IIFL SECURITIES

Key Information and Disclosure Document for Portfolio Management Services provided by IIFL Securities Limited (Formerly known as India Infoline Limited)

As per the requirement of Schedule V and Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulation 2020:

i. The disclosure document ("**Document**") has been filed with the Securities and Exchange Board of India along with the certificate in the specified format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

ii. The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making informed decision for engaging IIFL Securities Limited (as the "**Portfolio Manager**").

iii. The disclosure document contains the necessary information about the Portfolio Manager, required by an investor before investing, and hence, the investor may be advised to retain the document for future reference.

PRINCIPAL OFFICER	PORTFOLIO MANAGER
Name: Amit Srivastava Phone: +91 9632288990 E-mail: amit.srivastava@iifl.com	Name: IIFL Securities Limited Registration number: INP000002213
	Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, India, 400604 **Corporate office:** Hubtown Solaris · Office No 1, Ground Floor, NS Phadke Marg, Vijay Nagar Andheri East Mumbai – 400069. Phone: 022-39210320

Dated: August 01, 2024

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1. Disclaimer

This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended till date and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

2. Definitions and Interpretations

2.1 Definitions

The terms used in the Disclosure Document are defined as follows:

(a) "**Act**" means the Securities and Exchange Board of India Act, 1992 (15 of 1992), as may be amended from time to time.

(b) **"Asset Under Advice or AUA"** means the aggregate net asset value of securities and investment products for which the Portfolio Manager has rendered investment advice.

(c) **"Asset Under Management or AUM"** means the value of Securities in the Client Portfolio. For the purpose of calculating the asset under management, securities shall be valued at the fair market value/marked to market basis (as applicable).

(d) **"assets under advice"** shall mean the aggregate net asset value of securities and investment products for which the portfolio manager has rendered investment advice.

(e) **"Associates"** means (i) a body corporate in which a director or partner of the Portfolio Manager holds, either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.

(f) "**Accreditation Agency**" means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by the SEBI from time to time.

(g) **"Accredited Investor"** means any person who fulfils the eligibility criteria as specified by SEBI pursuant to circular dated 26 August 2021 on 'Modalities for implementation of the framework for Accredited Investors' (SEBI/HO/IMD/IMD-I/DF9/P/CIR/2021/620), as may be amended from time to time, and is granted a certificate of accreditation by an Accreditation Agency.

(h) **"Agreement"** means Discretionary Portfolio Investment Management Agreement and/or Non-Discretionary Portfolio Investment Management Agreement and/or Advisory Agreement and/or Co-Investment Portfolio Management Agreement, as applicable, executed between the Portfolio Manager and the Client as amended, modified, supplemented, or restated from time to time together with all annexures, schedules, and exhibits, if any.

(i) "**Advisory Services**" means advising on the portfolio strategy, investment, and divestment of individual Securities in the Client's Portfolio, entirely at the Client's risk, in terms of the Regulations and the Agreement.

(j) "**Applicable Laws"** means any applicable local or national statute, rules, regulation, notification, circular, ordinance, requirement, directive, guideline or announcement issued by an Authority (including but not limited to the SEBI Regulations).

(k) "**Board**" means the Securities and Exchange Board of India.

(l) "**Client**" or "**Investor**" means a Person that enters into an Agreement for availing services offered by the Portfolio Manager.

(m) **"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.

(n) "**Custodian(s)**" means any custodian registered under the SEBI (Custodian of Securities) Regulations 1996 acting as custodian of the Portfolio with whom the Portfolio Manager or the Client enters into an agreement for the provision of custodial services.

(o) "**Co-investment Portfolio Management Services**" means services provided by the Portfolio Manager to the investors of the Alternative Investment Fund which are managed and sponsored by it, in its capacity as the Co-investment Portfolio Manager.

(p) **"Depository"** means a body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Limited ("NSDL") and Central Depository Services (India) Ltd. ("CDSL").

(q) **"Depository Account" or "DP Account"** means one or more demat accounts opened, maintained, and operated by the Portfolio Manager in the name of the Client or a pool demat account in the name of the Portfolio Manager to keep the securities of all clients, where the securities of each of the Clients would be separately identified for the purpose of the Portfolio Management Services.

(r) "**Disclosure Document**" or **"Document"** means this disclosure document issued by the Portfolio Manager for offering services stated hereunder, prepared in terms of Schedule V of the Regulations as amended from time to time.

(s) "**Discretionary Portfolio Management Services**" or **"Discretionary PMS**" means the portfolio management services rendered to the Client, by the Portfolio Manager on the terms and conditions contained in the Discretionary Portfolio Investment Management agreement, wherein the Portfolio Manager exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of Securities of the Client.

(t) **"Distributor":** means a Person empaneled by the Portfolio Manager which refers clients to the Portfolio Manager in lieu of commission/charges

(u) **"Exit Load"**: means the withdrawal charge/s payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document

(v) "**Foreign Portfolio Investor**" or "**FPI**" means a person registered with SEBI as a Foreign Portfolio Investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.

(w) "**Financial Year**" means the period of 12 (twelve) months starting from April 1 to March 31 the following year.

(x) "**Funds**" means the monies managed by the Portfolio Manager, on behalf of the Client, pursuant to the Agreement as mentioned in the Application, placed by the Client from time to time with the Portfolio Manager for the purposes of being managed pursuant to this Agreement and includes the proceeds of the sale or other realization of the Portfolio and interest, dividends and other monies realized from the Assets.

(y) **"Initial Corpus"** means the value of the funds and the value of readily realizable securities brought in by the client at the time of registering as a client with the Portfolio Manager and accepted by the Portfolio Manager.

(z) "**Investment Approach**" means any of the current investment approaches or such investment approach that may be introduced at any time in the future by the Portfolio Manager.

(aa) "**Large Value Accredited Investor**" means an Accredited Investor who has entered into an Agreement with the Portfolio Manager for a minimum investment amount of ten crore rupees.

(bb) "**Non-discretionary Portfolio Management Services**" or "**Non-Discretionary PMS**" means portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing or on recorded line or by e-mail, invests in respect of the Client's account entirely at the Client's risk.

(cc) **"Management Fee":** means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(dd) **"NRI"** or **"Non-Resident Indian"** means an individual resident outside India who is a citizen of India.

(ee) **"Parties"** means the Portfolio Manager and the Client; and "Party" shall be construed accordingly**.**

(ff) **"Performance Fee"**: means the performance-linked fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(gg) **"Person"** includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, partnership firm, limited liability partnership, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not**.**

(hh) **"Portfolio"**means the total holdings of Securities belonging to any Person.

(ii) **"Portfolio Entity"** means companies, enterprises, bodies corporate, or any other entities in the Securities of which the monies from the Client Portfolio are invested subject to Applicable Laws

(jj) **Portfolio Manager:** IIFL Securities Limited a Company incorporated under the provisions of the Companies Act, 2013 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400604 , which pursuant to a contract or arrangement with a Client/Investor, advises or directs or undertakes on behalf of the Client/Investor (whether as a discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the Client/Investor, as the case may be.

(kk) "**Portfolio Management Services**" means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Advisory Services, as the context may be.

(ll) “**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.

(mm) **“Regulations”** shall mean the SEBI (Portfolio Managers) Regulations, 2020 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

(nn) “**Related Parties**” means in relation to the Portfolio Manager,

(i) a director, partner or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which a director, partner, manager or his relative is a partner;

(iv) a private company in which a director, partner or manager or his relative is a member or director;

(v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;

(vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager of the Portfolio Manager;

(vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act Provided that nothing in sub-clauses (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is—

(A) a holding, subsidiary or an associate company of the Portfolio Manager; or

(B) a subsidiary of a holding company to which the Portfolio Manager is also a subsidiary;

(C) an investing company or the venturer of the Portfolio Manager;

Explanation.—For the purpose of (C) above, “investing company or the venturer of a portfolio manager” means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate.

(ix) a related party as defined under the applicable accounting standards;

(x) or such other person as may be specified by SEBI:

Provided that,

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party.

(oo) **"SEBI"** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992, as amended from time to time.

(pp) **"Securities"** means "securities" as defined under the Securities Contracts (Regulation) Act, 1956 (as may be amended, supplemented or replaced from time to time) including, without limitation, shares, debentures, derivatives, mutual funds, Money Market Instruments and any other securities purchased, sold, held, acquired or otherwise dealt with by the Client.

2.2 Interpretation

Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted in accordance with applicable law or according to their general meaning and usage. The definitions are not exhaustive.

3. Description

3.1 History, Present Business and Background of the Portfolio Manager

IIFL Securities Limited (the "**Portfolio Manager**") a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400604

The Portfolio Manager is a Securities and Exchange Board of India (SEBI) registered Portfolio Manager having registration number INP000002213 under the SEBI (Portfolio Manager) Regulations, 2020 to offer investment management, portfolio management and advisory services to High Net worth Individual (HNIs), Institutional Clients, Corporates and other permissible class of investors.

IIFL Securities Limited is a company incorporated under the provision of Companies Act 1956 and is one of the leading players in the financial services sector offering equity, currency and commodity broking, depository participant services, merchant banking and distribution of financial products.

Company is a member of BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE"), Multi Commodity Exchange of India Limited ("MCX"), National Commodity & Derivatives Exchange Limited ("NCDEX") and registered with National Securities Depository Limited ("NSDL") and Central Depository Services Limited ("CDSL") as depository participants.

Further, the company is also a SEBI registered Research Analyst, Merchant Banker and Portfolio Manager and registered with Pension Fund Regulatory and Development Authority as "POP", and also registered distributor with Association of Mutual Funds of India ("AMFI"), providing a one stop solution for clients trading in the equities market. The equity shares of the Company are listed on BSE and NSE.

3.2 Directors of the portfolio manager and their background

A brief profile of the directors of the Portfolio Manager has been provided below:

1. **Mr. R. Venkataraman (Chairperson & Non-executive Director)**

   Mr. R. Venkataraman is the Chairman and Non-Executive Director, as well as, Co-Promoter of the Company. He holds Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Bangalore, and a Bachelor's degree in Electronics and Electrical Communications Engineering from IIT Kharagpur. He has contributed immensely to the establishment of various businesses and spearheading key initiatives of the IIFL Group over the past 25 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with JP Morgan of US, and Barclays – BZW. He has worked as an Assistant Vice President of GE Capital Services India Limited in its private equity division. He has a varied experience of more than 32 years in the financial services sector.

