

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

Ambit Capital Private Limited
Ambit House, 449, Senapati Bapat Marg
Lower Parel, Mumbai – 400 013
SEBI Registration No. INP000002221

We confirm that:

- (i) the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and Guidelines issued by SEBI dated February 13, 2020.
- (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. Narendra K. Aneja (M. No. 030202) of independent Chartered Accountant, M/s. Aneja Associates, Chartered Accountants, Membership Number 100404W, on February 05, 2021 (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 Capital Private Limited**



Umesh Gupta
Principal Officer

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

February 05, 2021

ANEJA ASSOCIATES

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

CERTIFICATE

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

1. You have requested to us to provide a certificate on the Disclosure document for Portfolio Management services (“the Disclosure Document”) of Ambit Capital Private Limited (“the Company”). We understand that the disclosure document is required to be submitted to the Securities and Exchange Board of India (“the SEBI”)
2. The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 (“the SEBI Regulation”) is the responsibility of the management of the company. Our responsibility is to report in accordance with the Guidance note on Audit Reports and Certificates for special purposes issued by the Institute of Chartered Accountants of India. Further, our scope of work did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statement taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statement, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.
3. In respect of the information given in the Disclosure document, we state that
 - i. The list of persons classified as Associates or group companies and list of related parties are relied upon as provided by the company.
 - ii. The Promoters and directors qualification, experience, ownership details are as confirmed by the directors and have been accepted without further verification.

- iii. We have relied on the representations given by the management of the company about the penalties or litigations against the Portfolio Manager mentioned in the Disclosure document.
 - iv. As on review date, no clients were registered with the Ambit Capital Private Ltd under Portfolio Management services and the asset under Management was 'Nil'.
4. Read with above and on the basis of our examination of the books of accounts, records, statements produced before us and to the best of our knowledge and according to the information, explanations and representations given to us, we certify that the disclosure made in the Disclosure Document dated February 5, 2021 are true and fair in accordance with the disclosure requirements laid down in Regulation 14 (2) read with Schedule V to the SEBI Regulations. A management certified copy of the disclosure document is enclosed herewith and marked as Annexure "A".
5. This certificate is intended solely for the use of the management of the company for the purpose as specified in paragraph 1 above.

Aneja Associates
Chartered Accountants
(Seal & Signature)

NARENDRA
ANEJA

Digitally signed by NARENDRA ANEJA
DN: cn=NARENDRA ANEJA, c=IN,
st=Maharashtra, o=Personal,
serialNumber=6F71E6E5BA4E2025B60C
FE60821A9C002B41BA3F52A0BCDD61
E6D04C1CB3DEA4
Date: 2021.02.05 15:36:20 +05'30'

NARENDRA K. ANEJA
Membership No. 030202
UDIN No. 21030202AAAAGC2113

Place: Mumbai
Date: February 05, 2021

PMS DISCLOSURE DOCUMENT

(As per Schedule V of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020)

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 Manager) Regulations, 2020.

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

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

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

Name of the Principal Officer	: Mr. Umesh Gupta
Phone	: 91-22 -6623 3000
E-mail	: umesh.gupta@ambit.co
Address	: Ambit House, 449, Senapati Bapat Marg, : Lower Parel, Mumbai – 400 013.

Date: February 05, 2021

Place: Mumbai

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1. Disclaimer

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

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 Product (as may be applicable).
- “Board” means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act.
- “Chartered Accountant” means a chartered accountant as defined in Clause (b) of Sub-section (1) of Section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under Sub-section (1) of Section 6 of that Act.
- “Client” means the person who enters into an Agreement with the Portfolio Manager for managing its Portfolio/Funds or for receiving advisory services.
- “Client Level” shall mean the Product under which all the Assets of the Client shall be managed on an individual basis through a separate Bank Account and Depository Account which will be opened in the name of the Client and operated by the Portfolio Manager.
- “Custodian” means any person who carries on or proposes to carry on the business of providing custodial services and shall be registered with SEBI.
- “Depository Account” means one or more account or accounts opened, maintained and operated by Portfolio Manager in the name of client or Product (as may be applicable) with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996.
- “Disclosure Document” shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from time to time pursuant to the Regulations.
- “Discretionary Portfolio Management Services” shall mean the portfolio management services rendered to the Client, by the Portfolio Manager individually and independently, exercising its full discretion and/or advising and/or directing and/or

undertaking on behalf of the Client, in respect of investments or management or administration of the Portfolio of the Assets of the Client in accordance with the various provisions of the Act, Rules, Regulations and/or laws in force and amendments made therein from time to time and on the terms and conditions set out in this Agreement.

- “Non-Discretionary Portfolio Management Services” shall mean service wherein Portfolio Manager shall manage the Assets in accordance with the directions of the Client under oral or written consents/ instructions.
- “Funds” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the Application, any further monies that may be placed by the Client with the Portfolio Manager from time to time, for being managed pursuant to this Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager.
- “Financial year” means the year starting from April 1 and ending on 31st March of the following year.
- “Net Asset Value” (NAV) for the Products shall be calculated using the following method: $NAV = \text{Market value of all investments} + \text{Cash} + \text{Balance in ledger account with broker} + \text{Dividend/interest receivable} - \text{accrued expenses including Portfolio Management Fee}$.
- “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 Capital Private Limited (“ACPL”).
- “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.
- “Portfolio Management Fees/Advisory Fee” shall have the meaning attributed thereto in Clause [10] of this Disclosure Document.
- “RBI” mean Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time
- “Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulation, 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 subsection (1) of Section 3 of the Securities and Exchange Board of India Act 1992.
- “Product” means any current investment Products or such Products that may be introduced at any time in the future by the Portfolio Manager.
- “Securities” includes:

- (i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- (ii) derivative;
- (iii) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- (iv) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- (v) units or any other such instrument issued to the investors under any mutual fund scheme;
- (vi) Government securities;
- (vii) such other instruments as may be declared by the Central Government to be securities; and
- (viii) rights or interest in securities;

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

3. Description

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

Ambit Capital Private Ltd. (“ACPL” or “Company”) was originally incorporated as “Pannell Kerr Forster Consultants Private Limited” on 28 April, 1997. The name of the company was changed to “Ambit Capital Private Limited”, on 5 July, 2005.

ACPL is acting as a Portfolio Manager registered with SEBI (Registration No. INP000002221) since June 2007.

ACPL is a wholly owned subsidiary of Ambit Private Limited (“APL”) which houses the Institutional Equities business of Ambit Group. ACPL commenced operations in 2006-07. ACPL is licensed with SEBI to act as a Merchant Banker, Stock Broker (Institutional and HNI), Depository Participant, Research Analyst and is registered as a Mutual Fund Distributor with Association of Mutual Funds in India.

ACPL through its associate companies has expanded its global partnership with offices in Asia and US. This has allowed Ambit Group to not only establish a wider network, but has also enhanced its knowledge of the local industry.

In the past, ACPL has also offered the following products which were shifted / transferred to Ambit Investment Advisors Private Limited (Group Company) which is also registered with SEBI as the Portfolio Manager under registration number INP000005059.

➤ Ambit Good and Clean
➤ Ambit Core Opportunities Portfolio
➤ Ambit Conquer
➤ Ambit Reign
➤ Ambit Transcend

ACPL intends to offers Discretionary, Non-Discretionary and Advisory Services to its clients.

3.2 Promoters of the Portfolio Manager and Directors:

Promoters:

Ambit Private Limited (Ambit):

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 ACPL is also the promoter of the Company.

Board of Directors:

1. Mr. Ashwini Kakkar

Mr. Ashwini Kakkar is acting as the Independent Director of ACPL. He is also the Chairman of the Board of Directors of APL. He has been on APL board since 2005 and was appointed Chairman, in April 2013.

