaring dividend on or after 1 April 2020, would not be required to pay any distribution tax on dividend distributed/ paid/ declared to investors. The dividend income shall now be taxable in the hands of the investors under section 56 of the IT Act under the head 'Income from Other Sources' at the applicable rates. Further, the taxpayer can claim a deduction of interest expenditure under section 57 of the IT Act against such dividend income up to 20% of the dividend income.

The dividend declared by all mutual funds are also taxable in the hands of investors in the same manner.

The dividend income (net of deductions, if any) shall be taxable at the following rates:

###### Resident unitholders

Dividend income earned by	Tax rate for domestic investors
Resident companies (Note 1 and 2)	Maximum tax rate is 30%
Firms / LLPs	30%
Others (Note 3)	As per applicable slab rates, Maximum tax rate being 30%

The above-mentioned tax rates are exclusive of surcharge and health and education cess.

Note 1: The tax rate has been reduced to 25% (plus applicable surcharge and health and education cess) in case of domestic companies having total turnover or gross receipts not exceeding Rs. 4,000 m in the Financial Year 2021-22 (Assessment Year 2022-23).

Note 2: Further, as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the IT Act shall be 22% and 15% respectively (for both sections - plus surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections.

Note 3: The Finance Act, 2020, has inserted a new section 115BAC in the IT Act. As per the said section, Individual and HUF will have an option to pay tax on its total income at the reduced slab rates. The income would however have to be computed without claiming prescribed deductions or exemptions.

#### Non-resident Investors

Dividend income shall be taxable in the hands of the non-resident investors at the rate of 20% plus applicable surcharge and health and education cess under the IT Act.

However, this rate shall be subject to the tax rate specified in the Tax Treaties of the respective jurisdictions of the investors and subject to applicable conditions.

#### **ii. If gains are categorized 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	Holding period to classify as LTCA (pre-budget)	Holding period to classify as LTCA (post-budget, w.e.f. 23 July 2024)
Listed securities / Unit of equity-	Held for more than 12	Held for more than

oriented fund	months	12 months
Units in Specified Mutual Fund acquired on or after 1st April 2023 and Market Linked Debentures *	Always STCA	Always STCA
Unlisted bonds and debentures	Held for more than 36 months	Always STCA
Unlisted shares	Held for more than 24 months	Held for more than 24 months
Any other asset such as gold, real estate, etc.	Held for more than 36 months	Held for more than 24 months

\*With effect from 1 April 2026, Specified Mutual Fund shall mean –

- (a) a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments; or  
 (b) a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (a)

Market Linked Debenture (“MLD”) means a security which has an underlying principal component in the form of debt security and where the returns are linked to market returns on other underlying securities or indices and includes any security classified or regulated as MLD by SEBI.

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 with effect from 23 July 2024:

Nature of Income	Tax rate for resident investors (Note 1)	Tax rate for non-residents (Note 1)	Tax rate for FPIs (Note 1)
STCG on transfer of listed equity shares and unit of an equity-oriented fund on which Securities Transaction Tax (“STT”) has been paid	20%	20%	20%
STCG on transfer of asset other than the above	30% (Note 2)	35%/ 30% (Note 3)	30% (Note 4)
LTCG on transfer of listed equity shares and unit of an equity-oriented fund provided STT paid on transfer (gains exceeding Rs. 1.25 lakh)	12.5% (Note 5)	12.5% (Note 5)	12.5% (Note 5)
LTCG on transfer of assets (other than above and real estate)	12.5%	12.5% (Note 5)	12.5% (Note 5)
Gains on transfer of Specified mutual fund and market linked debentures	30% (Note 2)	35%/ 30% (Note 3)	30% (Note 4)
Tax on transfer on unlisted bonds and debentures	30%	35%/30%	30%

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 –** The tax rate has been reduced to 25% (plus applicable surcharge and health and education cess) in case of domestic companies having total turnover or gross receipts not exceeding Rs. 4,000 m in the Financial Year 2021-22 (Assessment Year 2022-23). Further, as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under Section 115BAA and Section 115BAB of the IT Act shall be 22% and 15% respectively (for both sections - it may be possible to consider the surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections. Furthermore, the Finance Act, 2020, has inserted a new section 115BAC in the IT Act. As per the said section, the Individual and HUF will have an option to pay tax on its total income at the reduced tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions. At present, we have considered the highest slab rate of 30% (plus applicable surcharge and health and education cess) in the case of unitholders other than company, firm and limited liability partnership.