2. **Mr. Narendra Jain (Whole-time Director)**

   Mr. Narendra Jain is a Whole time Director on the Board of the Company. He is a rank holder Chartered Accountant and holds a Bachelor's degree in Commerce from the University of Mumbai. He has over 29 years of experience in the financial services industry, specifically in areas such as operations, taxation, internet banking, and finance. In the past, he was associated with ICICI Brokerage Service Limited, where he worked in areas like operations, risk, compliance and design and development of systems and processes. He was also associated with Hindustan Petroleum Corporation Limited, where he was involved in indirect taxation and marketing analytics.

3. **Ms. Rekha Warriar (Independent Director)**

   Ms. Rekha Warriar is a Non-Executive Independent Director on the Board of the Company. She holds a Master's degree in Applied Mathematics (University of Bombay) and in Public Policy (Princeton University, NJ). She has over 31 years of experience working with the Reserve Bank of India (RBI) in various departments like Foreign Exchange, Financial Stability, Internal Debt Management, Rural Development, etc. She has also served as a faculty member in RBI's training colleges and as an Associate Professor at the National Institute of Banking Management, Pune. She retired as a Regional Director (West Bengal and Sikkim), RBI, in July 2017.

4. Mr. Shamik Das Sharma (Independent Director)

Mr. Shamik Das Sharma is a Non-Executive Independent Director on the Board of the Company. He has done a Masters in Science (M.S.) with a specialization in Computer Science from the University of Maryland, College Park, USA, and a B. Tech in Computer Science and Engineering from Indian Institute of Technology (IIT), Kharagpur. He has an experience of more than 23 years as a Computer Scientist and more than 13 years of experience as Vice President and CXO roles at various private companies. He is one of India's leading Product and Technology experts. He has over two decades of experience crafting technical products, taking them to market, building strong teams, and instituting a tech-oriented culture in organizations. As a founder, senior executive and investor, he has worked with small and large companies across diverse domains in the Bay Area and Bangalore. He is currently a General Manager and board member at Cure.fit, a leading health-tech startup, and previously was the CTO/CPO at Myntra

5. Mr. Anand Bathiya (Independent Director)

Mr. Anand Bathiya is a Non-Executive Independent Director on the Board of the Company and a Chartered Accountant by profession. Holding Bachelors in Law and in Commerce, he is a qualified Registered Valuer along with holding diplomas in Securities Law and Information Systems. With two decades of experience in domains of business consulting, finance, growth, governance, transactions and tax, he has enabled multiple businesses build efficiencies and remain competitive. Mr. Bathiya is regularly engaged in advising businesses in negotiating, structuring, performing due diligence and executing domestic and international Mergers & Acquisitions (M&A), having advised more than 300 M&A transactions. He advises businesses in capital market initiatives like IPOs, QIPs, rights issues, open offers, international listings, etc. along with advising private equity funds, venture capital funds, family offices in formation, fund documentation, diligence and investment transaction execution. Currently, he is a Partner with Bathiya & Associates LLP, having in the past worked with world leading professional services firms. He has been appointed as President of Bombay Chartered Accountants' Society for year 2024-25.

6. Mr. V. Krishnan (Independent Director)

Mr. V. Krishnan is a Non-Executive Independent Director on the Board of the Company and is a seasoned financial services professional with a diverse experience of 35 years in operations, technology, operational risk, information security, compliance, and internal control. He has worked in multiple areas of financial services like Custodial Services, Asset Management Companies, IT Services, Exchange and International Banks, holding senior positions in various international and domestic organizations like Barclays, Deutsche Bank, JP Morgan, L&T, MCX, etc. His diverse experience is backed by professional qualifications in Accounting, Law, Information Security, Internal Audit, Fraud, Anti Money Laundering, and Operations Resilience amongst others. Mr. Krishnan leads Kris Konsulting, a unique boutique advisory, assurance and training firm, that focuses primarily on Governance, Risk & Compliance, Process Re-engineering and Internal Audit.

7. Mr. Nemkumar H (Managing Director)

Mr. Nemkumar H is the Managing Director of the Company. He is a rank holder Chartered Accountant and a founder member of IIFL's Institutional Equities team and joined IIFL in 2007 to scale up Institutional Broking and Investment Banking business. Under his leadership, the Institutional Equities business has scaled up and IIFL Securities is now among the leading firms. Prior to joining IIFL, Mr. Nemkumar spent nearly 10 years at CLSA as an equity analyst covering the Asia Oil & Gas sectors, as Head of India research and as Head of India office. He started his career at BPCL and worked there for 8 years in the corporate treasury and pricing departments.

Brief profile of Principal officer of IIFL Securities Limited

1. Mr. Amit Srivastava (Principal officer)

S. No.	Name of Organisation	Designation	Period	Work profile
1.	ASK Wealth Advisors Pvt Ltd	Managing Partner and Head of Managed Funds Strategy	9 years	Asset Allocation & Portfolio Analytics, Discretionary and Non-Discretionary PMS strategies - Multi-asset and multi-product portfolio strategies and analytics for clients' investment portfolios
2.	Citibank	Head of Investments	18 years	

Qualification	• **Bachelor of Engineering from Sardar Patel College of Engineering, Mumbai** • **MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai**

3.3 Top 10 Group companies/firms of the portfolio manager on turnover basis (as per audited financial statements for the year ended March 31, 2024)

- IIFL Facilities Services Limited
- IIFL Commodities Limited
- Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)
- IIFL Management Services Limited

- IIFL Wealth (UK) Limited
- IIFL Capital Inc
- Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited) (Formerly IIFL Asset Reconstruction Limited)
- IIFL Securities Services IFSC Limited
- IIFL Securities Alternate Asset Management Limited

3.4 Details of the Services being offered

3.4.1. Discretionary Portfolio Management Services ("DPMS")

The Portfolio Manager shall be acting in a fiduciary capacity with regard to Clients' Portfolio and shall have sole and absolute discretion to invest Clients' Funds in any type of Securities and in any market as he deems fit for the benefit of the Client as per the Discretionary Portfolio Investment Management Agreement. The Securities invested / disinvested by the Portfolio Manager may differ from Client to Client. The Securities traded or held by the Portfolio Manager for different Client's Portfolios, even if invested in the same Investment Approach, may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the Regulations, guidelines and notifications in force from time to time.

Portfolio Manager shall invest funds of the client only in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients.

Money Market Instruments includes commercial paper, trade bill, treasury bills, certificate of deposit and usance bills.

Portfolio Manager may invest in units of Mutual Funds (only through Direct Plan), and no distribution fees will be charged to the client.

The Portfolio Manager may offer discretionary portfolio management services for investment up to 100% of the assets under management of the Large Value Accredited Investors in unlisted securities, subject to the terms agreed between the client and the Portfolio Manager.

3.4.2. Non-Discretionary Portfolio Management Services ("NDPMS")

Under these services, the Clients decide their own investments with the Portfolio Manager facilitating the execution of transactions. 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 rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the Regulations in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client. Portfolio Manager may invest up to 25% of the assets under management of the client in unlisted securities, in addition to the securities permitted for discretionary portfolio management. Portfolio Manager may invest in units of Mutual Funds (only through Direct Plan) and no distribution fees will be charged to the client. However, Portfolio Manager shall invest the clients' funds neither in the portfolio managed or administered by another portfolio manager nor based on the advice of any other entity.

The Portfolio Manager may offer non-discretionary portfolio management services for investment up to 100% of the assets under management of the Large Value Accredited Investors in unlisted securities, subject to the terms agreed between the client and the Portfolio Manager.

3.4.3. Co-investment Portfolio Management Services

The Portfolio Manager, who is an Investment Manager to Category I or Category II Alternative Investment Funds may provide co-investment portfolio management services to its clients in compliance with Applicable Laws subject to regulatory approvals/intimations as required under the Regulations.

In respect of clients to whom the Portfolio Manager is acting as a co-investment Portfolio Manager, 100% of the assets under management shall consist of unlisted securities of investee companies where the Funds managed by the Portfolio Manager in its capacity as the investment manager, make investment.

The terms of co-investment in an investee company by co-investor, shall not be more favourable than the terms of investment of the AIF and the terms of exit from the Co-investment in an investee company including the timing of exit shall be identical to the terms applicable to that of exit of the AIF.

3.4.4. Investment Advisory Services

The Portfolio Manager will provide Advisory Services, in terms of Regulations, which shall be in the nature of non-binding investment advisory and shall include the responsibility of advising on the

Portfolio strategy, investment and divestment of individual Securities on the Clients Portfolio, for an agreed fee structure and for a period agreed in the Agreement, entirely at the Client's risk, to all eligible categories of investors who can invest in Indian market.

The Portfolio Manager shall, provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and /or the Client, from time to time, in this regard.

Portfolio Manager may provide advice for investment up to 25% of the assets under management of the client in unlisted securities, in addition to the securities permitted for discretionary portfolio management.

The Portfolio Manager may offer advisory services for investment up to 100% of the assets under advise of the Large Value Accredited Investors in unlisted securities, subject to the terms agreed between the client and the Portfolio Manager.

The Portfolio Manager shall not, in any event and at any point of time be responsible in any manner whatsoever for any investment decision taken by the client on the basis of the investment advice provided by the portfolio Manager. The Portfolio Manager may act upon any in-house research, commercially or non-commercially available databases & news services, external meetings and visits, third-party and broker research reports, publicly available information etc. Neither the Portfolio manager nor any of its affiliates (nor any of their respective control persons, directors, officers, employees or agents) shall be liable to the client or to any other person claiming through the client for any claim, damage, liability, cost or expense suffered by the client or any other person arising out of or related to the advisory services provided therein.

4. Penalties, pending litigation or proceedings

i.	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or rules or regulations made thereunder.	None
ii.	The nature of the penalty/direction	Not Applicable
iii.	Penalties/fines imposed for any economic offence and/ or for violation of any securities laws.	Penalties/fines imposed for any economic offence: None Penalties/fines imposed for violation of securities Laws: Please refer **Annexure II**
iv.	Any pending material litigation/legal proceedings against the portfolio manager/key	Please refer **Annexure II**

	personnel with separate disclosure regarding pending criminal cases, if any.	
v.	Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	None
vi.	Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder.	Please refer **Annexure II**

5. Services Offered

5.1 The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in the Document for easy understanding of the potential investor.

Investment Objective:

The Portfolio Manager provides various investment products/services based on the mandate of the Client and subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the Agreement. The investment objectives of the portfolios of the Clients depending on the Clients' needs would be one or more of the following or any combination thereof to:

a. generate capital appreciation/periodic returns by investing in instruments such as equity/derivatives/debt/money market instruments, equity related securities, units of mutual fund schemes and such other investment instruments/markets as the Portfolio Manager deems fit would benefit the client.

b. generate periodic returns by primarily investing in debt and money market instruments.

c. generate capital appreciation/ periodic returns by investing in gilt securities issued by the Central/State Government securities.

d. generate capital appreciation by actively investing in listed instruments such as equity, derivatives and listed equity related securities and for defensive considerations, the Portfolio Manager may invest in listed debt, money market instruments and derivatives.

e. endeavour to preserve certain percentage of investment amount by investing in a mix of fixed income and equity derivatives in such a manner so as to aim to secure/preserve certain percentage of investment amount while attempting to enhance returns by the use of equity derivatives.