Mr. Kakkar has worked in many prestigious organizations including Otis Elevator Co, Philips India Ltd., International General Electric India Ltd. and subsequently, Thomas Cook India Ltd. At Thomas Cook, he was not only managing the Indian Company, but also handling operations in the region from Singapore to Egypt and was inducted as a Director on their worldwide Board. In 2006-07, he turned entrepreneur and was also involved in Mercury Travels Ltd., Mercury Himalayan Exploration, Via.Com, Explore Broadcasting Ltd. and Akshay Software Pvt. Ltd.

A distinguished member of the Institute of Directors, London, Mr. Kakkar was knighted by the French Government in 2007 with the 'Chevalier De L'Ordre Merite' (equivalent of the Padma Vibhushan in India).

Mr. Kakkar has completed B.Sc (Mech. Engg); PGDM from IIM, Kolkata; MBA from European Inst. of Business Admin. (INSEAD), France and L.L.B.

2. Mr. Nitin Bhasin

Mr. Nitin Bhasin is the Managing Director and Head of Equities Research of the Institutional Equities business of ACPL and predominantly covers Engineering & Construction, Infrastructure, Cement and Building Materials sector. He has over 17 years of experience, including 14 years in equity research.

Prior to joining Ambit, Nitin has worked with Execution Noble, Kotak, Emkay Global and Way2Wealth where he covered diverse sectors in India.

Nitin is a Chartered Accountant, Company Secretary and a CFA (Level-II) and holds a Master degree in Accounts, Statistics and Financial Management from Kurukshetra University.

3. Mr. Raman Jauhar

Mr. Raman Jauhar is the Managing Director and Head of Sales Trading of the Institutional Equities business of ACPL and has overall more than 14 years of experience out of which 13 years are specifically into Capital Markets.

Prior to joining Ambit, Raman has worked with Nomura FASPL, Edelweiss Securities and Tata Motors.

Raman has completed Post Graduation Diploma in Management from IIM, Ahmedabad and B. Tech. in Mechanical Engineering from IIT, Delhi.

4. Mr. Vikas Khattar

Mr. Vikas Khattar heads the Equity Capital Markets business and the Financial Sponsors Group at ACPL. Vikas has over 22 years of rich experience in Indian Investment Banking industry.

Before joining Ambit, Vikas has worked with marquee organizations like DSP Merrill Lynch, Citigroup, Morgan Stanley and HSBC in several senior positions across Capital Markets and Investment Banking groups therein. Vikas is also on the Board of Association of Investment Bankers of India (AIBI).

Vikas holds a PGDM from the Indian Institute of Management, Calcutta and a Bachelor’s of Mechanical Engineering degree from BITS, Pilani. He is also a CFA Charter holder.

5. Mr. Gautam Gupte

Mr. Gautam Gupte is the Chief Operating Officer of Ambit Group. Prior to this role, he was a Director in the Corporate Finance business at Ambit, where he was responsible for origination and execution of capital market transactions.

Gautam has been with Ambit since 2001. With over 20 years of corporate finance experience, he specializes in advising clients on the SEBI Takeover Code, SEBI ICDR listing and other capital market regulations.

Prior to joining Ambit, Gautam was associated with SBI Capital Markets Limited for 9 years.

Gautam holds a Bachelor’s degree in Mechanical Engineering from IIT, Delhi and a Post Graduate Diploma in Management from IIM, Calcutta

6. Mr. Dhiraj Agarwal

Mr. Dhiraj Agarwal is the Managing Director and Head of Sales of the Institutional Equities business of ACPL and has over 25 years of experience in financial markets.

Prior to 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 also worked with CLSA. Dhiraj has also spent 3 years on the buy side with Boyer Allan Investment Management Ltd., a UK based hedge fund.

Dhiraj has completed MBA from the IIM Bangalore and is a graduate from Shri Ram College of Commerce, Delhi.

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

Top 10 Group Companies on turnover basis (including other income) is as follows. – (Based on Unaudited Financial Statements as on September 30, 2019):

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

3	Ambit America Inc.
4	Ambit Singapore Pte Ltd
5	Ambit Investment Advisors Private Limited
6	Ambit Private Limited
7	Ambit Mauritius Investment Managers Private Limited
8	Ambit Wealth Advisors Private Limited
9	Pragma Business Ventures Private Limited <i>(formerly known as Ambit Pragma Ventures Private Limited)</i>
10	Ambit Wealth Private Limited <i>(formerly known as Ambit Wealth Management Private Limited)</i>

3.4 Details of services offered by the Portfolio Manager:

a) Discretionary Services:

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

The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. and any other benefits that accrues to the Client’s Portfolio, for an agreed fee structure and for a definite period as described in the Products from time to time, entirely at the Client’s risk.

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

The Portfolio Manager shall be acting in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client’s assets and accretions thereto. Account consisting of investments, accruals and monetary and non-monetary corporate action & benefits if any. Every product shall have separate term sheet and risk factors that would be read, understood, agreed and signed by the Client before taking an investment decision.

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 this Agreement. The Portfolio Manager accepts such appointment and agrees to provide the services herein set forth, on the terms and conditions herein mentioned. The Portfolio Manager shall be responsible for rendering such services in accordance with the Act, Rules, Regulation, and Guidelines issued under the Act and any other Laws, Regulations, Rules, and Guidelines etc as may be applicable from time

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

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

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

c) Advisory Services:

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

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

ACPL hereby confirms that during the financial year 2019-20:

1. There are no cases of penalties imposed by SEBI or directions issued by SEBI under the Act or rules or regulations made thereunder on ACPL as a Portfolio Manager.
2. No penalties/fines imposed for any economic offence and/ or for violation of any securities laws on ACPL acting as a Portfolio Manager.
3. No pending material litigation/legal proceedings or criminal cases pending against ACPL or its key personnel acting as a Portfolio Manager.
4. No deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency.
5. No enquiry/ adjudication proceedings have been initiated by SEBI against ACPL (acting as the Portfolio Manager) or its directors, principal officer or employee of the Portfolio Management Division or any person connected directly or indirectly in providing the services of a Portfolio Manager as required under SEBI Act or Rules and Regulations made there under.

5. Services offered-

ACPL intends to offer below Strategies/Products to its clients under Discretionary Services:

1. Ambit Alpha Growth PMS Strategy

Investment Objectives:

The investment objective of the Ambit Alpha Growth Portfolio is to follow a growth driven

approach to capture the upside by investing into companies which offer wealth creation opportunities at reasonable price / valuation. The strategy mainly focuses on companies that offer long-term business growth through sustainable competitive advantage. The portfolio manager would follow a bottom-up, research based investment style.

The portfolio manager would endeavor to select stocks based on both quantitative as well as qualitative measures.

In terms of quantitative measures, the focus would be on:

- Quarterly earnings growth of the last 3 to 4 quarters
- Annual earnings growth of the last 3 to 4 years
- Up trending Return on Equity

In terms of qualitative measures, the focus would be on the growth drivers such as:

- Increase in demand due to Indian demographics, urbanization and/or nuclearization of families
- Gain in market-share
- Market-size expansion, either organically or by venturing into new geographies
- New products or services launched
- Change in leadership (new generation coming-in or take-over)

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

Description of Securities and Basis of Selection

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

Investments in the Alpha Growth Portfolio are made only in cash equity markets, mutual funds and exchange traded funds (liquid or overnight). The investment in equity stocks is based on the proprietary framework adapted by the Portfolio Manager.

Allocation of Portfolio across types of securities

As mentioned above, the portfolio is comprised of long equities from cash markets only.

Appropriate Benchmark to compare performance and basis for choice of benchmark

S&P BSE All Cap index. The benchmark index has been selected as S&P BSE All Cap as the portfolio will have allocation to stocks across market capitalizations.

Investment Approach and Strategy

- Our investment approach is to buy shares in growth oriented companies at a reasonable valuation. Our aim is to aid our clients generate 'high returns over a long period of time, adjusted for risk'.
- Our investment approach is built around identifying companies which are going through a growth phase due to increase demand for their products and services and stay invested in those companies for long periods of time to generate significant wealth for our clients.
- Once we have identify such companies, we do thorough research in understanding the competitive advantages and their sustainability in future.