**Note 3 -** 30% in the case of non-resident investors other than foreign company. 35% in case of foreign company as per Finance (No.2) Bill, 2024.

**Note 4 -** No foreign exchange benefit

**Note 5 -** Without considering indexation and foreign exchange fluctuation benefit

### iii. If gains are categorized 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).

In case of domestic companies, the tax rate has reduced to 25% (plus applicable surcharge and health and education cess) in case the total turnover or gross receipts not exceeding Rs. 4,000 m in the Financial Year 2021-22 (Assessment Year 2022-23). Further, as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under Section 115BAA of the IT Act shall be 22% (with surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections.

It shall be taxable at the rate of 35% (plus applicable surcharge and cess) in case of a foreign company as per Finance (No.2) Bill, 2024. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

### iv. Interest income

Income in the nature of interest income would be subject to tax at 30% (plus applicable surcharge and cess) in case of resident investors and also for non-resident investors other than foreign company (assuming the highest slab rate for individual).

In case of domestic companies, the tax rate has reduced to 25% (plus applicable surcharge and health and education cess) in case the total turnover or gross receipts not exceeding Rs. 4,000 m in the Financial Year 2021-22 (Assessment Year 2022-23). Further, as per the Taxation Laws (Amendment) Act, 2019, the tax rates for resident companies exercising the option under Section 115BAA of the IT Act shall be 22% (with surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections.

It shall be taxable at the rate of 35% (plus applicable surcharge and cess) in case of a foreign company as per Finance (No.2) Bill, 2024. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

**v. Deemed income on investment in securities**

Section 56(2)(x) of the IT Act, provides that if any assessee receives any property (including securities) from any person without consideration or for inadequate consideration in excess of Rs. 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 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) and also for non-resident investors other than foreign company (ii) at the rate of 35% (plus applicable rates of surcharge and cess) in case of foreign companies as per Finance (No.2) Bill, 2024.

The Finance (No. 2) Act, 2019 has proposed that the above provision shall not apply to any sum of money or any property received by such class of persons and subject to fulfilment of conditions as may be prescribed.

**vi. Gain arising on buyback of shares by company**

The Finance (No.2) Bill, 2024 proposes the abolition of the erstwhile buy-back tax under Section 115QA for companies effective from 1 October 2024, shifting the taxation of buyback proceeds to the shareholders who receive them.

As per the proposed amendment, buy-back of shares as per section 68 of Companies Act, 2013 by a domestic company is to be taxed as 'dividend' in the hands of shareholders under sub-clause (f) to clause (2) of Section 2. No deduction for expenses shall be available against such dividend income under Section 57 while determining the income from other sources.

Further, since buy-back results in extinguishment of shares, it results in capital gain implications. The sale consideration in case of buy-back of shares is deemed to be NIL. Hence, the cost of acquisition of the shares which have been bought back would generate a capital loss in the hands of the shareholder, which can be set off as per the set off rules provided under the IT Act.

**vii. Tax on Income from Business Trusts (REIT/InvIT):**

Section 2(13A) of the IT Act defines business trust as a trust registered as-

- an Infrastructure Investment Trust (InvIT) under SEBI (Infrastructure Investment Trusts) Regulations, 2014
- a Real Estate Investment Trust (REIT) under SEBI (Real Estate Investment Trusts) Regulations, 2014

There is a special taxation regime for taxability of income distributed by such business trusts in the hands of the unit holders. As per Section 115UA of the IT Act, the income distributed by a business trust to its unit holders shall be deemed to be of the same nature and in the same

proportion in the hands of the unit holders, as it had been received by, or accrued to the business trust.

The treatment of various streams of income are as follows:

a. Interest from Special purpose vehicle ('SPV')\*-

*Resident Investors -*

Interest income earned by the Business Trust shall be exempt from tax in the hands of the Business Trust and shall be chargeable to tax in the hands of the investors at the rates applicable to them. Further, as per Section 194LBA of the Act, the business trust is liable to deduct TDS on this income at the rate of 10%.