Investment Policies:
The scope of investments shall be as agreed upon between the Portfolio Manager and the Client in the Agreement.

Type of Securities:
The Portfolio Manager shall invest in respect of the Client's Funds in capital and money market instruments or in fixed income securities or variable securities of any description, by whatever name called, in accordance with the Agreement and as permitted under the Regulations, including: -

a. Listed and unlisted equity and equity related securities, derivatives, convertible stock and preference shares of Indian companies;

b. Listed and unlisted instruments such as debentures, debenture stocks, bonds having payout profiles linked to various asset classes of Indian companies and corporations; and

c. Other eligible modes of investment and/or forms of deployment such as Pooled investment vehicle within the meaning of the Regulations as amended from time to time,

(hereinafter collectively referred to as "**Securities**").

The Portfolio Manager may offer Discretionary or Non-Discretionary or Advisory Services for investment up to hundred percent of the assets under management of the large value accredited investors in unlisted securities.

Note: "**Pooled investment vehicle**" means a fund established in India in the form of a trust or otherwise, such as mutual fund, alternative investment fund, collective investment scheme or a business trust as defined in sub-section (13A) of section 2 of the Income tax Act, 1961 and registered with the Securities and Exchange Board of India, or such other fund, which raises or collects monies from investors and invests such funds in accordance with such regulations as may be made by SEBI in this behalf.

Until such time the Portfolio Manager finds appropriate investment opportunities, the Portfolio

Manager may at its discretion, in all the Portfolios, invest the Client's Funds in units of mutual funds, money market instruments and/or gilt securities issued by Central/State governments. Asset classes for deployment shall be always subject to the scope of investments guidelines as prescribed under the regulations and the Agreement agreed upon between the Portfolio Manager and the Client

5.2 Investment Approaches for Portfolio Management Services

The Portfolio Manager shall provide Portfolio Management Services to all eligible category of investors who can invest in Indian market including resident Indians, NRIs, FPIs, etc.

Investment objectives may vary from Client to Client. Depending on the individual Client requirements, the Portfolio can be tailor-made based on the Client's specifications.

Kindly refer to **Annexure I** for Investment Approaches offered by the Portfolio Manager.

5.3 Policies for investments in associates/ group companies

The Portfolio Manager may make investments in the securities of its related parties or its associates only after obtaining the prior consent of the client in such manner as may be specified by SEBI from time to time. However, the Portfolio Manager shall not invest clients' funds in unrated securities of their related parties or their associates. The Portfolio Manager shall ensure compliance with the following limits:

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

The Portfolio Manager shall invest up to a maximum of 30% of the Client's AUM in the securities of its Associates/Related parties. The Portfolio Manager shall ensure compliance with the following limits:

*Hybrid securities includes units of Real Estate Investment Trusts (REITs), units of Infrastructure Investment Trusts (InvITs), convertible debt securities and other securities of like nature.

The aforementioned limits shall be applicable only to direct investments by Portfolio Manager in equity and debt/hybrid securities of its Associates/Related parties and not to any investments in the Mutual Funds. With respect to investments in debt and hybrid securities, the Portfolio Manager shall ensure compliance with the following:

- Under discretionary portfolio management services, the Portfolio Manager shall not make any investment in unrated and below investment grade securities.
- Under non-discretionary portfolio management services, the Portfolio Manager shall not make any investment in unrated below investment grade listed securities.

5.4 Direct on-boarding of clients by Portfolio Managers

5.4.1 The clients can be on-boarded directly, without intermediation of persons engaged in distribution services.

5.4.2 At then time of on-boarding of clients directly, no charges except statutory charges shall be levied. For more details, the Client is requested to contact 022-39210320

5.5 Services offered to Accredited Investors and Large Value Accredited Investors:

The below regulatory concessions are available to Accredited Investor and Large Value Accredited Investor under SEBI (Portfolio Managers) Regulations, 2020:

Particulars	Applicability
Contents of agreement specified under Schedule IV of SEBI (Portfolio Managers) Regulations, 2020 shall not apply to the agreement between the Portfolio Manager and Large Value Accredited Investor	Large Value Accredited Investor
The requirement of minimum Capital Contribution per client shall not apply	Accredited Investor
The Portfolio Manager may offer discretionary or non-discretionary or advisory services for investment up to hundred percent of the assets under management in unlisted securities subject to the terms agreed between the client and the Portfolio Manager	Large Value Accredited Investor
The quantum and manner of exit load applicable to the client of the Portfolio Manager shall be governed through bilaterally negotiated contractual terms	Large Value Accredited Investor

6. Risk Factors

6.1 General Risk

i. Investments in Securities are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.

ii. Without prejudice to the above, the past performance of the Portfolio Manager does not indicate its future performance.

iii. Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.

iv. The Client Portfolio may be affected by settlement periods and transfer procedures.

v. Risk arising from the investment approach, investment objective, investment strategy, asset allocation, market risk, political risk, geopolitical risk, and risk arising from changing business dynamics may affect Portfolio returns.

vi. Risk arising out of non-diversification or concentration risk may arise at times if the Portfolios of individual Clients are concentrated in certain companies / industries and may affect Portfolio returns.

vii. The provisions of the Agreement and the principal and returns on the Securities subscribed by the Portfolio Manager may be subject to force majeure and external risks such as war, natural calamities, pandemics, policy changes of local international markets and such events which are beyond the reasonable control of the Portfolio Manager. Any policy change / technology updates / obsolescence of technology would affect the investments made by the Portfolio Manager

viii. Investments in securities are subject to market risks, which include price fluctuation risks. There is no assurance or guarantee that the objectives of any of the Portfolios will be achieved. The investments may not be suited to all categories of Investors.

ix. The past performance of the Portfolio Manager in any Portfolio is not indicative of the future performance in the same or in any other Portfolio either existing or that may be offered. Investors are not being offered any guaranteed or indicative returns through these services.

x. The performance of the portfolio 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.

xi. The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the marketplace and industry specific and macro-economic factors.

xii. The performance of the assets of the Client may be adversely affected by the performance of individual securities, changes in the marketplace and industry specific and macro-economic factors. The investment strategies are given different names for convenience purpose and the names of the Strategies do not in any manner indicate their prospects or returns.

xiii. The debt investments and other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.

xiv. Investments in niche sectors run the risk of volatility, high valuation, obsolescence, and low liquidity.

xv. The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities, as permitted under the regulations. This may expose the client's portfolio to liquidity risks.

xvi. The Portfolio Manager may, subject to authorization by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell/lend out securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.

xvii. Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/ counter party.

xviii. Portfolio services using derivative/ futures and options are affected by risk different from those associated with stock and bonds. Such investments are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives and futures and options. Some of the risks relate to mispricing on the improper valuation of derivatives and futures and options and the inability to correlate the positions with underlying assets, rates and indices. Also, the derivatives and future and options market are nascent in India.

xix. The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the Portfolio Services. All Portfolios under portfolio management are subject to change at any time at the discretion of the Portfolio Manager.

xx. Investment decisions made by the Portfolio Manager may not always be profitable.

xxi. Investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation.

xxii. The arrangement of pooling 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.

xxiii. In case of investments in schemes of Mutual Funds/Alternative Investment Funds & Venture Capital Funds, the Client shall bear the recurring expenses and performance fee, if any, of the Portfolio Management Services in addition to the expenses of the underlying schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying schemes in the same proportions.

xxiv. 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.

xxv. The investment objectives of one or more of the investment profiles could result in concentration of a specific asset/asset class/sector/issuer etc., which could expose the clients' assets to risks arising out of non-diversification, including improper and/or undesired concentration of investment risks.

xxvi. The portfolio manager, its employees may purchase/ sell securities in ordinary course of business and in that manner, there may arise conflict of interest with transactions in any of the client's portfolio. Such conflict of interest shall be dealt with in accordance of the Conflict-of-Interest Policy of the LLP.

6.2 Specific Risk

The investments, presently recommended by the Portfolio Manager are subject to following risk factors:

i. Market Risk

The Net Asset of the portfolio will react to the securities market movements. The investor could lose money over short periods due to fluctuation in the NAV of Portfolio in response to factors such as economic and political developments, changes in interest rates and perceived trends in securities market movements and over longer periods during market downturns.

ii. Market Trading Risks

Absence of Prior Active Market:

Although securities are listed on the Exchange(s), there can be no assurance that an active secondary market will develop or be maintained.

Lack of Market Liquidity:

Trading in securities on the exchange(s) may be halted because of market conditions or for reasons that in the view of the exchange Authorities or SEBI, trading in particular security is not advisable. In addition, trading in securities is subject to trading halts caused by extra ordinary market volatility and pursuant to Exchange 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.

ETF may Trade at Prices other than NAV:

ETF may trade above or below their NAV. The NAV or ETF will fluctuate with changes in the market value of Scheme's holdings of the underlying stocks. The trading prices of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand of ETF. However, given that ETF can be created and redeemed only in Creation Units directly with the Mutual Fund, it is expected that large discounts or premiums to the NAVs of ETFs will not sustain due to availability of arbitrage possibility.

iii. Regulatory Risk

Any changes in trading regulations by the Exchange(s) or SEBI may affect the ability of marker maker to arbitrage resulting into wider premium/ discount to NAV for ETFs. Because of halt of trading in market the Portfolio may not be able to achieve the stated objective.

iv. Asset Class Risk

The returns from the types of securities in which a portfolio manager invest may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of outperformance and underperformance in comparison of the general securities markets.

v. Performance Risk

Frequent rebalancing of Portfolio will result in higher brokerage/ transaction cost. Also, as the allocation to other securities can vary from 0% to 100%, there can be vast difference between the performance of the investments and returns generated by underlying securities.

vi. Interest Rate Risk

Changes in interest rates may affect the returns/ NAV 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.

vii. Credit Risk

Credit risk refers to the risk that an issuer of fixed income security may default or may be unable to make timely payments of principal and interest. NAV of units of the liquid scheme is also affected because of the perceived level of credit risk as well as actual event of default.

viii. Model Risk

Investments in the Market Linked Debentures (MLDs) are also subject to model risk. The MLDs are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

ix. Investments in Derivative Instruments

As and when investments are made in derivative instruments, there are risk factors and issues concerning the use of derivatives that the investors should understand. Derivative products are specialized instrument that require investment technique and risk analysis different from those associated with stocks. The use of derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivative requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price. There is a possibility that loss may be sustained by the Portfolio as a result of the failure of another party (usually referred as the "Counter party") to comply with the terms of the derivative contract. However, KAPM shall not leverage the portfolio for investment in derivatives. Other risks in using derivatives include but are not limited to:

(a) **Credit Risk** - this occurs when a counterparty defaults on a transaction before settlement and therefore it involves negotiation with another counter party, at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange.