Indicative tenure / Investment Horizon: 3-5 years

Investment Structure and Reporting

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

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

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

Eligibility for Investment in the Ambit Alpha Growth Portfolio

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

Minimum Investment Amount

The minimum investment by the investor shall be Rs. 50 lakhs or as may be provided in the applicable regulations, 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 products of Ambit Capital Pvt. Ltd. with the Minimum Investment limit of Rs. 50 lakhs.

Risks associated with the product

Two key risks exist for the portfolio – a) a macro driven event can drag the overall markets down thus impacting the performance of the portfolio, and b) individual companies may report earnings below expectations, acquire a business, take on debt and such company specific events which are considered normal and they can also impact the portfolio return.

Risk factor (General)

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

Withdrawals or Redemption

Withdrawals from the Ambit Alpha Growth Portfolio can be requested on any working day and the liquidation 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 to the client and / or refund the balance.

2. Ambit Caliber Portfolio

Investment Objectives:

The investment objective of the Ambit CALIBER Portfolio is to construct a structural high growth portfolio which exhibits superior sectorial and stock fundamentals.

Portfolio is agnostic to market cap and can invest in companies across large/mid/small capitalization. The portfolio will be agnostic of benchmark weights or holdings. The portfolio will have a single stock limit of 15% and single promoter limit of 25% at the time of purchase.

The investment is based on the proprietary framework 'CALIBER' adapted by the Portfolio Manager. CALIBER is an acronym for "C- Cash", "A-Accounting Forensics & Annual Quarterly Earnings Momentum", "L-Leadership", "I=Institutional Ownership", "B-Barriers to Entry", "E-Edge" and "R-Return on Capital".

Description of Securities and Basis of Selection

Investments can be made in cash equities, mutual funds, exchange traded funds, futures, options and other securities as permitted under Regulations and Guidelines to avail the opportunities available in the market.

Allocation of Portfolio across types of securities

The portfolio is primarily comprised of stocks across market capitalization. The stock allocation shall be in the following manner:

Large Cap	: 70% +/-20% of total portfolio
Mid Cap	: 20% +/-20% of total portfolio
Small Cap	: 10% +/- 10% of total portfolio

Pending deployment of funds of the Portfolio in securities in terms of the investment objective, the funds may be held in cash or parked in overnight or liquid mutual funds or exchange traded funds.

Appropriate Benchmark to compare performance and basis for choice of benchmark

S&P BSE 500 Index. The benchmark index has been selected as S&P BSE 500 index as the portfolio will have allocation to stocks across market capitalizations.

Investment Approach and Strategy

- Initial screening of investment universe with market cap exceeding INR 1,000 crores and exchange liquidity considerations.
- Quantitative screening – Growth trends, Return ratios and capital structure of the companies.
- Forensic screening – Endeavors checks across Financials (Profit & Loss, Balance Sheet, Cash Flows Statements), Board of the company (Network, Related party transactions, Independence), Ownership Pattern (Promoters' pledge, treatment for minority shareholders', dilution), Scuttlebutt (Market intelligence basis internal, public, network, vendor, supplier and customer checks), Ownership structure and management track record.

- Fundamental analysis with regards to business model, leadership, barriers to entry, financials/valuations and institutional sponsorship.
- Lastly subjective assessments will be made to narrow down to the final portfolio of stocks.

Indicative tenure / Investment Horizon: 3-5 years

Investment Structure and Reporting

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

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

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

Eligibility for Investment in the Ambit CALIBER Portfolio

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

Minimum Investment Amount

The minimum investment by the investor shall be Rs. 50 lakhs or as may be provided in the applicable regulations, 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, Portfolio Manager will have the discretion to either hold or sell these securities in favor of fresh investments or reject a particular security due to its liquidity. The Client can choose and invest in multiple products of Ambit Capital Pvt. Ltd. with the Minimum Investment limit of Rs. 50 lakhs.

Risks associated with the product

Following are key risk factors – a) a macro driven event can drag the overall markets down thus impacting the performance of the portfolio, b) individual companies may report earnings below expectations, acquire a business, take on debt and such company specific events which are considered normal and they can also impact the portfolio return and d) portfolio performance may be affected by changes in settlement periods and transfer procedures.

Risk factor (General)

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

Withdrawals or Redemption

Withdrawals from the Ambit CALIBER Portfolio can be requested on any working day and the liquidation for the same may take up to 7 working days to execute depending on the liquidity of the portfolio constituents.

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

3. Ambit Caliber H Portfolio

Investment Objective

The investment objective of the Ambit CALIBER H Portfolio is to construct a structural high growth portfolio which exhibits superior sectoral and stock fundamentals.

Portfolio is agnostic to market cap and can invest in companies across large/mid/small capitalization. The portfolio will be agnostic of benchmark weights or holdings. The portfolio will have a single stock limit of 15% and single promoter limit of 25% at the time of purchase.

The investment is based on the proprietary framework 'CALIBER' adapted by the Portfolio Manager. CALIBER is an acronym for "C- Cash", "A-Accounting Forensics & Annual Quarterly Earnings Momentum", "L-Leadership", "I=Institutional Ownership", "B-Barriers to Entry", "E-Edge" and "R-Return on Capital".

Description of Securities and Basis of Selection

Investments can be made in cash equities, mutual funds, exchange traded funds, futures, options and other securities as permitted under Regulations and Guidelines to avail the opportunities available in the market.

Allocation of Portfolio across types of securities

The portfolio is primarily comprised of stocks across market capitalization. The stock allocation shall be in the following manner:

Large Cap	: 70% +/-20% of total portfolio
Mid Cap	: 20% +/-20% of total portfolio
Small Cap	: 10% +/- 10% of total portfolio

The portfolio manager shall, wherever deemed appropriate and expedient, deploy client money in derivative products in the client portfolios, for the purpose of hedging as permissible under the SEBI Regulations.

Pending deployment of funds of the Portfolio in securities in terms of the investment objective, the funds may be held in cash or parked in overnight or liquid mutual funds or exchange traded funds.

Appropriate Benchmark to compare performance and basis for choice of benchmark

S&P BSE 500 Index. The benchmark index has been selected as S&P BSE 500 index as the portfolio will have allocation to stocks across market capitalizations.

Investment Approach and Strategy

- Initial screening of investment universe with market cap exceeding INR 1,000 crores and exchange liquidity considerations.
- Quantitative screening – Growth trends, Return ratios and capital structure of the companies.
- Forensic screening – Endeavors checks across Financials (Profit & Loss, Balance Sheet, Cash Flows Statements), Board of the company (Network, Related party transactions, Independence), Ownership Pattern (Promoters’ pledge, treatment for minority shareholders’, dilution), Scuttlebutt (Market intelligence basis internal, public, network, vendor, supplier and customer checks), Ownership structure and management track record.
- Fundamental analysis with regards to business model, leadership, barriers to entry, financials/valuations and institutional sponsorship.
- Lastly subjective assessments will be made to narrow down to the final portfolio of stocks.
- Subjective assessments will be made to narrow down to the final portfolio of stocks.

Derivative Investment Strategy:

The terms for the investment in Derivative are as follows:

- The usage of Derivative Products and transactions will be to maximize the profits and may not be limited to single product or strategy but will also include the transactions for the purpose of hedging and portfolio rebalancing.
- The quantum of exposure to derivatives will be maximum up to 100 % the aggregate assets (net of existing derivatives investments) of the Client at the disposal of the Portfolio Manager.
- The type of derivative instruments will be of all the kinds including Stock futures, index futures, stock option and index option those that are traded on the floor of National Stock Exchange of India Limited (NSE) and BSE Ltd.(BSE), in the Derivative Market Segment. Similarly, all or any type of derivative positions will be adopted.
- Client level position limits and market wide position limits as specified by SEBI from time to time will be observed.
- The terms of valuing and liquidating derivative contracts in the event of liquidation of portfolio management Product, will be at the best rate on the floor of NSE or BSE as the case may be. On termination of the portfolio management services, the portfolio manager shall unwind the positions in the derivative segment as soon as possible.