*\*'Special purpose vehicle' means an Indian company in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the regulations under which such trust is granted registration.*

*Non-resident Investors -*

Interest income earned by the Business Trust shall be exempt from tax in the hands of the Business Trust and shall be chargeable to tax in the hands of the investors at the rate of 5%. Further, as per Section 194LBA of the Act, the business trust is liable to deduct TDS on this income at the rate of 5%.

Treaty benefit shall be available in case of non-resident unit holders

b. Dividend income from SPV

*Resident Investors -*

Dividend income earned by the Business Trust shall be exempt from tax in the hands of the Business Trust and shall be chargeable to tax in the hands of the investors at the rates applicable to them. Further, as per Section 194LBA of the Act, the business trust is liable to deduct TDS on this income at the rate of 10%.

*Non-resident Investors -*

Dividend income is exempt in the hands of the Business trust and shall be chargeable to tax in the hands of the Investors at the rate of 20%. Further under Section 194LBA of the Act, the Business Trust is required to withhold taxes at the rate of 10%.

*Please note that Dividend income shall be exempt in the hands of unit holders where SPV has not opted for concessional tax rate as provided under Section 115BAA of the IT Act.*

Treaty benefit shall be available in case of non-resident unit holders

c. Rental Income to REITs- Any income of a business trust, being a real estate investment trust, by way of rent out any real estate asset owned directly by such business trust is exempt in the hands of the business trust. This income is chargeable to tax in the hands of the unit holders as rental income at the tax rate applicable to them. Further, as per Section 194LBA of the Act, the REIT is liable to deduct TDS on such distributed income at the rate of 10% for resident unit holders and at the rates in force for non-resident unit holders.

Treaty benefit shall be available in case of non-resident unit holders.

- d. Any Other Income- As per Section 10 (23FD) of the IT Act, any distributed income other than the income stream discussed above, referred to in section 115UA, received by a unit holder from the business trust is exempt in the hands of the unit holder, i.e. taxable in the hands of the business trust.

The total income of a business trust shall be charged to tax at Maximum Marginal Rate, subject to the provisions of Section 111A and Section 112.

**viii. Tax on Sale of Units of Business Trust listed on stock exchange:**

The profit from the sale of the units of the business trust is chargeable to tax under the head capital gains and the same would depend on whether it qualifies as short term or long term basis the period of holding.

The period of holding of units of the business trust to qualify as a long-term capital asset is more than 12 months.

Short Term Capital Gains- The short-term capital gains on which STT is paid is chargeable to tax at the rate of 15% as per section 111A.

Long Term Capital Gains- Long-term capital gains arising from the transfer of a unit of a business trust shall be taxed at 12.5%

Treaty benefit shall be available in case of non-resident unit holders.

Further, any specified sum received by a unit holder from a business trust shall be chargeable to tax in the hands of unit holders as income from other sources. Such income shall be chargeable to tax at the applicable rates.

For the purpose of this amendment, specified sum is defined as under –

Specified sum = A-B-C (which shall be deemed to be zero if sum of B and C is greater than A), where—

A = aggregate of sum distributed by the business trust with respect to such unit, during the previous year or during any earlier previous year or years, to such unit holder, who holds such unit on the date of distribution of sum or to any other unit holder who held such unit at any time prior to the date of such distribution, which is,—

(a) not in the nature of income referred to in clause (23FC) or clause (23FCA) of section 10; and

(b) not chargeable to tax under sub-section (2) of section 115UA;

B = amount at which such unit was issued by the business trust; and

C = amount charged to tax under this clause in any earlier previous year;

**ix. Tax on transfer of Virtual Digital Assets (VDA):**

The Union Budget, 2022 has introduced taxation on Virtual Digital Assets (“VDA”). VDA shall include crypto-assets, NFTs and other digital assets [excludes currencies as per Foreign Exchange Management Act, 1999]. Income from transfer of virtual digital assets shall be taxable at the rate of 30% plus applicable surcharge and cess. Further, no deduction of any

expenses or set off of losses shall be allowed against such income, except cost of acquisition. The losses arising from transfer of VDA shall also not be carried forward to succeeding years. Further, transfer of VDA are also subjected to withholding taxes. The transferee would be required to withhold taxes under section 194S of the IT Act at the rate of 1% on transfer of VDA to a resident.