(b) **Market Liquidity risk** where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.

(c) **Model Risk** is the risk of mispricing or improper valuation of derivatives.

(d) **Basis Risk** arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a derivative contract may result in an immediate and substantial loss or gain. However, the Portfolio Manager will not use derivative instruments, options or swap agreements for speculative purposes or to leverage its net assets and will comply with applicable SEBI Regulations. There may be a cost attached to buying derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares. The possible lack of a liquid secondary market for a derivatives contract may result in inability to close the derivatives positions prior to their maturity date.

x. Illiquidity Risk

The corporate debt market is relatively illiquid vis-a-vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Further, liquidity may occur only in specific lot sizes. Liquidity in a security can therefore suffer. Even though the Government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. Trading in specified debt securities on the Exchange may be halted because of market conditions or for reasons that in the view of the Exchange Authorities or SEBI, trading in the specified debt security is not advisable. There can be no assurance that the requirements of the securities market necessary to maintain the listing of specified debt security will continue to be met or will remain unchanged. In such a situation, the portfolio manager at his sole discretion will return the securities to the Client.

xi. Zero Return Risk

Returns on investments undertaken in structured securities would depend on occurrence /nonoccurrence of the specified event. Thus, returns may or may not accrue to an investor depending on the occurrence/non-occurrence of the specified event.

xii. Redemption Risk

The payoffs as envisaged in structured securities are such that the Client may lose a part/entire amount invested.

xiii. Risk of Real Estate investment

Investment in securities of companies investing in real estate is subject to risk of fluctuations in real estate prices. Portfolio returns are dependent on real estate market. Investor could lose money if real estate prices go down at the time of maturity.

6.3 Risk Factors associated with investments in Liquid Funds

The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds. Though the portfolio of liquid funds comprises of short-term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short-term interest rates of the government change, sometimes on a daily basis, thereby making the fund susceptible.

Liquid fund returns are not guaranteed, and it entirely depends on market movements.

6.4 Specific Risk factors & Disclosures - Structured Notes & Securitized debt instruments

i. Presently, secondary market for such securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investments to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

ii. Securitized transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However, many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

iii. The Structured Notes like the Index linked securities, in which funds are proposed to be invested in, are high risk instruments. A small movement in returns generated by the underlying index could have a large impact on their value and may also result in a loss.

iv. The Issuer of equity index linked securities or any of its Agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures and options (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 securities, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). The foregoing activities of ‘The Issuer of index linked securities” or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the securities. In particular, the value of the securities could be adversely impacted by a movement in the Reference Assets, or activities in related markets, including by any acts or inactions of ‘The Issuer of index linked securities” or any of its Agents;

v. The equity Index linked securities, even after being listed, may not be marketable or may not have a market at all;

vi. The returns on the Structured securities, primarily are linked to the S&P CNX Nifty Index and/or any other equity benchmark as the Reference Asset, and even otherwise, may be lower than prevalent market interest rates or even be nil or negative depending entirely on the movement in the underlying index and futures values as also that over the life of the securities (including the amount if any, payable on maturity, redemption, sale or disposition of the securities) the security holder may receive no income/return at all or negative income/return on the security, or less income/return than the security-holder may have expected, or obtained by investing elsewhere or in similar investments.

vii. The return on investment in securities would depend on the prevailing market conditions, both domestically as well as internationally. The returns mentioned in the term sheets are indicative and may or may not accrue to an investor accordingly.

viii. In equity index linked securities, in the event of any discretions to be exercised, in relation to method and manner of any of the computations including due to any disruptions in any of the financial markets or if for any other reason, the calculations cannot be made as per the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the issuer and may include the use of estimates and approximations. All such computations shall be valid and binding on the investor, and no liability there for will attach to the issuer of equity index linked securities / AMC;

ix. There is a risk of receiving lower than expected or negligible returns or returns lower than the initial investment amount in respect of such equity index linked securities over the life and/or part thereof or upon maturity, of the securities.

x. At any time during the life of such securities, the value of the securities may be substantially less than its redemption value. Further, the price of the securities may go down in case the credit rating of the company or issuer goes down.

xi. The securities and the return and/or maturity proceeds hereon, are not guaranteed or insured in any manner by the Issuer of equity index linked securities.

xii. The Issuer of equity index linked securities or any person acting on behalf of the Issuer of equity index linked securities, may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind.

xiii. The Issuer of equity index linked securities or any of its Agents, have the legal ability to invest in the units offered herein and such investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the investor, and/or its assets.

6.5 **Disclosures on Conflict of Interest:** The Portfolio Manager hereby confirm to the best of their knowledge the following:

Particulars	**Disclosures**
Any transactions of purchase and sale of Securities by Portfolio manager and its employees who are directly involved in investment process are found having conflict of interest with the transactions in any of the Client's Portfolio?	1. The Company has stringent policy to deal with conflict of interest transactions by the Portfolio Manager and its employees, who are directly involved in investment process. 2. Violations (if any) are dealt with strictly according to the regulations and policy already laid out.
Does the Portfolio Manager avail any services offered by its group companies or associates?	Yes. We may avail broking services of group companies or associates.

7. Client Representation

7.1 Details of Client's accounts activated

Category of clients	**No. of clients**	**Funds managed (Rs. Cr.)**	**Discretionary / Non-Discretionary (if available)**
Associates / group companies (Last 3 years)	0	0	0
Others (last 3 years) March 2022	22	2.624	**Discretionary**

March 2023 March 2024	18 0	2.057 0	
Total	**40**	**4.681**	**0**

7.2 Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.

The Portfolio Manager has undertaken transactions with its group entities.

(A) As Per IND AS 24, the disclosures of transaction with the related parties are given below :

List of related parties where control exists and also related parties with whom transactions have taken place and relationships :

Nature of relationship	Name of party #
Directors & their relatives	Mr. R. Venkataraman– Chairman & Managing Director (till May 14, 2024) ,Chairman & Non-Executive Director (w.e.f. May 15, 2024)
	Mr. Nemkumar H - Whole Time Director (w.e.f. October 17, 2023) & Managing Director (w.e.f. May 15, 2024)
	Mr. Narendra Jain - Whole Time Director
	Mr. Anand Bathiya - Independent Director
	Mr. Viswanathan Krishnan - Independent Director
	Ms. Rekha Warriar - Independent Director
	Mrs. Aditi Athavankar (wife of Mr. R. Venkataraman)
	Mr. Shamik Das Sharma - Independent Director
Subsidiaries Company	IIFL Commodities Limited
	India Infoline Foundation (a section 8 Company)
	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)
	IIFL Management Services Limited
	Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited) (Formerly IIFL Asset Reconstruction Limited)
	IIFL Facilities Services Limited
	IIFL Securities Alternate Asset Management Limited
	IIFL Capital Inc
	IIFL Securities Services IFSC Limited
	IIFL Wealth (UK) Limited
	Meenakshi Towers LLP
Step Down Subsidiaries	Shreyans Foundation LLP
Other Related Parties	IIFL Finance Limited
	IIHFL Sales Limited
	5paisa Capital Limited
	IIFL Home Finance Limited
	360 ONE Wam Limited (Formerly known as IIFL Wealth Management Limited)
	FIH Mauritius Investments Limited
	360 One Prime Limited (Formerly IIFL Wealth Finance Limited)
	360 One Asset Management Limited
	360 One Distribution Services Limited (Formerly IIFL Wealth Distribution Services Limited) (Formerly known as IIFL Distribution Services Limited)
	IIFL Open Fintech Private Limited
	IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)
	Orpheus Trading Private Limited
	Ardent Impex Private Limited
	Mr. Nirmal Jain - Promoter
	Mrs. Madhu Jain - (wife of Nirmal Jain)

 # The above list includes related parties with whom transactions have been carried out during the year.

(B) Significant Transactions with Related Parties

(₹ in Million)

Nature of transaction	FY 2023-24	FY 2022-23
Subscription to equity share capital :-		
a) Subsidiaries		
IIFL Commodities Limited	91.87	-
IIFL Securities Alternate Asset Management Limited	90.00	-
Brokerage Income/Delayed Payin Charges, etc. :-		
a) Subsidiaries		
IIFL Facilities Services Limited	0.09	0.37
IIFL Management Services Limited	0.02	1.85
b) Other Related Parties		
IIFL Finance Limited	0.95	2.61
360 One Prime Limited	9.96	-
IIFL Home Finance Limited	0.69	-
Nirmal Jain	1.51	-
Ardent Impex Private Limited	0.26	-
Orpheus Trading Private Limited	0.25	-
FIH Mauritius Investments Limited	62.87	-
c) Directors & their relatives, Key Managerial Personnel		
Madhu Jain	5.97	0.02
Aditi Athavankar	0.02	0.06
R. Venkataraman	1.99	0.86
Narendra Jain	0.00	0.00
Interest Income - Inter Corporate Deposit/Others :-		
a) Subsidiaries		
Livlong Protection & Wellness Solutions Limited	7.07	0.13
IIFL Commodities Limited	10.11	4.12
IIFL Management Services Limited	2.91	13.21
IIFL Facilities Services Limited	33.35	0.92
b) Other Related Parties		
IIFL Finance Limited	2.41	-
Distribution Income:-		
a) Subsidiaries		
IIFL Management Services Limited	0.42	1.40
Livlong Protection & Wellness Solutions Limited	0.21	0.04
b) Other Related Parties		
IIFL Finance Limited	50.89	69.30
360 One Asset Management Limited	89.08	169.41
360 One Prime Limited	7.52	-
IIFL Samasta Finance Limited	42.65	-
FIH Mauritius Investments Limited	87.76	-

(₹ in Million)