Indicative tenure / Investment Horizon: 3-5 years

Investment Structure and Reporting

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

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

All investors shall receive monthly transaction and performance Report. Further, at the year-end an audited performance report specifying the long term, short term and dividend received during

the year shall be sent to the investor for assisting in filing appropriate returns.

Eligibility for Investment in the Ambit CALIBER H PMS Strategy

- Resident Individuals, Proprietorship Firms, HUFs, Partnership Firms, Trusts, Corporate, FII and any other eligible investors.
- Non Residents Indians (NRIs) are eligible to invest in this portfolio. NRIs are allowed to invest in futures & options segment of the exchange out of Rupee funds held in India on non-repatriation basis, subject to the limits prescribed by SEBI. The portfolios for NRIs shall be managed keeping in view the list of stocks where Reserve Bank of India has barred investments by NRIs. Accordingly the NRIs portfolio may differ to that extent with the other persons in this Product.
- Furthermore, the individual portfolio of each person may differ based on the various criteria like the corpus amount, residential status or such other criteria, as may be required by the regulations.
- The portfolio of each client may differ from that of another client in the same portfolio strategy, as per the discretion of the Portfolio Manager and per prevailing market conditions.

Minimum Investment Amount

The minimum investment by the investor shall be Rs. 50 lakhs or as may be provided in the applicable regulations, 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, Portfolio Manager will have the discretion to either hold or sell these securities in favor of fresh investments or reject a particular security due to its liquidity. The Client can choose and invest in multiple products of Ambit Capital Pvt. Ltd. with the Minimum Investment limit of Rs. 50 lakhs.

Risks associated with the product

Following are key risk factors – a) a macro driven event can drag the overall markets down thus impacting the performance of the portfolio, b) individual companies may report earnings below expectations, acquire a business, take on debt and such company specific events which are considered normal and they can also impact the portfolio return and d) portfolio performance may be affected by changes in settlement periods and transfer procedures and c) usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. Derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on the portfolio value.

Risk factor (General)

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

Usage of derivatives will expose the Portfolio to certain risks inherent to such derivatives. Derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on the portfolio value.

Withdrawals or Redemption

Withdrawals from the Ambit CALIBER Portfolio can be requested on any working day and the liquidation for the same may take up to 7 working days to execute depending on the liquidity of the portfolio constituents.

Additionally for investors whose Portfolio value goes below the minimum threshold as provided in the regulations due to withdrawals as per the aforementioned terms and conditions then the Portfolio Manager will have the discretion to close the investors account by liquidation of his

position and / or give the shares of the companies invested to the client and / or refund the balance.

5.4 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 -

NIL

6. General Risk Factors

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

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

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

1. Investments in Securities are subject to market risks and there is no assurance or guarantee that the objective of the Investment / Products/Services will be achieved.
2. The past performance of the Portfolio Manager does not indicate its future performance. There is no assurance that past performances will be repeated. Investors are not being offered any guaranteed or indicative returns by the Portfolio Manager. Investment decisions or recommendations made by the Portfolio Manager may not always be profitable.
3. As with any investment in Securities, the NAV of the portfolio can go up or down depending upon the factors and forces affecting the capital market.
4. The performance of the Products/Services may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
5. Investments in the Products/Services which the Clients have opted are subject to wide range of risks which inter alia also include but not limited to economic slowdown, volatility & illiquidity of the stocks, poor corporate performance, economic policies, changes of Government and its policies, acts of God, acts of war, civil disturbance, sovereign action and /or such other acts/ circumstance beyond the control of the Portfolio Manager.
6. The names of the Products/Services do not in any manner indicate their prospects or returns. The performance may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors.
7. Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the portfolio may be subject to the fluctuation.
8. Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
9. The Product/Services may invest/recommend in non-publicly offered debt securities and unlisted equities. This may expose Portfolio to liquidity risks.
10. Engaging in securities lending is subject to risks related to fluctuations in collateral value / settlement/ liquidity/counter party.

11. The Product/Services may use/recommend derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the Portfolio to certain risk inherent to such derivatives. As and when the Products trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand.
12. The Product/Services may use/recommend derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Derivative products are specialized instruments and require investment techniques and risk analyses different from those associated with stock and bonds. The use of derivative requires a high degree of skill, diligence and expertise. Thus, derivatives are highly leveraged instruments. Small price movement in the underlying security could have a large impact on their value. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
13. The NAV may be affected by changes in settlement periods and transfer procedures.
14. The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/unrated securities offering higher yield. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement. The clients may not be able to avail of securities transaction tax credit benefit and/ or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the clients.
15. The arrangement of managing of funds from various Clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.
16. After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.
17. Investments are subject to market risk arising out of non-diversification by the Portfolio Manager, whilst managing the portfolio or making recommendations.
 - (i) **Risk reducing orders:** Most Exchanges have a facility for investors to place "limit orders", "stop loss orders" etc. the placing of such orders which are intended to limit losses to certain amounts may not be affective many a time because rapid movement in market conditions may make it impossible to execute such orders.
 - (ii) **System Risk:** High value trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution on confirmation. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or sell side or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.

System/ Network Congestion: Trading on exchange is in electronic mode, based on satellite/ leased line based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such other problem whereby not being able to establish access to the trading system/ network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders whether in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

Risk Factors pertaining to Non-Convertible Debenture (For equity market and debt market linked NCD's)

- a. The Issuer/Portfolio Manager of the NCDs may have long or short positions or make markets including in futures and options of the basket of stock and in other stocks and indices. (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the NCDs, and they may engage in other public and private financial transactions (including the purchase of privately placed securities or other assets). Such type of activities of the Issuer of the NCDs or any of its Agents and related markets (such as foreign exchange market) may affect the value of the NCDs. In the particular, the value of the NCDs could be adversely impacted by a movement in the Reference Assets, or the activities in the related markets.
- b. Investments/recommendations by the Portfolio Manager in instruments like stock linked or indices linked NCDs involves a certain level of risk. The value of the NCDs may be impacted by movements in the returns generated by the underlying basket of stocks or indices.
- c. The return on investment in NCDs would depend on the happening/ non-happening of specified events and the returns may or may not accrue on the said instruments.
- d. The Portfolio Manager does not make any representation or warranty, express or implied to the subscribers of the NCDs regarding the advisability of investing in such instruments or the ability of the S&P CNX Nifty (or any other index used instead of, in replacement or in conjunction with the S&P CNX Nifty) to track general stock market performance in India. The Portfolio Manager has not guaranteed the accuracy and/or the completeness of the S&P CNX Nifty (or any other index) or any data included therein.
- e. Market Risk - The Valuation of the Portfolio Product will react to the stock market movements. The investor could lose money over short periods due to fluctuation in the Portfolio Valuation of Portfolio Product in response to factors such as economic and political developments, changes in interest rates and perceived trends in stock market movements and over longer periods during market downturns.
- f. Market Trading Risks – Absence of Prior Active Market: Although Securities would be listed on the Exchange(s), there can be no assurance that an active secondary market will develop or be maintained. Due to this the NCDs may quote below its Face Value.
- g. Lack of Market Liquidity: Trading in securities on the Market may be halted because of market conditions or for reasons that in the view of the Market Authorities or SEBI, trading in particular security is not advisable. In addition, trading in securities is subject to trading halts caused by extraordinary market volatility and pursuant to NSE and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of securities will continue to be met or will remain unchanged. The Issuer may, but is not obliged to, at any time purchase Debentures at any price in the open market or by tender or private agreement. Any Debentures so purchased may be resold or surrendered for cancellation. Since the Issuer may be the only party purchasing the Debentures, the secondary market may be limited. The more limited the secondary market is, the more difficult it may be for holders of the Debentures to realise value for the Debentures prior to settlement of the Debentures.
- h. Asset Class Risk: The returns from the types of securities in which a Portfolio Manager invests/recommend may underperform from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and under performance in comparison of the general securities markets.
- i. Interest Rate Risk: Changes in interest rates may affect the returns/NAV of the units of the liquid/debt scheme of Mutual Fund in which the Portfolio Manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in

the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/debt funds. An investment in the Debentures may involve interest rate risk in situations where there are fluctuations in the interest rates payable on deposits in the Settlement Currency of the Debentures. This may influence the market value of the Debentures. Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macroeconomic factors, speculation and central bank and government intervention or other political factors. Fluctuations in short term and/or long term interest rates may affect the value of the Debentures.