**x. 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 IT Rules, 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.

**xi. 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 units 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. Further, w.e.f 1<sup>st</sup> April 2023, the above provisions shall also apply to purchase of securities, units of business trust and beneficial interest of an investor in an AIF.

**xii. Minimum Alternate Tax**

The Taxation Laws (Amendment) Act, 2019 has reduced the base rate of MAT from 18.5% to 15% (plus applicable surcharge and cess), which shall be applicable w.e.f. 1 April 2020 i.e. financial year 2019-2020.

As per the IT Act, if the income-tax payable on total income by any company is less than 15% (excluding applicable surcharge and health and education cess) of its book profits, the company will be required to pay MAT which will be deemed to be 15% of such book profits (excluding applicable surcharge and health and education cess).

Further, MAT provisions shall not be applicable to a foreign company if such company is a resident of a country or a specified territory with which India has a Tax Treaty and the company does not have a permanent establishment in India. Also, MAT provisions are not applicable if the foreign company is a resident of a country or a specified territory with which India does not have a Tax Treaty, and the company is not required to seek registration under any law in relation to companies.

Further, the MAT credit to be allowed to be carried forward up to 15 assessment years.

Also, from FY 2019-20 onwards, MAT provisions do not apply to the below:

1. Company engaged in life insurance business (as referred to in section 115B of the IT Act)
2. Any person who has exercised the either of the following two options:

- under section 115BAA of the IT Act, an option to pay tax at the rate of 22% (plus surcharge at a fixed rate of 10% and cess at the rate of 4%) by any domestic company subject to certain conditions; or
- under section 115BAB of the IT Act, an option to pay tax at the rate of 15% (plus surcharge at a fixed rate of 10% and cess at the rate of 4%) by certain domestic manufacturing companies

However, MAT credit (if any) shall not be allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above u/s 115BAA/115BAB of the Act.

### **xiii. Alternate Minimum Tax**

The IT Act provides for levy of Alternate Minimum Tax ('AMT') on non-corporate taxpayers if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and health and education 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. As per Finance Act 2022, the AMT rates applicable to co-operative societies are reduced from 18.5 to 15%. Such provisions are not applicable if the adjusted total income does not exceed Rs. 2 m.

Further, as per Finance Act 2020, the above provisions are not applicable in case of a person who exercises the option referred to in section 115BAC or section 115BAD of the IT Act.

## **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, vide notification dated June 24, 2016, the CBDT has amended the Rules, whereby this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services, dividend 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.

As per Rule 37BC of the IT Rules, the provision of section 206AA of the IT Act shall not apply in respect of payments made to a person being a non-resident if the provision of section 139A of the IT Act do not apply to such person on account of rule 114AAB of the IT Rules.

## **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. GAAR

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 Rs. 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 RS. 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 ('NPFI'), for the calendar years 2015 and 2016, the name of NPFI 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.

The Union Cabinet of India issued a press release dated 12 June 2019 approving the ratification of the MLI to implement tax treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty.

On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The effect of such ratification by India can be known only after MLI positions of respective Tax Treaty partners are known.

#### **VII. Securities transaction tax**

STT is applicable on various transactions executed on stock exchanges as follows:

- (a) 0.001% on the sale of units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of units
- (b) 0.025% on the sale of equity shares in a company or units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;
- (c) 0.1% on the purchase / sale of equity shares;

#### **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.

**IX. G.S.T.**

From 1 July 2017 onwards, G.S.T. will be applicable on services provided by the Portfolio Manager to its Clients. Accordingly, G.S.T. at the rate of 18% would 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. PLEASE NOTE THAT THE TAX PROVISIONS ARE NOT UPDATED AND INVESTORS ARE ADVISED TO CONSULT THEIR TAX ADVISORS.

## 9. Accounting Policies

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

### A. Client Accounting

- (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.