Nature of transaction		FY 2023-24	FY 2022-23
Remuneration:-			
	Directors	91.89	66.51
Director's commission / Sitting Fees:-			
	Anand Bhatiya	1.72	1.57
	Rekha Warriar	1.56	1.54
	Viswanathan Krishnan	1.64	1.59
	Shamik Das Sharma	1.44	1.32
Rent Income :-			
a)	**Other Related Parties**		
	5Paisa Capital Limited	0.88	6.18
Dividend Income:-			
a)	**Subsidiaries**		
	Livlong Insurance Brokers Limited	250.00	200.00
	IIFL Facilities Services Limited	-	225.00
Interest Expenses on Inter Corporate Deposit:-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited	-	1.20
b)	**Other Related Parties**		
	IIFL Finance Limited	33.72	51.33
	IIFL Home Finance Limited	88.14	1.51
Corporate Social Responsibility Expenses:-			
a)	**Subsidiaries**		
	India Infoline Foundation	54.08	51.92
Rent Expenses			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited	161.39	200.35
b)	**Other Related Parties**		
	360 ONE Wam Limited	23.01	46.03
c)	**Director or their relatives**		
	Aditi Athavankar	2.40	2.40
Marketing & Commission & Brokerage:-			
a)	**Subsidiaries**		
	IIFL Capital Inc	213.00	136.36
b)	**Other Related Parties**		
	360 ONE Wam Limited	-	1.02
	360 One Distibution Services Limited	177.50	0.09
	IIFL Samasta Finance Limited	0.02	-

(₹ in Million)

Nature of transaction	FY 2023-24	FY 2022-23
Inter Corporate Deposit Taken :-		
a) Subsidiaries		
IIFL Facilities Services Limited	90.00	3,245.00
b) Other Related Parties		
IIFL Finance Limited	10,750.00	10,650.00
IIFL Home Finance Limited	10,250.00	3,700.00
Inter Corporate Deposit Taken & Repaid :-		
a) Subsidiaries		
IIFL Facilities Services Limited	90.00	3,245.00
b) Other Related Parties		
IIFL Finance Limited	10,750.00	10,650.00
IIFL Home Finance Limited	10,250.00	3,700.00
Inter Corporate Deposit Given : -		
a) Subsidiaries		
IIFL Facilities Services Limited	1,229.00	760.00
IIFL Management Services Limited	3,519.40	1,520.00
IIFL Commodities Limited	78.06	60.00
Livlong Protection & Wellness Solutions Limited	70.00	10.00
b) Other Related Parties		
IIFL Finance Limited	1,000.00	-
Inter Corporate Deposit Given & Received Back : -		
a) Subsidiaries		
IIFL Facilities Services Limited	865.00	760.00
IIFL Management Services Limited	3,519.40	1,680.00
IIFL Commodities Limited	92.06	15.00
Livlong Protection & Wellness Solutions Limited	70.00	10.00
b) Other Related Parties		
IIFL Finance Limited	1,000.00	-
Deposit - Received Back		
a) Subsidiaries		
IIFL Facilities Services Limited	21.27	12.70
Deposit - Taken/(Return Back)		
a) Other Related Parties		
5Paisa Capital Limited	(3.53)	0.46
Allocation / Reimbursement of expenses Paid :-		
a) Subsidiaries		
IIFL Facilities Services Limited	19.61	22.11
IIFL Management Services Limited	1.20	0.68
b) Other Related Parties		
IIFL Home Finance Limited	4.86	6.59
IIFL Finance Limited	36.47	28.79
5paisa Capital Limited	27.38	13.97

(₹ in Million)

Nature of transaction		FY 2023-24	FY 2022-23
Allocation / Reimbursement of expenses Received :-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited	0.27	-
	Livlong Insurance Brokers Limited	0.56	4.65
	Livlong Protection & Wellness Solutions Limited	9.87	9.83
	IIFL Management Services Limited	1.43	0.33
b)	**Other Related Parties**		
	IIHFL Sales Limited	0.13	0.15
	IIFL Finance Limited	110.41	95.01
	IIFL Home Finance Limited	31.81	32.12
	5paisa Capital Limited	41.73	54.53
	IIFL Open Fintech Private Limited	0.01	-
Others Paid :-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited	1.48	0.15
	Livlong Protection & Wellness Solutions Limited	0.04	0.11
	IIFL Commodities Limited	0.02	0.01
	IIFL Management Services Limited	0.05	0.40
	Livlong Insurance Brokers Limited	0.08	1.78
	India Infoline Foundation	-	0.10
b)	**Other Related Parties**		
	IIFL Finance Limited	0.82	7.83
	5paisa Capital Limited	0.24	3.71
	IIFL Home Finance Limited	0.19	3.61
Others Received :-			
a)	**Subsidiaries**		
	IIFL Facilities Services Limited	0.44	0.71
	IIFL Commodities Limited	0.00	-
	IIFL Management Services Limited	0.96	0.60
	Livlong Protection & Wellness Solutions Limited	0.01	2.76
	India Infoline Foundation	-	0.20
	Livlong Insurance Brokers Limited	0.53	1.78
	IIFL Securities Services IFSC Limited	0.66	0.63
b)	**Other Related Parties**		
	IIFL Finance Limited	2.21	8.30
	IIHFL Sales Limited	-	0.02
	5paisa Capital Limited	0.22	2.16
	IIFL Home Finance Limited	0.15	2.12

(C) Closing Balance

(₹ in Million)

Nature of transaction	As at March 31, 2024	As at March 31, 2023
Sundry Payable :-		
a) Subsidiaries		
IIFL Capital Inc	44.09	32.85
IIFL Management Services Limited	-	0.08
IIFL Commodities Limited	0.00	0.00
IIFL Facilities Services Limited	-	1.08
b) Other Related Parties		
IIFL Finance Limited	-	6.94
IIFL Home Finance Limited	-	0.36
5Paisa Capital limited	-	6.98
360 One Distibution Services Limited	16.80	-
IIFL Samasta Finance Limited	0.03	-
c) Director & their relatives, Key Managerial Persons		
R. Venkataraman	17.37	-
Nirmal Jain	0.19	-
Mrs. Aditi Athavankar	0.00	-
Madhu Jain	8.88	6.31
Security Deposit Taken		
a) Other Related Parties		
5paisa Capital Limited	-	3.53
Sundry Receivable :-		
a) Subsidiaries		
IIFL Facilities Services Limited	0.35	-
IIFL Management Services Limited	0.76	-
India Infoline Foundation	-	0.10
Livlong Protection & Wellness Solutions Limited	12.03	14.11
IIFL Securities Services IFSC Limited	3.78	3.11
Livlong Insurance Brokers Limited	0.06	1.20
b) Other Related Parties		
IIFL Home Finance Limited	3.07	-
IIFL Finance Limited	8.65	-
IIFL Asset Management Limited	-	0.78
IIHFL Sales Limited	0.00	0.00
5paisa Capital Limited	5.26	-
Ardent Impex Private Limited	0.00	-
IIFL Open Fintech Private Limited	0.00	-
c) Director		
R. Venkataraman	-	0.00

(₹ in Million)

Nature of transaction	As at March 31, 2024	As at March 31, 2023
Inter Corporate Deposit Given:-		
a) Subsidiaries		
IIFL Facilities Services Limited	364.00	-
IIFL Commodities Limited	31.00	45.00
Security Deposit Given:-		
a) Subsidiaries		
IIFL Facilities Services Limited	79.42	100.70
b) Director & their relatives		
Mrs. Aditi Athavankar	50.00	50.00
Interest accrued but not due:-		
a) Other related parties		
IIFL Home Finance Limited	3.28	3.31
Investment in market linked debenture:-		
a) Other related parties		
IIFL Home Finance Limited	-	80.00
Investment in equity shares of subsidairies:-		
IIFL Facilities Services Limited	321.40	321.40
IIFL Commodities Limited	111.87	20.00
Livlong Insurance Brokers Limited	43.41	43.41
IIFL Management Services Limited	10.00	10.00
IIFL Wealth (UK) Limited	11.20	11.20
IIFL Capital Inc	40.29	40.29
Livlong Protection & Wellness Solutions Limited	41.93	41.93
IIFL Securities Services IFSC Limited	5.00	5.00
IIFL Securities Alternate Asset Management Ltd	90.00	-

Note:-

i) Amount is less than ₹ 0.01 Million, hence shown ₹ 0.00 Million, wherever applicable.

ii) As the future liability for retirement and other employee benefits is provided on an actuarial basis for the Company as a whole, the amount pertaining to directors and key managerial personnel is not included above.

iii) 360 ONE Wam Limited (Formerly known as IIFL Wealth Management Limited) has provided a letter of undertaking-cum-indemnity to the Company towards a civil suit pending against IIFL Wealth (UK)Ltd., a wholly owned subsidiary of the Company, inter-alia, to defend the said suit and indemnify the Company and its directors against claims, if any, arising from the same.

7.3 Financial Performance

The Financial Performance of the Portfolio Manager (based on audited financial statements) (in Rs. crore).

Particulars	(FY 2021-22)	(FY 2022-23)	(FY 2023-24)
Profit / (Loss) Before Depreciation & Taxation	423.08	426.54	799.59
Net Profit / (Loss) after Depreciation & Taxation	284.11	283.43	534.53
Shareholder's Funds	949.21	1150.24	1608.23
Share Capital	60.79	61.10	61.57
Reserves & Surplus	888.42	1089.14	1546.66

8. Performance of Portfolio Manager

This section will be updated once the Portfolio Manager starts rendering the portfolio management services. Performance indicators will be calculated using time weighted average method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulation, 2020 as amended from time to time once the Portfolio Manager starts rendering the portfolio management services.

Note:

- Calculation of return is done based on Time Weighted Average Rate of Return method. Performance data is based on net of all fees and all expenses (including taxes).
- All cash holdings and investments in liquid funds have been considered for calculation of performance.
- Performance related information provided above is not verified by SEBI and past performance may or may not sustain in the future.
- Net of all expenses and investor returns may differ, based on their period of investment, fee structure and point of capital flows.

TWRR is not applicable in case of the Co-investment Portfolio Manager Investment Approach.

9. Audit Observations

There have been no adverse observations reported by the statutory auditor in last preceding 3 years.

10. Nature of expenses

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements. With Effect from October 1, 2020, operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM).

a. **Management Fees / Advisory Fees**: Professional charges relate to the Portfolio management services offered to clients. The fee may be a fixed charge or a percentage of the quantum of funds managed and may be return based or a combination of any of these. Return based fees shall be calculated on "High Water Mark Principle".

b. **Custodian/Depository Fees:** The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization, rematerialisation and other charges in connection with the operation and management of the depository accounts.

c. **Registrar and transfer agent fee**: Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.

d. **Brokerage and transaction costs:** The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.

e. **Certification and professional charges**: Charges payable for out sourced professional services like accounting, auditing taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities.

f. **Incidental Expenses**: Charges in connection with the courier expenses, stamp duty, service tax, depository charges, postal, telegraphic, opening and operation of bank accounts etc.

g. **Other charges**: As may be mutually agreed between client and Portfolio Manager for the purpose of rendering Portfolio Management Services and ancillary activities to PMS

Manner of payment: Client shall pay by way of cheque/ DD/ Debit to the client portfolio account, as per the respective fee schedule applicable to the portfolio services opted by the client.