- j. Credit Risk: Credit Risk refers to the risk that an Issuer may default or may be unable to make timely payments of principal and interest. Portfolio Valuation of Securities of the Portfolio Product is also affected because of the perceived level of credit risk as well as actual event of default. In case the issuer defaults, the investor may fail to receive the principal amount. Any stated credit rating of the Issuer reflects the independent opinion of the referenced rating agency as to the creditworthiness of the rated entity but is not a guarantee of credit quality of the Issuer (where applicable). Any downgrading of the credit ratings of the Issuer or its parent or affiliates, or by any rating agency could result in a reduction in the value of the Non-Convertible Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Non- Convertible Debentures may be substantially reduced or delayed.
- k. Force Majeure: If, for reasons beyond the control of the Issuer, the performance of the Issuer's obligations under the NCDs is prevented by reason of force majeure including but not limited to an act of state or situations beyond the reasonable control of the Issuer, occurring after such obligation is entered into, or has become illegal or impossible in whole or in part or in the exercising of its rights, the Issuer may at its discretion and without obligation to do so, redeem and/or arrange for the purchase of all or some of the NCD at a price to be determined at its sole discretion.
- l. Market Disruption Events, Adjustments of the NCDs: The Issuer may determine that a market disruption event has occurred or exists at a relevant time pertaining to the terms of issue of NCDs. Any such determination may delay valuation in respect of the Underlying which may have an effect on the value of the NCDs and/or may delay settlement in respect of the NCDs. In addition, the Issuer may make adjustments to the Conditions for issue of NCDs to account for relevant adjustments or events in relation to the Underlying including, but not limited to, determining a successor to the Underlying or its issuer or its sponsor, as the case may be.
- m. Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact the Issuer's financial results and prospects.
- n. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Issuer's business.
- o. Investors should note that no periodic interest payments or other distributions may be made during the term of the Debenture. A realisation in the secondary market of the Debentures may be the only return potentially available to the investor prior to settlement of the Debentures.
- p. Certain Hedging Considerations: Certain risks apply to purchasers that acquire the Debentures for hedging purposes. Investors intending to purchase the Debentures for the purpose of hedging their exposure to the Underlying or any constituents should recognise the risks of utilising the Debentures in such manner. No assurance is or can be given that the value of the Debentures will correlate with movements in the value of the Underlying or any constituents and the composition of the Underlying or any basket constituents may change over time. Furthermore, it may not be possible to liquidate the Debentures at a price which directly reflects the value

of the Underlying or any constituents. Therefore, there can be no assurance as to the level of any correlation between the return on an investment in the Debentures and the return on a direct investment in the Underlying or any constituents. Hedging transactions in order to limit the risks associated with the Debentures might not be successful.

- q. Risk pertaining to structured NCDs: The NCDs being structured debentures are sophisticated instruments which involve a significant degree of risk and are intended for sale only to those investors capable of understanding the risks involved in such instruments. Buying these Debentures is not the same as a direct investment in the Underlying. The market value of these Debentures may not have a direct relationship with the movements of the Underlying and may be affected by other factors including market interest rate movements, the financial condition of the Issuer and/or its Promoters, the market's view of the credit quality of the Issuer and/or its Promoters and the availability of potential buyers in the market. Please note that both the return on the NCDs and the return of the principal amount in full are at risk if the NCDs are not held till or for any reason have to be sold or redeemed before the Redemption Date. The NCDs are structured and are complex and an investment in such a structured product may involve a higher risk of loss of a part of the initial investment as compared to investment in other securities unless held till Final Redemption Date. The Debenture Holder shall receive at least the face value of the NCD only if the investor holds and is able to hold the NCDs till the Final Redemption Date (as defined below). Prior to investing in the NCDs, a prospective investor should ensure that such prospective investor understands the nature of all the risks associated with the investment in order to determine whether the investment is suitable for such prospective investor in light of such prospective investor's experience, objectives, financial position and other relevant circumstances. Prospective investors should independently consult with their legal, regulatory, tax, financial and/or accounting advisors to the extent the prospective investor considers necessary in order to make their own investment decisions.
- r. Risks relating to the Structured Product: An investment in NCDs where the payment of premium (if any), and/or coupon and/or other consideration (if any) payable or deliverable thereon is determined by reference to one or more equity or debt securities, indices, baskets, formulas or other assets or basis of reference will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the level or value of the relevant underlying equity or debt securities or basket or index or indices of equity or debt securities or other underlying asset or basis of reference and the holder of the NCDs may receive a lower (or no) amount of premium, coupon or other consideration than the holder expected. The Issuer/Portfolio Manager has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including, but not limited to, economic, financial and political events. In addition, if an index or formula used to determine any amounts payable or deliverable in respect of the NCDs contains a multiplier or leverage factor, the effect of any change in such index or formula will be magnified. In recent times, the values of certain indices, baskets and formulas have been volatile and volatility in those and other indices, baskets and formulas may occur in the future. The NCDs may decline in value and Investors should note that, whatever their investment in the NCDs, the cash amount due at maturity will only be equal to the nominal amount.
- s. Compounding of Risks: An investment in the NCDs involves risks and should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the applicable reference securities, indices, commodities, interest rates, etc., the risks associated with such investments and the terms and conditions of the NCDs. More than one risk factor may have simultaneous effects with regard to the NCDs such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any

- combination of risk factors may have on the value of the NCDs.
- t. Taxation: Potential purchasers and sellers of the NCDs should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of India. Potential Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential Investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.
 - u. Valuation of the Underlying; an investment in the NCDs involves risk regarding the value of the Underlying. The value of the Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macroeconomic factors and/or speculation.
 - v. Creditworthiness of the Issuer: The value of the NCDs is expected to be affected, in part, by Investors' general appraisal of the Issuer's creditworthiness. Any reduction in the creditworthiness of the Issuer could result in a reduction in the value of the NCDs. If a bankruptcy proceeding is commenced in respect to the Issuer, the return to a NCDs Holder may be limited and any recovery will likely be substantially delayed.
 - w. Internal Risk Factors specific to the Issuer Besides the above: In addition to this there may be risk factors specified by issuer and mentioned in the respective offer document/ Memorandum of Private Placement and performance of the product may be affected by any or combination of those factor. There may be additional risks and uncertainties not presently known to the Portfolio Manager/Issuers of NCDs or that that the Issuer of NCDs currently believes to be immaterial may also have a material adverse effect on its financial condition or business success.
 - x. Downgrading in credit rating: Any downgrading in the credit rating may lower the value of the NCDs and may also result in the Issuer having to withdraw the Programme.
 - y. Transactions Involving the Underlying: The Issuer/Portfolio Manager and its affiliates may from time to time engage in transactions involving the Underlying for their proprietary accounts and for accounts under their management. Such transactions may have a positive or negative effect on the value of the Underlying and consequently upon the value of the NCDs.