### B) Recognition of portfolio investments and accrual of income

Investments in Equities, Mutual Funds and Debt Instruments will be valued at the closing price of the exchanges between BSE and NSE which records highest turnover 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.

### C) Valuation of portfolio investments

Valuation of Unlisted Shares, Valuation of Suspended/Non traded Share/debt shall be done by the fund Manager on a case to case basis.

## 10. Investors Services and Compliance Officer

The details of investor relations officer who shall attend to investor queries to receive and the Compliance Officer who shall attend/resolve the investor grievances and complaints are mentioned below:

### **Investor Relation Officer**

Name of the person	Siddhartha Rastogi
Designation	Principal Officer
Registered Address	Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
Correspondence Address	One Lodha Place, 21st Floor, Unit Number 2103/2104, Senapati Bapat Marg, Lower Parel, Mumbai 400013
Telephone	022 66233258
Email	siddhartha.rastogi@ambit.co

### **Compliance Officer**

Name of the person	Meghana Kashte
Designation	Compliance Officer
Registered Address	Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
Correspondence Address	One Lodha Place, 21st Floor, Unit Number 2103/2104, Senapati Bapat Marg, Lower Parel, Mumbai 400013
Telephone	91-22 68601729
Email	compliance@ambit.co

In case of any investor grievance, Client shall first lodge a complaint at [investorgrievance.aiapl@ambit.co](mailto:investorgrievance.aiapl@ambit.co).

On receipt of direct grievance/ Dispute from client, Portfolio Manager shall analyse and respond to the matter within stipulated time as prescribed by SEBI. If the client is not satisfied with the resolution, the client may lodge the complaint with SEBI through its SCORES portal at <https://scores.sebi.gov.in/>

SCORES may be accessed through SCORES mobile application as well, same can be downloaded from below link:

<https://play.google.com/store/apps/details?id=com.sebi&pli=1>  
<https://apps.apple.com/us/app/sebiscores/id6478849917>

### **Filing complaints on SCORES - Easy & Quick:**

Register on SCORES portal  
Mandatory details for filing complaints on SCORES:  
Name, PAN, Address, Mobile Number, Email ID

### **Benefits**

Effective communication  
Speedy redressal of the grievance

**Investor can also send complaints on the address given below:**

Office of Investor Assistance and Education,  
Securities and Exchange Board of India, SEBI Bhavan II  
Plot No. C7, 'G' Block,  
Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

After exhausting all available options for resolution of dispute, if client is still not satisfied with the outcome, the client may avail online conciliation and / or online arbitration through Online Dispute Resolution portal (SMART ODR portal) <https://smartodr.in/login>

SEBI Master Circular for Online Resolution of Disputes: [Download](#)

### **11. Details of the diversification policy of the portfolio manager**

The Portfolio Manager invests the funds of the clients in accordance with the stated investment objectives of the respective strategy. The Portfolio manager shall follow such diversification norms as described under the respective Investment strategy of the product/Investment approach.

**PART II Dynamic Section**

**12. Client Representation**

**(i) As on March 31, 2026**

Category Of clients	No of Clients	Funds Managed (Rs. in Crs.)	Discretionary / Non-Discretionary
Associates / Group Companies*	2	48.72	Discretionary
Others (Active)	1407	1842.72	Discretionary
<b>Total</b>	<b>1409</b>	<b>1891.44</b>	<b>Discretionary</b>
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	3	22.23	Non-Discretionary
<b>Total</b>	<b>3</b>	<b>22.23</b>	<b>Non-Discretionary</b>
Associates / Group Companies*	NA	NA	Advisory
Others (Active)	NA	NA	Advisory
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>Advisory</b>

**Associates / Group Companies\***

Sr No	Client Name	AUM (Rs. in Cr.)
1	AMBIT PRIVATE LIMITED	39.69
2	AMBIT CAPITAL PRIVATE LIMITED	9.03

**As on March 31, 2025**

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
Associates / Group Companies*	3.00	70.08	Discretionary
Others (Active)	1638.00	2277.58	Discretionary
<b>Total</b>	<b>1641.00</b>	<b>2347.66</b>	<b>Discretionary</b>
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	4.00	24.14	Non-Discretionary
<b>Total</b>	<b>4.00</b>	<b>24.14</b>	<b>Non-Discretionary</b>
Associates / Group Companies*	1.00	13.67	Advisory
Others (Active)	2.00	4.73	Advisory
<b>Total</b>	<b>3.00</b>	<b>18.40</b>	<b>Advisory</b>