Indicative Nature of Expenses for Clients

I.	**Investment Management and Advisory Fee[1]**	
	1. Performance Fee	Up to 30% of portfolio return delivered.
	2. Management Fees based on asset under management (AUM)	Up to 3% on AUM
	2. Management Fees based on asset under advisory (AUA)	Up to 2.5% on AUA
	3. Exit Loads (if redeemed in part or full)	
	(a) In the first year from the date of investment	Up to 3% of the amount redeemed
	(b) In the second year from the date of investment	Up to 2% of the amount redeemed
	(c) In the third year from the date of investment	Up to 1% of the amount redeemed
	(d) After three years from the date of investment	No exit load
II.	**Brokerage and Transaction Costs**	At Actuals
III.	**Custodian Fee**	Not exceeding 0.50% p.a. of the Client's average daily AUM
IV.	**Fund Accounting Charges**	
V.	**Registrar and Transfer Agent Fee**	
VI.	**Certification and professional charges**	
VII.	**Incidental Expenses**	
VIII.	**Other Charges**	

[1] Subject to such discretion of the Portfolio Manager including to reduce, increase or waive such fee(s) as may be agreed between the Portfolio Manager and the concern Client.

11. Taxation

12.1 General

In view of the individual nature of tax consequences, each client is advised to consult his or her tax advisor with respect to the specific tax consequences arising to him/her from participation in any of the investments. The tax implications given below are based on the existing provisions of the Income tax Act, 1961 ('the IT Act') and rules made thereunder. The Portfolio Manager accepts no responsibility for any loss suffered by any Investor as a result of current taxation law and practice or any changes thereto.

11.1.1. Tax Rates

The rates specified in this section pertain to the financial year ('FY') 2024-25 as per the amendments proposed by the Finance Bill, 2024 ('FB 2024')[2]. The rates are exclusive of Surcharge and Health and Education cess as leviable.

A. Dividend

The Finance Act, 2020 has reintroduced the classical system of taxing dividends in the hands of the shareholders. Where the dividend income has been offered to tax on net basis, expenses may be claimed against dividend income with specific limits specified for interest expense.

Dividend income shall be taxable in the hands of the unitholder as under:

Particulars	Tax rate[3]
Non-resident shareholders (on a gross basis i.e. without allowing any deduction for expenses)	20%
Resident shareholders (other than companies and firm/ LLP)	As per applicable slab rates
Firms/ LLPs	30%
Indian companies	22%/ 25%/ 30%[4]

[2] Subject to assent of President of India

[3] The above rates will be increased by applicable surcharge and health and education cess

B. Interest

Classification of interest income is a matter of dispute with contradicting judicial precedents. Whether interest income would be assessable as business income or income from other sources would depend upon the nexus it has with the assessee's activities.

Given the investment objective of the Fund, interest income should be characterised as income from other sources.
Interest income shall be taxable in the hands of the unitholder as follows:

Particulars	Tax rate
Non-resident shareholders other than foreign companies	Upto 30%
Resident shareholders (other than companies and firm/ LLP)	As per applicable slab rates
Firms/ LLPs	30%
Indian companies	22%/ 25%/ 30%
Foreign Companies	40%

C. Capital Gains on sale of securities

Type of instrument	Period of holding immediately preceding the date of transfer	
Listed securities	More than 12 months	Long-term Capital Asset
	12 months or less	Short-term Capital Asset
Unlisted shares	More than 24 months	Long-term Capital Asset
	24 months or less	Short-term Capital Asset
Other securities	More than 36 months	Long-term Capital Asset
	36 months or less	Short-term Capital Asset

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[4] If the total turnover of the resident corporate investor does not exceed INR 4000 million during financial year 2021-22, a concessional rate of 25% (plus applicable surcharge and health and education cess) shall apply. Further, as per section:

- Section 115BAA - Corporate tax rate for domestic companies is reduced to 22% (excluding surcharge and health and education cess) subject to condition that they will not avail any incentives or exemptions. Further, no Minimum Alternate Tax (MAT) applicable on such companies.

Tax Rates under domestic laws[5]

Nature of Income	Tax rate for beneficiaries who are resident firms, domestic companies	Tax rate for any other beneficiaries
	%	%
Short-term capital gains on transfer of (i) listed equity shares on a recognized stock exchange, (ii) to be listed equity shares sold through offer for sale and on which STT has been paid	20	20
Short-term capital gains (other than on listed shares)	22/25/30 for domestic companies / 30% for firms	As per slab rates- highest rate being 30 (for resident) / 40 (for non-resident)
Long-term capital gains exceeding INR 1 lakhs on transfer of (i) listed equity shares on a recognized stock exchange, (ii) to be listed equity shares sold through offer for sale or and on which STT has been paid[6]	12.5	12.5
Long-term capital gains on transfer of listed bonds or listed debentures[7]	12.5	12.5
Long-term capital gains on transfer of unlisted bonds, units of mutual fund (other than equity-oriented		

[5] The above rates will be increased by applicable surcharge and health and education cess.

[6] The Finance Act, 2018, has introduced section 112A of the ITA to provide for taxation of long-term capital gains exceeding Rs. 1,00,000 (computed without considering indexation benefit and foreign exchange fluctuation benefit) arising on listed equity shares, or to be listed equity share at 10% (exclusive of surcharge and health and education cess). Further, STT should be paid at the time of acquisition (except in some acquisitions, notification has been issued in this regard on 1st October 2018)) and sale of the securities.

[7] The Indian tax authorities may seek to apply a higher rate of 20% (plus applicable surcharge and health and education cess) without indexation on long-term capital gains arising on sale of listed bonds and debentures.

Nature of Income	Tax rate for beneficiaries who are resident firms, domestic companies	Tax rate for any other beneficiaries
mutual fund) or unlisted debentures		
Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures)	12.5	12.5
Long-term capital gains on transfer of listed securities [other than units of mutual funds, listed bonds and listed debentures] and on which STT has not been paid	12.5	12.5
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund	12.5%	12.5%

D. Surcharge and health and education cess

The above rates of income-tax shall be increased by the following surcharge on income-tax and education cess on income-tax and surcharge:

For the Financial Year 2024-25	Surcharge on income-tax
Resident companies with income exceeding: - INR 10 million but less than INR 100 million - INR 100 million	 7% 12%
Resident companies opting for taxation under section 115BAA and section 115BAB	10%
Non-resident companies with income exceeding: - INR 10 million but less than INR 100 million - INR 100 million	 2% 5%

For the Financial Year 2024-25	Surcharge on income-tax
Firm/ LLP with total income exceeding INR 10 million	12%
Resident and non-resident individuals/Association of Persons (AOP), Body of Individuals (BOI) and Artificial Juridical Persons (AJP) with total income (including dividend income and income under section 111A and 112A of the Act) exceeding INR 5 million but less than INR 10 million	10%
Resident and non-resident Individuals/AOP/BOI/AJP with total income (including dividend income and income under section 111A and 112A of the Act) exceeding INR 10 million but less than INR 20 million	15%
Resident and non-resident Individuals with total income (excluding dividend income and income under section 111A and 112A of the Act) exceeding INR 20 million but less than INR 50 million	25%
Resident and non-resident Individuals with total income (excluding dividend income and income under section 111A and 112A of the Act) exceeding INR 50 million	37%
On buy-back tax	12%

In addition to the surcharge and health and education cess is chargeable at 4% on income-tax and surcharge.

E. Gains are characterised as 'business income'

If the gains are characterised as business income, then the same is taxable on net income basis at the rate of 30% for resident investors. The Finance Act has reduced the tax rate to 25% in case of domestic companies having a total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2021-22. Kindly note, we have assumed highest rate for resident individual investors. Also, domestic companies have the option to pay tax on total income at the rate of 15% or 22% subject to fulfillment of certain conditions. If the gains are characterised as business income, then the same are taxable on net income basis at 40% for foreign company if it has a business connection/ permanent establishment in India, and such income is attributable to the business connection/ permanent establishment of the non-resident in India. Further, for non-resident investors (other than a foreign company) a tax rate of 30% is levied.

F. Premium on redemption:

There are no specific provisions contained in the ITA, with regard to the characterisation of the premium received on redemption of debentures. Redemption premium earned on account of redemption of Non-Convertible Debentures/ Optionally Convertible Debentures, may be classified as capital gains or interest. The characterisation of premium on redemption of debentures as interest or a capital receipt has to be decided based on factors surrounding the relevant case and within the framework of the following features:

- The term of the loan,
- The rate of interest expressly stipulated for (whether at arm's length, whether contains premium over risk free rate of return, etc.),
- The nature of the risk undertaken:
- Interest rate risk (e.g. Changes in prevailing market interest rates)
- Capital risk (e.g. Risk of loss of capital)
- Industry risk (real estate being quite volatile sector)
- Limited Exit Opportunities (e.g. Redemption option at the end of the 37th month and limitations with respect to purchaser in the open market)
- Country risk (e.g. economic risks - slowdown in economic growth or macro-economic imbalances, political instability and related risks, laws and tax related risks - retrospective amendments)

G. Currency risk adverse change in exchange rate

In order to characterise the redemption premium as capital gains, one need to demonstrate and substantiate (with requisite documentation) that any premium paid is on account of above referred risks. Preferable, one should be able to provide broad bifurcation of premium against each category of risk. Where redemption premium is classified as capital gains, the same is taxable at the rate specified against capital gains. If redemption premium is classified as interest, it is taxable at the rate specified against interest.

H. Proceeds on buy-back of shares by a domestic company

- Gross proceeds received from share buybacks (in compliance with Companies Act, 2013) to be treated as 'deemed dividend' in the hands of shareholders starting from October 1, 2024.

- **Deductions**: No deductions allowed against the deemed dividend income, including the cost of shares or any other expenses

- **Capital Loss**: Shareholders can offset capital losses up to the cost of shares bought back against capital gains, with the period of holding considered from acquisition/allotment until buyback date

- **Withholding Tax:** Companies required to withhold taxes at 10% for residents and applicable rates for non-residents

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12.2 Other tax considerations

A. Advance tax instalment obligations

It will be the responsibility of the investors to meet the advance tax obligation instalments payable on the due dates prescribed under the ITA.

B. Tax deduction at source

Section 206AA of the ITA

The income tax provisions (section 206AA of the ITA) provide that where a recipient of income (who is subject to withholding provisions) does not furnish its Permanent Account Number ('PAN'), then tax is required to be deducted by the payer at the higher of the following i.e., (i) rates specified in the relevant provisions of the ITA; (ii) rates in force; or (iii) at 20%.