7. Client Representation

Details of client's accounts activated

As on March 31, 2020

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
Associates / Group Companies*	NA	NA	Discretionary
Others (Active)	322	258.173	Discretionary
Total	322	258.173	
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	11	42.393	Non-Discretionary
Total	11	42.393	

* Associates / Group Companies Details: Nil

As on Sep 30, 2019

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
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Associates / Group Companies*	NA	NA	Discretionary
Others (Active)	347	287.396	Discretionary
Total	347	287.396	
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	21	61.151	Non-Discretionary
Total	21	61.151	

* Associates / Group Companies Details: Nil

As on March 31, 2019

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
Associates / Group Companies*	NA	NA	Discretionary
Others (Active)	343	248.92	Discretionary
Total	343	248.92	
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	23	64.638	Non-Discretionary
Total	23	64.638	

* Associates / Group Companies Details: Nil

As on September 30, 2018

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
Associates / Group Companies*	NA	NA	Discretionary
Others (Active)	255	193.0232	Discretionary
Total	255	193.0232	
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	25	67.7552	Non-Discretionary
Total	25	67.7552	

* Associates / Group Companies Details: Nil

As on March 31, 2018

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
Associates / Group Companies*	NA	NA	Discretionary
Others (Active)	89	91.9861	Discretionary
Total	89	91.9861	
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	31	88.6304	Non-Discretionary
Total	31	88.6304	

* Associates / Group Companies Details: Nil

As on September 30, 2017

Category Of clients	No of Clients	Funds Managed (Rs.in Crs)	Discretionary /Non-Discretionary
Associates / Group Companies*	NA	NA	Discretionary
Others (Active)	16	9.3732	Discretionary
Total	16	9.3732	
Associates / Group Companies	NA	NA	Non-Discretionary
Others (Active)	34	89.5636	Non-Discretionary
Total	34	89.5636	

* Associates / Group Companies Details: Nil

b) Transactions with related parties are as under:

ACPL uses the in house broking and depository services. However, ACPL may use the services of any outside broker or depository participant duly registered with SEBI in compliance with SEBI PMS Regulations, 2020 and as amended from time to time.

Complete Disclosure in respect of the transactions with the Related Parties (as per the Audited Accounts of March 31, 2020) as per the Standards specified by the Institute of Chartered Accountants of India is as per the Annexure attached herewith.

c) Conflict of Interest:

In the normal course of business, circumstances may arise that could result in the interest of ACPL conflicting with that of its affiliates / group entities, ACPL makes best efforts to ensure that such conflicts of interest are identified and managed and that clients' interests are protected. ACPL shall ensure fair treatment to all clients while providing unbiased services and render high standards of services and shall also ensure to put the client's interest above all.

ACPL and its group companies have policies and procedures in place to control the flow and use of non-public, price sensitive information and employees' personal account trading. Where appropriate and reasonably achievable, ACPL segregates the activities of staff working in areas where conflicts of interest may arise.

d) Appointment of Custodian and Fund Accountant:

ACPL has appointed a professional Custodian and Fund Accountants for its PMS services in compliance with SEBI PMS Regulations, 2020 and as amended from time to time. ACPL reserve the right to change the Custodian or appoint an additional Custodian from time to time depends upon the requirements/regulatory changes.

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

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

Particulars	Year ended 31st March 2020 (Rs. In lakhs)	Year ended 31st March 2019 (Rs. In lakhs)	Year ended 31st March 2018 (Rs. In lakhs)

Total Income	7853.91	9882.60	11588.43
Total Expenditure	8715.9	9765.67	11046.18
Profit / (Loss) before depreciation & tax	(861.99)	116.93	542.25
Less: Depreciation	109.41	129.72	120.80
Provision for tax	-	-	(27.98)
Deferred Tax Asset	-	-	(156.94)
Profit/(Loss) for the year after tax	(971.13)	(12.79)	236.53

9. Portfolio Management performance of the Portfolio Manager for the last 3 years calculation based on TWRR)

- **Return on Investment from 01/04/2019 to 31/03/2020 (FY 20-21)**

PRODUCT -AMBIT COFFEE CAN (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	2.20	3.41
S&P CNX Nifty	-26.03	-26.03

PRODUCT - AMBIT (NDPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	4.15	-6.33

- **Return on Investment from 01/04/2018 to 31/03/2019 (FY 18-19)**

PRODUCT -AMBIT COFFEE CAN* (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	17.68	16.88
S&P CNX Nifty	14.93	14.93

PRODUCT - AMBIT (NDPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	8.70	10.60

- **Return on Investment from 01/04/2017 to 31/03/2018 (FY 17-18)**

PRODUCT -AMBIT COFFEE CAN* (DPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	-1.06	10.27
S&P CNX Nifty	4.77	4.77

PRODUCT - AMBIT (NDPMS)

	Corporate	Individual
Particulars	Weighted Return (%)	Weighted Return (%)
Portfolio Return	9.58	9.61

** Ambit Coffee Can Product note was filed with SEBI on May 11, 2017 and first client was on boarded in June 2017.*

10. Audit Observations

The Internal Auditor has not found any material observations in the operation and compliance of ACPL.

11. Nature of expenses / Range of fees charged

Portfolio Management Fees

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

Depository & Custodian charges

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

Registrar and transfer agent fee

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

Brokerage and transaction cost

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

Securities lending and borrowing charges

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

Certification and professional charges

Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc. may be charged and recovered from the Client. Additional applicable taxes shall be charged on the amount of fees.

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

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

Incidental expenses

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

DIRECT ON-BOARDING OF CLIENTS: ACPL 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

12. (a) Taxation Policy (as on March 31, 2020)

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

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

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

The following summary is based on the law and practice of the IT Act, the IT Rules and various circulars and notifications issued thereunder from time to time. The IT Act is amended every year by the Finance Act of the relevant year, and this summary reflects the amendments proposed in the Finance Act, 2020. The tax rates mentioned below relate to Financial Year 2020-21 (Assessment Year 2021-22).

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

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

In case of individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person, i) having total income exceeding INR 5 m but not exceeding INR 10 m, surcharge of 10% on income tax is applicable ii) having total income exceeding INR 10 m but not exceeding INR 20 m, surcharge of 15% on income tax is applicable iii) having total income exceeding INR 20 m but not exceeding INR 50 m, surcharge of 25% on income tax is applicable and iv) having total income exceeding INR 50 m, surcharge of 37% on income tax is applicable. 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/ profession controlled from India.

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

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

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

B. Non-resident taxation

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

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

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

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

- *Tax Treaty Benefits*

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

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).

- *Tax Residency Certificate*

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

The details required to be furnished are as follows:

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

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

C. Characterisation of income

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

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

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

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

D. Different streams of income and its tax implications

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

i. Dividend income

Prior to the amendments by the Finance Act, 2020, dividends earned on the units of mutual funds were exempt from tax in the hands of all unitholders, irrespective of their residential status. However, the mutual funds declaring, distributing or paying the dividends were required to pay applicable additional distribution tax.

As per the amendments made by the Finance Act, 2020, the mutual funds declaring dividend on or after 1 April 2020, would not be required to pay any additional distribution tax on dividend distributed/ paid/ declared to its unitholders. The dividend income shall be taxable in the hands of the unitholders under section 56 of the IT Act under the head 'Income from Other Sources' at the applicable rates (except where DDT has been paid). 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 mutual fund declaring dividend would be required to deduct tax at 10% (in case of payment to resident investors and also without surcharge and health and education cess) and at rates in force (in case of payment to non-resident investors).

As per the amended provisions, 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)	30%

Firms / LLPs	30%
Others (Note 3)	As per applicable slab rates, maximum being 30%

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

Note 1: The Finance Act, 2020, has reduced tax rate to 25% (plus applicable surcharge and health and education cess) in case of domestic companies having total turnover or gross receipts not exceeding INR 4,000 m in the Financial Year 2018-19 (Assessment Year 2019-20).

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 tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions.

Non-resident unitholders

Dividend income (net of deductions, if any) shall be taxable in the hands of the non-resident unitholders at the rate of 20% 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 unitholders 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	STCA	LTCA
Unit of equity oriented fund	Held for not more than 12 months	Held for more than 12 months
Unlisted and listed units (other than units in an equity oriented fund)	Held for not more than 36 months	Held for more than 36 months

ii. Taxation of capital gains

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

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

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

Note 1 - Plus applicable surcharge and cess

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

Note 3 - The Finance Act, 2020, has reduced the tax rate to 25% (plus applicable surcharge and health and education cess) in case of domestic companies having total turnover or gross receipts not exceeding INR 4,000 m in the Financial Year 2018-19 (Assessment Year 2019-20). 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 4 - 30% in the case of non-resident investors other than foreign company

Note 5 - *No foreign exchange benefit*

Note 6 - *Without considering indexation and foreign exchange fluctuation benefit*

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

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

iii. If gains are 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). The Finance Act, 2020, has reduced the tax rate to 25% (plus applicable surcharge and health and education cess) in case of domestic companies having total turnover or gross receipts not exceeding INR 4,000 m in the Financial Year 2018-19 (Assessment Year 2019-20).