**Associates / Group Companies\***

Sr No	Client Name	AUM (Rs. in Cr.)
1	AMBIT CAPITAL PRIVATE LIMITED	11.1
2	AMBIT INVESTMENT ADVISORS PRIVATE LIMITED	15.13
3	Ambit Investments	13.67
4	AMBIT PRIVATE LIMITED	43.85

As on March 31, 2024

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
Associates / Group Companies*	2.00	41.46	Discretionary
Others (Active)	1590.00	2435.54	Discretionary
<b>Total</b>	<b>1592.00</b>	<b>2477.00</b>	<b>Discretionary</b>
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	14.00	42.70	Non-Discretionary
<b>Total</b>	<b>14.00</b>	<b>42.70</b>	<b>Non-Discretionary</b>
Associates / Group Companies*	1.00	59.31	Advisory
Others (Active)	2.00	4.94	Advisory
<b>Total</b>	<b>3.00</b>	<b>64.25</b>	<b>Advisory</b>

Associates / Group Companies\*

Sr No	Client Name	AUM (Rs. In Cr.)
1	AMBIT INVESTMENTS - Advisory	59.31
2	AMBIT INVESTMENT ADVISORS PRIVATE LIMITED – Discretionary	14.76
3	AMBIT PRIVATE LIMITED – Discretionary	26.7

(ii) Transactions with related parties are as under:

The Portfolio Manager may utilize the services of the group companies and / or any other subsidiary or associate company, in case such a company is in a position to provide requisite services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid companies on commercial terms and on arm's length basis and at mutually agreed terms and conditions and to the extent permitted under all applicable laws after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

Complete Disclosure in respect of the transactions with the Related Parties (as per the Audited Accounts of March 31, 2025) as per the Standards specified by the Institute of Chartered Accountants of India are provided as **Annexure 1** to this document.

### 13. Financial performance

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

Particulars	(Rs. In Lakhs)		
	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2023
Total Income	5,811.37	4,612.47	2,491.70
Total Expenditure	5,469.20	4,472.96	3,005.91
Profit / (Loss) before depreciation & tax	357.96	158.75	(493.18)
Less: Depreciation	15.79	19.24	21.03
Provision for tax	66.77	-	-
Add/(Less): Deferred Tax Asset and excess/ short provision for tax in respect of earlier years	(98.07)	61.99	20.20
Profit/(Loss) for the year after tax	373.47	77.52	(534.41)
Net Worth as on 31 <sup>st</sup> March 2025	1673.23		

#### 14. Performance of Portfolio Management

Sr. No	Portfolio Performance (%), (Net of all fees & charges levied by the portfolio manager) / Benchmark	Year 1: (April 1, 2025 to March 31, 2026)	Year 2: (April 1, 2024 to March 31, 2025)	Year 3: (April 1, 2023 to March 31, 2024)
1	AMBIT COFFEE CAN PORTFOLIO	-4.15%	9.38%	27.18%
	NIFTY 50 TRI	-3.99%	6.65%	30.08%
2	AMBIT CURATED PORTFOLIO	-11.57%	0.40%	25.32%
	S&P BSE 500 TRI	-3.12%	5.96%	40.16%
3	AMBIT EMERGING GIANTS SMALL CAP PORTFOLIO	-8.08%	-10.26%	11.75%
	S&P BSE 500 TRI	-3.12%	5.96%	40.16%
4	AMBIT GOOD and CLEAN MIDCAP PORTFOLIO	-3.71%	10.93%	37.60%
	S&P BSE 500 TRI	-3.12%	5.96%	40.16%
5	AMBIT GOOD and CLEAN MULTI CAP PORTFOLIO	-3.31%	4.53%	23.60%
	S&P BSE 500 TRI	-3.12%	5.96%	40.16%
6	AMBIT MICRO MARVELS PORTFOLIO	-16.32%	-21.58%	-
	S&P BSE 500 TRI	-3.12%	-8.20%	-
7	AMBIT TENX PORTFOLIO	-7.50%	-2.61%	28.78%
	S&P BSE 500 TRI	-3.12%	5.96%	40.16%
8	AMBIT STP PORTFOLIO	3.90%	-0.96%	5.69%
	CRISIL Composite Bond Index	3.58%	8.79%	8.26%
9	Ambit Long Short Portfolio (Scheme started on 01/07/2022, closed on 03/11/2023)	-	-	2.54%
	NIFTY 50 TRI	-	-	11.82%
10	NDPMS	-4.64%	9.89%	17.77%
	S&P BSE 500 TRI	-3.12%	5.96%	40.16%
11	Ambit Debt Edge Portfolio (Scheme started on 05/06/2024, closed on 17/12/2024)	-	5.92%	-
	CRISIL Composite Bond Index	-	5.04%	-