In the case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate shall not apply if they furnish certain prescribed information / documents. The CBDT had issued a notification granting certain relaxations from deduction of tax at a higher rate in the case of non-resident investors or a foreign company. The provisions of section 206AA of the ITA does not apply in respect of payments to be made which are in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, provided the deductee furnishes certain details and specified documents to the deductor.

Section 206AB of the ITA

The Finance Act, 2021 has introduced a new provision - section 206AB in the ITA for deducting tax at higher rates on payments made to non-filers of income-tax returns. Section 206AB of the ITA applies where any sum or income or amount is paid, or payable or credited, by a person to a specified person and tax is required to be deducted at source as per provisions of the ITA (except under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the ITA).

Specified person shall not include a non-resident who does not have a permanent establishment in India.

In case the aforesaid section is applicable, tax shall be deducted at higher of the followings rates:

- twice the rate specified in the relevant provision of the ITA; or
- twice the rate or rates in force; or

- the rate of five per cent.

If provisions of section 206AA and section 206AB of the ITA are applicable to a specified person, then, tax shall be deducted at higher of the two rates provided under the respective sections of the IT Act. Withholding tax on purchase of goods The Finance Act, 2021 has introduced a new provision - section 194Q in the ITA. The section provides that any person (i.e. buyer) who is responsible for paying any sum to any resident (i.e. seller) for the purchase of any goods (likely to include shares and securities) of the value or aggregate of such value exceeding INR 50 lakhs in any previous year, shall deduct an amount equal to 0.1%. of such sum exceeding INR 50 lakhs. The buyer shall be required deduct such tax at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier. Further, the term 'buyer' has been defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceeds INR 10 crores during the Financial Year immediately preceding the Financial Year in which the purchase of goods is carried out. The section further provides that if any sum is credited to any account, whether called "suspense account" or by any other name, in the books of the buyer liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee (i.e. seller) and the provisions of this section shall apply accordingly.

However, the provisions of section 194Q shall not apply to transactions on which:

a. tax is deductible under any of the provision of the ITA; and

b. tax is collectible under the provisions of section 206C of the ITA other than transaction to which section 206C(1H) of the ITA applies.

C. Collection of tax at source

Section 206C(1H) of the ITA mandates a seller to collect tax at source at the rate of 0.1% of the consideration value of the goods (likely to include shares and securities) sold exceeding value of INR 50 lakhs. The seller has been defined to mean a person whose total sales, gross receipts or turnover from the business carried on by him exceeds INR 10 crores during the specific earlier year. If the buyer does not provide PAN or Aadhaar number to the seller, then the tax rate would be 1% (section 206CC). In a situation, where the buyer is liable to undertake withholding obligations and has undertaken the said obligation, the seller will not be liable to collect tax at source.

Having said the above, the CBDT vide its Circular dated 29 September 2020, stated that the provisions of 206C(1H) shall not apply to transactions in securities and commodities which are traded through recognized stock exchanges.

Vide section 206CCA, section, tax will be required to be collected at the higher of the i.e., (i) rates specified in the relevant provisions of the ITA; or (ii) at 5% (five per cent) by a person at the time of receipt of any sum from a specified person. In this context, the term 'specified person' means a person who has not filed the tax returns for the specific defined past two years and the tax withheld and tax collected at source is INR 50,000 or more for the said two years. Further, the specified person to not include a non-resident who does not have a permanent establishment in India.

If both the above-mentioned provisions are applicable (i.e. section 206CC and 206CCA), the tax will be collected at the higher of the two rates derived in both the sections.

D. Foreign Portfolio Investors

Per section 2(14) of the ITA, any investment in securities made by FPIs in accordance with the regulations made under the Securities and Exchange Board of India is treated as a capital asset. Consequently, any income arising from transfer of securities by FPIs are to be treated as capital gains. Under section 115AD of the ITA, long-term capital gains arising from transfer of securities are taxable at 10%.

Under section 115AD of the ITA, interest and dividend income earned by FPIs are taxable at 20%.

Per section 196D of the ITA, no deduction of tax is made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD which is payable to FPI. However, tax shall be deducted under section 196D of the ITA with respect to interest income and dividend income at the rate of 20%.

These tax rates are subject to the rates specified in the applicable tax treaties and subject to fulfillment of conditions specified therein and under the ITA for availing such benefits.

E. Tax Treaty Benefits for Non-Resident investors

Per Section 90(2) of the ITA, the provisions of the ITA, are applicable to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investor (subject to General Anti Avoidance Rules ('GAAR') provisions discussed below and to the extent of availability of Tax Treaty benefits to the non-resident investors).

Section 90(1) of the ITA provides that the Central Government may enter into Tax Treaty for granting relief in respect of income tax, 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 of residents of any other country or territory.

Having said the above, it may be noted that no assurance can be provided that the Tax Treaty benefits will be available to the non-resident investors or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future. This chapter does not discuss the tax implications applicable to the non-residents under a beneficial Tax Treaty, which would need to be analysed separately based on the specific facts.

The taxability of such income of the non-resident investors, in the absence of Tax Treaty benefits or from a country with which India has no Tax Treaty, is in accordance with the provisions of the ITA.

F. Tax Residency Certificate ('TRC')

In order to claim Tax Treaty benefits, the non-resident investors have to obtain the TRC as issued by the relevant authorities of its home jurisdiction. Further, the non-resident investors are required to furnish such other information or document as may be prescribed. In this connection, the CBDT vide its notification dated 1 August 2013 had prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC. The tax authorities may grant Tax Treaty benefit (after verifying the TRC) based on the facts of each case.

G. Non-resident investors (including FPI)

A non-resident investor is 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 ITA.

Per Section 6 of the ITA, a foreign company is treated as a tax resident in India if its place of effective management ('POEM') is in India in that year. 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 are, in substance made. In case, the foreign company has a POEM in India, it qualifies as a resident of India for tax purposes and consequently, its worldwide income is taxable in India. In this connection, the CBDT issued a notification dated 22 June 2018, prescribing special provisions regarding taxation of foreign companies which are regarded as residents in India on account of its POEM being in India. Further, the foreign company might also not be entitled to claim the benefits of a Tax Treaty between India and the country of residence of the foreign company.

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 lay 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 do not apply to companies having turnover or gross receipts less than or equal to INR 50 crores during the Financial Year.

Per section 90(2) of the ITA, the provisions of the ITA apply to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investor (subject to GAAR provisions discussed below).

Per the Finance Act 2020, section 90(1) of the ITA is amended to provide that the Central Government may enter into Tax Treaty for granting relief in respect of income tax, 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 of residents of any other country or territory).

However, no assurance can be provided that the Tax Treaty benefits will be available to the non-resident investor or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future. The taxability of such income of the non-resident investor, in the absence of Tax Treaty benefits or where the non-resident investor is from a country with which India has no Tax Treaty, would be as per the provisions of the ITA.

H. STT

STT is applicable on various transactions as follows:

a. 0.10% on the purchase of equity shares in a company and units of business truston a recognised stock exchange in India where the contract for purchase is settled by the actual delivery or transfer of shares;
b. 0.10% on the sale of equity shares in a company or sale of units of a business trust on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of shares;
c. 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
d. 0.025% on the sale of equity shares in a company or units of equity oriented funds or units of a business trust 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;
e. 0.02% on the sale of futures in securities;
f. 0.02% on the sale of options in securities;
g. 0.125% of the difference between the strike price and settlement price of the option, where the options are exercised;
h. 0.001% on the sale of units of equity oriented fund to the Mutual Fund.
i. 0.2% on sale of unlisted equity shares under an offer for sale

I. Receipt of any property at a value below fair market value

In case, a resident subscribes to the shares of an Indian closely held company at a premium and the total consideration for subscription exceeds the face value of such shares, the difference between the total consideration for subscription and FMV of such shares is considered as income from other sources. The same would be subject to tax in the hands of the investee companies under section 56(2)(viib) of the ITA. For the above purposes, the FMV of shares is determined as per detailed rules prescribed or as may be substantiated by the company to the satisfaction of the tax officer based on the value of assets and liabilities, whichever is higher

J. Transfer of unquoted shares at less than fair market value

Per Section 50CA of ITA, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value, then the fair market value is deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has notified rules for computation of FMV for the purpose of section 50CA of the ITA.

Per the Finance (No. 2) Act, 2019, the provision of section 50CA do not apply to any consideration received/ accruing on transfer by certain class of persons and subject to fulfillment of conditions, as may be prescribed.

K. Deemed income on investment in securities

Section 56(2)(x) of the ITA provides that if any assessee receives any property (including securities) without consideration or for inadequate consideration in excess of INR 50,000 as compared to the fair market value, fair market value in excess of such consideration is taxable in the hands of the recipient as ‘Income from Other Sources’. The tax rates are 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 ITA.

Per the Finance (No.2) Act, 2019, the provision of section 56(2)(x) of the ITA do not apply to any sum of money or any property received by such class of persons and subject to fulfillment of conditions as may be prescribed.

Such deemed income is chargeable to tax (i) at the rate of 30% in case of resident investors (assuming highest slab rate for resident individual) (ii) at the rate of 40% in case of foreign companies and (iii) at the rate of 30% in case of non-resident (assuming highest slab rate for non-resident individual).

In the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2019-20, the tax rate is 25%. Per the Taxation Laws (Amendment) Act, 2019, domestic companies have the option to pay tax on total income at the rate of 15% or 22% depending on fulfillment of certain conditions and their nature of business.

The Finance Act 2020 has inserted a new section 115BAC in the ITA. Per the said section, Individuals and HUF have an option to pay tax on their total income at the reduced tax rates. The income would, however, have to be computed without claiming prescribed deductions or exemptions.

L. GAAR

The Finance Act, 2012 had introduced General Anti-Avoidance Rules ('GAAR') into ITA, which, subsequent to the amendments introduced by the Finance Act, 2015, has come into effect from April 1, 2017. Further, it has been announced that GAAR would be applicable only to investments made on or after April 1, 2017.

As per the provisions of ITA, Indian tax authorities have been granted wide powers to tax 'impermissible avoidance arrangements' including the power to disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa. The GAAR provisions are potentially applicable to any transaction or any part thereof.

The term 'impermissible avoidance arrangement' has been defined to mean an arrangement where the main purpose is to obtain a tax benefit, and it:

1. creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
2. results, directly or indirectly, in the misuse, or abuse, of the provisions of ITA;
3. lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or
4. is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

Further, an arrangement shall be presumed, unless it is proved to the contrary by the taxpayer, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit. The arrangement shall be deemed to lack commercial substance (amongst other factors) if:

1. the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or

2. it involves or includes:
   a) round trip financing;
   b) an accommodating party;

c) elements that have effect of offsetting or cancelling each other; or

d) a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter of such transaction; or

3. it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining a tax benefit for a party; or

4. it does not have a significant effect upon the business risks or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained.