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

iv. Deemed income on investment in securities

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

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

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

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.

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

As per the provisions of section 14A read with rule 8D of the 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.

vi. Dividend stripping

Where any person buys or acquires any securities or units within a period of three

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

vii. Bonus stripping

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units.

viii. Minimum Alternate Tax

The 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 company is a resident of a country or a specified territory with which India does not have a Tax Treaty, but the company is not required to seek registration under any law in relation to companies.

In case where the domestic company opts to be taxed as per the rates and manner prescribed under Section 115BAA and 115BAB of the IT Act, then MAT provisions shall not be applicable to such domestic companies. Also, 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.

ix. Alternate Minimum Tax

The IT Act provides for levy of Alternate Minimum Tax ('AMT') on non-corporate tax payers if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and

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. Such provisions are not applicable if the adjusted total income does not exceed INR 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, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents. As per Rule 37BC of the ITR, the following details and documents are prescribed:

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

III. Reduction of withholding rates as part of economic package for COVID-19 relief

In order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, press release dated 13 May 2020 provides that the withholding rates for the non-salaried specified payments made to residents shall be reduced by 25% for the period from 14 May 2020 to 31 March 2021.

It is further stated that there shall be no reduction in the withholding rates where the tax is required to be deducted at higher rate due to non-furnishing of PAN/Aadhaar. Legislative amendments in this regard shall be proposed in due course.

IV. 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.

V. General Anti Avoidance Rule

General Anti Avoidance Rule ('GAAR') provisions have been introduced in Chapter X-A of the IT Act (effective from Financial Year beginning on 1 April 2017), which provides

that an arrangement whose main purpose is to obtain tax benefit and which also satisfies at least one of the four specified test as mentioned below, can be declared as an ‘impermissible avoidance arrangement’.

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

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

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

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

VI. 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).

VII. 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.

Recently, 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.

VIII. 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) 0.001% on the sale of units of equity oriented fund to the Mutual Fund.

IX. 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.

X. Goods and Services Tax

From 1 July 2017 onwards, GST will be applicable on services provided by the Portfolio Manager to its Clients. Accordingly, GST 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.

13. Accounting Policies

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

1. Accounting of investments:

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

2. Valuation of Investments:

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

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

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

Unlisted Shares: Unlisted shares would be valued at cost of acquisition till the shares get listed on a recognized stock exchange. Valuation of Suspended/Non traded Share: If a listed share is suspended for a certain period, then upto 30 days the last traded

price would be used for valuation and after 30 days the valuation methodology would be decided on a case to case basis and approved by the valuation committee. Shares awaiting listing due to IPO would be valued at allotment price. Valuation of Non-traded debt: Non-traded fixed income instruments will be valued at cost.

14. Investors Services

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

Name of the person : Sanjay Shah
Designation : Compliance Officer & Company Secretary
Address : Ambit House, 449, Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013
Telephone : 91-22 -68601965
Email : compliance@ambit.co

Grievance, if any, that may arise pursuant to the Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and the same shall be subject to SEBI (Portfolio Managers) Regulations, 2020 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

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

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

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System) Link-<http://scores.gov.in/Admin/>, post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

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

15. General

Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 (**'PML Act'**) came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying,

monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advised all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). SEBI has further strengthened the KYC and client risk assessment requirements under its circular no. CIR/MIRSD/1/2014 dated March 12, 2014. The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as '**PML Laws**'.

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

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

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

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

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the client account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy


and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.


Client Information


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


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

For Ambit Capital Private Limited


Raman Jauhar
Director




Dhiraj Agarwal
Director



Date: February 05, 2021
Place: Mumbai

AMBIT CAPITAL PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31st March, 2020

41. Related parties disclosures

(i) Name of related parties and description of relationship

(a) Parent Company

- Ambit Private Limited

(b) An individual owning, indirectly, an interest in the voting power that gives him control

- Ashok Wadhwa

(c) Fellow Subsidiaries (with whom there are transactions)

- Ambit Singapore Pte. Limited

- Ambit Wealth Management Private Limited (formerly known as Ambit Broking & Advisory Private Limited)

- Ambit Fininvest Private Limited

- Ambit Pragma Ventures Private Limited

- Ambit Investment Advisors Private Limited

- Ambit America Inc.

- Ambit Capital (UK) Limited (up to 4th February, 2020) [Liquidated]

- Ambit Wealth Advisors Private Limited

- Ambit Investments

(d) Key Management Personnel

- Ashok Wadhwa

- Saurabh Mukherjea, Whole time director (up to 28th June, 2018)

- Himanshu Damania, Whole time director (up to 5th May, 2017)

- Premal Doshi, Whole time director (up to 28th June, 2018)

- Pramod Gubbi, Whole time director (upto 30th September, 2018)

- Nitin Bhasin, Whole time director (w.e.f. 28th June, 2018)

- Raman Jauhar, Whole time director (w.e.f. 10th October, 2018)

- Vikas Khattar, Whole time director (w.e.f. 10th October, 2018)

- Dhiraj Agarwal, Whole time director (w.e.f. 18th March, 2020)

(e) Enterprise over which person described in (b) & (d) exercise control/significant influence (with whom there are transactions)

- Nine Advisors Private Limited (formerly known as AW Holding Private Limited)

- Ambit Flowers Asset Reconstruction Private Limited (joint venture of holding company) upto 22nd May, 2019

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AMBIT CAPITAL PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31st March, 2020

41. Related parties disclosures

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

(Amounts in ₹ lakhs)