**Notes:**

Returns are calculated using TWRR method as prescribed under revised SEBI (Portfolio Managers) Regulations, 2020

Performance data for Product /Investment Approaches provided herein above is not verified by SEBI.

**Inception dates:**

S/n	Name of the Investment Approach	Start Date
1	Ambit Coffee Can Portfolio	20/06/2017
2	Ambit Good & Clean Midcap Portfolio	12/03/2015
3	Ambit Emerging Giants Small Cap Portfolio	01/12/2017
4	Ambit Curated Portfolio	28/08/2020
5	Ambit Good & Clean Multi Cap Portfolio	06/10/2020
6	Ambit STP Portfolio	24/08/2021
7	Ambit TenX Portfolio	13/12/2021
8	Ambit Micro Marvels Portfolio	23/07/2024
9	NDPMS	19/04/2010
10	Ambit Long Short Portfolio <i>(Investment Approach closed on 03/11/2023)</i>	01/07/2022
11	Ambit Debt Edge Portfolio <i>(Investment Approach closed on 17/12/2024)</i>	05/06/2024

### 15. Audit Observations

Audit observations of the preceding 3 years,

<b>Period</b>	<b>Observation</b>
F.Y. 2025 - 26	No observation
F.Y. 2024 - 25	Low impact observation related to one point in Disclosure Document
F.Y. 2023 - 24	No observation

The Statutory Auditor has not found any material observations in the last three preceding year F.Y, 2024 – 25, 2023 – 24, 2022 – 23.



### 16. Details of Investments in the securities of related parties of the Portfolio Manager

Investments in the securities of associates/related parties of Portfolio Manager:

Sr. No.	Investment Approach, if any	Name of the associate/related party	Investment amount (cost of investment) as on last day of the previous calendar quarter (INR in crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	percentage of total AUM as on last day of the previous calendar quarter
NIL					

The Portfolio Manager does not envisage investments in the securities of its related parties/associates. In case of any opportunity for such Investments, the Portfolio Manager shall comply with the following limits as provided in the Regulations and as may be amended from time to time:

Security	Limit for investment in single associate/related party (as percentage of client's AUM)	Limit for investment across multiple associates/related parties (as percentage of client's AUM)
Equity	15%	25%
Debt and hybrid securities	15%	25%
Equity + Debt + Hybrid securities		30%

For Ambit Investment Advisors Private Limited



**Mr. Sushant Bhansali**  
 Director



**Mr. Dhiraj Agarwal**  
 Director



**Date:** June 08, 2026  
**Place:** Mumbai

**Material Change in Disclosure Document**

1. Name of the Portfolio Manager: Ambit Investment Advisors Private Limited
2. Registration No.: INP000005059
3. Material Change: Change of name of one of the Investment approach i.e. from 'Ambit Good and Clean Midcap Portfolio' to 'Ambit Good and Clean Portfolio'.

Sl. No.	Material Change	Existing	Proposed Change
1.	Change in control of the Portfolio Manager	NA	NA
2.	Principal Officer	NA	NA
3.	Fees charged	NA	NA
4.	Charges associated with the services offered	NA	NA
5.	Change of name of one of the Investment approach	Ambit Good and Clean Midcap Portfolio	Ambit Good and Clean Portfolio
6.	Other changes as specified by SEBI from time to time	NA	NA