Nature of transactions	Referred in i(a)	Referred in i(b)	Referred in i(c)	Referred in i(d)	Referred in i(e)	Total
Income						
Advisory fees						
- Ambit Finvest Private Limited	-	-	433.74	-	-	433.74
	(-)	(-)	(-)	(-)	(-)	(-)
Brokerage						
- Ambit Investments	-	-	12.02	-	-	12.02
	(-)	(-)	(6.14)	(-)	(-)	(6.14)
- Ambit Wealth Advisors Private Limited	-	-	-	-	-	-
	(-)	(-)	(0.32)	(-)	(-)	(0.32)
- Ambit Finvest Private Limited	-	-	-	-	-	-
	(-)	(-)	(10.10)	(-)	(-)	(10.10)
- Vikas Khattar	-	-	-	0.10	-	0.10
	(-)	(-)	(-)	(0.03)	(-)	(0.03)
- Raman Jauhar	-	-	-	0.01	-	0.01
	(-)	(-)	(-)	(-)	(-)	(-)
Depository charges						
- Nine Advisors Private Limited	-	-	-	-	0.01	0.01
	(-)	(-)	(-)	(-)	(0.01)	(0.01)
- Ambit Finvest Private Limited	-	-	-	-	-	-
	(-)	(-)	(0.02)	(-)	(-)	(0.02)
- Vikas Khattar	-	-	-	0.02	-	0.02
	(-)	(-)	(-)	(0.00)	(-)	(0.00)
Interest on inter corporate deposits						
- Ambit Pragma Ventures Private Limited	-	-	1.44	-	-	1.44
	(-)	(-)	(1.44)	(-)	(-)	(1.44)
Share of profit/(loss) in partnership firm						
- Ambit Investments	-	-	(679.50)	-	-	(679.50)
	(-)	(-)	(302.70)	(-)	(-)	(302.70)
Expenses						
Support services						
- Ambit Singapore Pte. Limited	-	-	484.61	-	-	484.61
	(-)	(-)	(769.48)	(-)	(-)	(769.48)
- Ambit America Inc.	-	-	536.75	-	-	536.75
	(-)	(-)	(722.42)	(-)	(-)	(722.42)
- Ambit Capital (UK) Limited	-	-	-	-	-	-
	(-)	(-)	(384.30)	(-)	(-)	(384.30)
Remuneration						
- Saurabh Mukherjea	-	-	-	-	-	-
	(-)	(-)	(-)	(40.65)	(-)	(40.65)
- Premal Doshi	-	-	-	-	-	-
	(-)	(-)	(-)	(26.08)	(-)	(26.08)
- Pramod Gubbi	-	-	-	-	-	-
	(-)	(-)	(-)	(72.62)	(-)	(72.62)
- Nitin Bhasin	-	-	-	128.59	-	128.59
	(-)	(-)	(-)	(143.51)	(-)	(143.51)
- Raman Jauhar	-	-	-	102.82	-	102.82
	(-)	(-)	(-)	(65.26)	(-)	(65.26)
- Vikas Khattar	-	-	-	127.91	-	127.91
	(-)	(-)	(-)	(72.25)	(-)	(72.25)
- Dhiraj Agarwal	-	-	-	4.80	-	4.80
	(-)	(-)	(-)	(-)	(-)	(-)
Office Rent						
- Nine Advisors Private Limited	-	-	-	-	8.50	8.50
	(-)	(-)	(-)	(-)	(6.00)	(6.00)
Interest on inter corporate deposits						
- Ambit Private Limited	39.39	-	-	-	-	39.39
	(14.82)	(-)	(-)	(-)	(-)	(14.82)
Expenses [see note 37]						
- Recovered by Ambit Private Limited	1,880.08	-	-	-	-	1,880.08
	(1,869.50)	(-)	(-)	(-)	(-)	(1,869.50)
- Charged to Ambit Finvest Private Limited	-	-	(8.69)	-	-	(8.69)
	(-)	(-)	[(7.98)]	(-)	(-)	[(7.98)]
- Charged to Ambit Investment Advisors Private Limited	-	-	(5.17)	-	-	(5.17)
	(-)	(-)	[(2.39)]	(-)	(-)	[(2.39)]
- Charged to Ambit Investments	-	-	(0.12)	-	-	(0.12)
	(-)	(-)	[(0.14)]	(-)	(-)	[(0.14)]

AMBIT CAPITAL PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31st March, 2020

41. Related parties disclosures (contd.)

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

(Amounts in ₹ lakhs)

Nature of transactions	Referred in i(a)	Referred in i(b)	Referred in i(c)	Referred in i(d)	Referred in i(e)	Total
Expenditure incurred on behalf of related party						
- Nine Advisors Private Limited	-	-	-	-	0.11	0.11
	(-)	(-)	(-)	(-)	(-)	(-)
Expenditure incurred by related party on behalf of the Company						
- Ambit Private Limited	2.55	-	-	-	-	2.55
	(3.47)	(-)	(-)	(-)	(-)	(3.47)
Impairment allowance for doubtful interest receivable on ICD						
- Ambit Pragma Ventures Private Limited	-	-	1.30	-	-	1.30
	(-)	(-)	(0.45)	(-)	(-)	(0.45)
Contribution made to partnership firm						
- Ambit Investments	-	-	13,310.00	-	-	13,310.00
	(-)	(-)	(13,710.00)	(-)	(-)	(13,710.00)
Withdrawals from partnership firm						
- Ambit Investments	-	-	16,526.00	-	-	16,526.00
	(-)	(-)	(18,660.00)	(-)	(-)	(18,660.00)
Equity shares bought back						
- Ambit Private Limited	-	-	-	-	-	-
	(3,000.00)	(-)	(-)	(-)	(-)	(3,000.00)
Finance:						
Loans taken						
- Ambit Private Limited	11,932.00	-	-	-	-	11,932.00
	(7,621.00)	(-)	(-)	(-)	(-)	(7,621.00)
Loans repaid						
- Ambit Private Limited	11,932.00	-	-	-	-	11,932.00
	(7,726.50)	(-)	(-)	(-)	(-)	(7,726.50)
Loans recovered						
- Ambit Pragma Ventures Private Limited	-	-	-	-	-	-
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
Outstanding at year end						
Payables						
- Ambit Private Limited	1,412.17	-	-	-	-	1,412.17
	(481.46)	(-)	(-)	(-)	(-)	(481.46)
	543.81	-	-	-	-	543.81
- Ambit Investments	-	-	-	-	-	-
	(-)	(-)	(1.10)	(-)	(-)	(1.10)
	-	-	817.45	-	-	817.45
- Ambit Singapore Pte. Limited	-	-	73.02	-	-	73.02
	(-)	(-)	(10.08)	(-)	(-)	(10.08)
	-	-	375.95	-	-	375.95
- Ambit America Inc.	-	-	536.75	-	-	536.75
	(-)	(-)	(344.51)	(-)	(-)	(344.51)
	-	-	276.18	-	-	276.18
- Ambit Capital (UK) Limited	-	-	-	-	-	-
	(-)	(-)	(35.79)	(-)	(-)	(35.79)
	-	-	265.40	-	-	265.40
- Ashok Wadhwa	-	3,000.00	-	-	-	3,000.00
	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)
- Saurabh Mukherjee	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	2.25	-	2.25
- Premal Doshi	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	0.15	-	0.15
- Pramod Gubbi	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	82.19	-	82.19
- Nitin Bhasin	-	-	-	0.10	-	0.10
	(-)	(-)	(-)	(60.43)	(-)	(60.43)
	-	-	-	-	-	-
- Raman Jauhar	-	-	-	1.34	-	1.34
	(-)	(-)	(-)	(46.44)	(-)	(46.44)
	-	-	-	-	-	-
- Vikas Khattar	-	-	-	2.86	-	2.86
	(-)	(-)	(-)	(55.29)	(-)	(55.29)
	-	-	-	-	-	-
- Dhiraj Agarwal	-	-	-	0.55	-	0.55
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	-	-	-

AMBIT CAPITAL PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31st March, 2020

41. Related parties disclosures (contd.)

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

(Amounts in ₹ lakhs)

Nature of transactions	Referred in i(a)	Referred in i(b)	Referred in i(c)	Referred in i(d)	Referred in i(e)	Total
Receivables						
- Ambit Finvest Private Limited	-	-	3.93	-	-	3.93
	(-)	(-)	(1.07)	(-)	(-)	(1.07)
	-	-	1.16	-	-	1.16
- Ambit Wealth Advisors Private Limited	-	-	0.01	-	-	0.01
	(-)	(-)	(0.01)	(-)	(-)	(0.01)
	-	-	0.01	-	-	0.01
- Ambit Pragma Ventures Private Limited	-	-	-	-	-	-
	(-)	(-)	(106.38)	(-)	(-)	(106.38)
	-	-	105.08	-	-	105.08
- Ambit Investment Advisors Private Limited	-	-	4.34	-	-	4.34
	(-)	(-)	(0.63)	-	-	(0.63)
	-	-	0.41	-	-	0.41
- Ambit Investments	-	-	0.15	-	-	0.15
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	-	-	-
- Ambit Flowers Asset Reconstruction Private Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	-	2.16	2.16
Loans taken						
- Ambit Private Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
	105.50	-	-	-	-	105.50
Loans given						
- Ambit Pragma Ventures Private Limited	-	-	17.99	-	-	17.99
	(-)	(-)	(17.99)	(-)	(-)	(17.99)
	-	-	18.00	-	-	18.00
Guarantees and Collaterals Outstanding						
Corporate guarantees given by						
- Ambit Private Limited	1,250.00	-	-	-	-	1,250.00
	(3,500.00)	(-)	(-)	(-)	(-)	(3,500.00)
	-	-	-	-	-	-

Notes: i) No amounts pertaining to related parties have been provided for as doubtful except interest receivable from Ambit Pragma Ventures Private Limited. No amounts have either been written off or written back during the year.

ii) Figures in brackets are the corresponding figures in respect of the previous year

iii) Figures in italics are the corresponding figures as of 1st April, 2018.

iv) Also see note 52

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