In case the GAAR is applied to any transaction pertaining to the Fund, it could have an adverse impact on the taxability of the Fund and the returns to the Contributors/ Investors.

M. 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; and

e. the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

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).

N. 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 is an agreement negotiated under Action 15 of the OECD/G20 BEPS Project. As opposed to bilateral Double Taxation Avoidance Agreements, the MLI is intended to allow jurisdictions to swiftly amend their tax treaties to include the Tax Treaty-related BEPS recommendations in multiple Tax Treaties. MLI seeks to curb tax planning strategies that have the effect of shifting profits to low or no tax jurisdictions, supplements or modifies existing tax treaties etc.

The final impact of the MLI on a Tax Treaty is dependent on both the contracting states to the Tax Treaty having deposited their respective instruments of ratification with their final MLI Positions with the OECD Depositary. The MLI includes both mandatory provisions (i.e. the minimum standards under the BEPS Project) as well as non-mandatory provisions.

India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs. The Union Cabinet of India issued a press release dated 12 June 2019, approving the ratification of the MLI to implement Tax Treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty. On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The MLI entered into force from 1 October 2019 and operational with effect from the financial year beginning from 1 April 2020 in respect of certain treaties signed by India.

Once MLI evolves and is implemented in future, one should need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries. There is limited guidance or jurisprudence at present on how the above will be interpreted by the Revenue authorities and applied.

O. 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. Per the ITA, 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 is required to pay MAT at 15% of such book profits (excluding applicable surcharge and health and education cess). Further, MAT provisions are not 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.

Further, the MAT credit is allowed to be carried forward up to 15 assessment years. The Finance Act, 2017, has introduced the framework for computation of book profit for IndAS compliant companies in the year of adoption and thereafter.

In case where the domestic company opts to be taxed as per the rates and manner prescribed under Section 115BAA and 115BAB of the ITA, then MAT provisions does not apply to such domestic companies. Also, MAT credit (if any) is not allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above.

P. Alternate Minimum Tax

Per the ITA, if the income-tax payable on total income by any person other than a company is less than the alternate minimum tax, the adjusted total income is deemed to be the total income of that person and he is liable to pay income-tax on such total income at the rate of 18.5% (excluding applicable surcharge and health and education cess). Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs.

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 ITA

Q. 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 is ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored is 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.

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

In terms of section 70 read with section 74 of the ITA, 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, can 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, can be carried forward and set-off against long-term capital gains arising during the subsequent 8 assessment years.

S. Proposed change in the India tax regime

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

T. Goods and Services Tax

From July 1, 2017 onwards, India has introduced Goods and Service Tax ('GST'). Post introduction of GST, many Indirect tax levies (including service tax) have been subsumed and GST should be applicable on services provided by the Portfolio Manager. GST rate on such services is currently 18%.

12. Accounting Policy / Valuations

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

a. Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange ("NSE"). If the Securities are not traded on the NSE on the valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of mutual funds shall be valued at the repurchase price of the previous day or at the last available repurchase price declared for the relevant Scheme on the date of the report.

b. Unlisted Equity / Convertible Preference Shares will be valued at Fair Market Value. Such fair value may be determined comparing with peers, or by taking a comparable transaction, or where the issuer has come out with an IPO, at the lower band of the IPO price, or it may be valued by an external agency appointed by the Portfolio Manager, on a periodic basis (once in a year).

c. Traded Debt instruments would be valued based on prices received from CRISIL / ICRA

d. Untraded / Illiquid debt instruments, including Real Estate papers classified as held to maturity (HTM) at the time of their acquisition will be valued on XIRR basis (cash flows discounted at the yield agreed with the Issuer). They will be checked for valuation at least twice a year, in terms of regularity of payments and adequacy of collateral. Provisioning norms will be done wherever necessary, based on the facts of each case.

e. Realised gains/losses will be calculated by applying the First In First Out principle.

f. Unrealized gains/losses are the differences between the current market value/Net Asset Value and the historical cost of the Securities.

g. Dividends on shares will be accounted for on ex-dividend date and dividends on units of mutual funds will be accounted for on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted for on accrual basis. The interest on debt instruments will be accounted for on accrual basis.

h. In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase will not be treated as a cost of purchase but will be debited to Interest

i. For derivatives and futures and options, unrealized gains and losses is calculated by marking to market the open positions. Specifically, in case of certain option contracts, market quotes are not easily available through the exchange due to low liquidity. Considering this scenario, Portfolio Manager has appointed an external agency to do the valuation based on the latest reported trades and market accepted methodologies. External agency will share the quotes on daily basis, in case such a quote is not available, previous day quotes will be used by the Portfolio Manager. Maximum validity of such quote will be 30 days.

j. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale will not be treated as an addition to sale value but will be credited to Interest Recoverable Account.

k. Transactions for purchase or sale of investments will be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which there is enforceable obligation to pay the price or, in the event of a sale, when there is an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

l. Bonus shares will be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements will be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

m. The cost of investments acquired or purchased will include brokerage, stamp duty charges and any charge customarily included in the broker's contract note. In respect of privately placed debt instruments any front-end discount offered will be reduced from the cost of the investment.

n. The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting provided the same is mutually agreed between them on a case to case basis.

o. Purchases are accounted for 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.

p. In case of Portfolio received from the Clients in the form of securities, this will be accounted for at previous day’s closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted on the date of withdrawal at the previous closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, previous day’s closing price on BSE will be used for aforesaid accounting purpose.

q. Investments in the Managed accounts (Alternate investment funds and Venture Capital funds) will be valued at last available Net asset value declared by issuer.

The Investor may contact the investor relation officer of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues. The valuation of the securities not mentioned above shall be valued on fair value basis as decided by the Portfolio Manager.

The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or change in the market practice followed for valuation of similar securities.

13. Investor Services

a. **Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:**

Name: Mr. Subramanian Venkateswaran
Address: Hubtown Solaris · Office No 1, Ground Floor, NS Phadke Marg, Vijay Nagar Andheri East Mumbai – 400069.
Tel: 022-39210320

Email: subbu@iiflsecurities.com

b. **Grievance redressal and dispute settlement mechanism**

a. **Through Portfolio Manager:** The Portfolio Manager shall attend to and address any client's query or concern as soon as possible to mutual satisfaction and provide the necessary resolution in a reasonable manner and time. The portfolio manager shall take adequate steps for redressal of grievances of the investors within Twenty One (21) calendar days of the date of the receipt of the complaint and keep SEBI informed about the number, nature and other particulars of the complaints received;

b. **SEBI SCORES Platform:** Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (SEBI Complaints Redress System), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same. SCORES is available at **https://scores.sebi.gov.in/**. SEBI has launched a new web based centralized grievance system called SCORES i.e. SEBI Complaints Redressal System, for online filing, forwarding and tracking of resolution of investor complaints.

Through Online Dispute Resolution ("ODR") mechanism: Disputes between Clients (including institutional/corporate clients) and Portfolio Managers can be resolved in accordance with the ODR mechanism or by harnessing online conciliation and/or online arbitration as specified in the Master Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated 20 December 2023 as updated from time to time.

In the event the Client has any grievance on the services standards or reporting that the Portfolio Manager has agreed to provide, then the Client shall write to the Compliance Officer of the Portfolio Manager, whose contacts coordinates are provided below:

Name: Mr. Mehul Shah
Address: Hubtown Solaris · Office No 1, Ground Floor, NS Phadke Marg, Vijay Nagar Andheri East Mumbai – 400069.
Tel: +91 9833475767
Email: **mehul.shah3@iifl.com**

If the client still remains dissatisfied with the remedies offered or the stand taken by the Compliance Officer, the client and the Portfolio Manager shall abide by the following despite settlement mechanism:

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The arbitration shall be before three arbitrators, with each party entitled to appoint an arbitrator and the third arbitrator being the presiding arbitrator appointed by the two arbitrators. Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. Further, the cost of appointing the presiding arbitrator will be borne equally by both the parties. Such arbitration proceedings shall be held at Mumbai and the language of the arbitration shall be English. The courts of Mumbai shall have the exclusive jurisdiction to adjudicate upon the claims of the parties.

14. **Details of Investment in the securities of related parties of the Portfolio Manager**

Sr. No.	Investment Approach (if any)	Name of the associate/related party	Investment amount (cost of investment as on the last day of the previous calendar quarter (INR crores)	Value of investment as on the last day of the previous calendar quarter (INR in crores)	Percentage of total AUM as on last day of the previous calendar quarter
1.	NA	NA	0	0	0

15. **Details of the Diversification policy of the Portfolio Manager**

For managing diversification risk, the Portfolio Manager shall invests in a wide array of stocks across a diverse set of industries. Average number of stocks in our portfolio is typically between 10-25, although the same may change from time to time depending on market conditions and availability of investment opportunities.

For IIFL Securities Limited

Sr. No.	Name of the Directors	Signature
1.	Mr. R. Venkataraman	R. Venkataraman
2.	Narendra Jain	N Jain

Date: August 01, 2024
Place: Mumbai

Annexure I

Details of the Products/ Investment Approaches managed by the Portfolio Manager under Discretionary Portfolio Management Services

1. IIFL Small Cap Fund

Sr. No.	Particulars	Remarks
A	**Investment objective**	The Investment objective is to generate capital appreciation over the long term in promising small cap companies. The Portfolio Manager shall invest in firms which are small caps today and have the potential to grow into larger firms of tomorrow.
B	**Strategy**	Equity
C	**Description of types of securities e.g., equity or debt, listed or unlisted, convertible instruments, etc.**	Investments will typically be made in cash equities with the option of parking surplus liquidity in money market instruments, liquid funds, debt mutual funds etc. Investments are made only in cash equity markets and mutual funds (liquid or overnight). The fund philosophy is against investment in Futures & options, debt or commodity instruments.
D	**Basis of selection of such types of securities as part of the investment approach**	Our fundamentally driven approach supplemented with bottom-up fundamental research will help create a portfolio of promising small caps- companies which are clean on governance and accounting and good on capital allocation while also holding promise of continued longer term growth. Market cap universe will typically be companies ranked from 251st position onwards in terms of market capitalization as the primary focus.
E	**Allocation of portfolio across types of securities**	1.Equity and Equity related securities: 80% to 100% 2.Cash, Debt oriented mutual funds, liquid funds and: 0% to 20%
F	**Appropriate benchmark to compare performance and basis for choice of benchmark**	S&P BSE 500, as prescribed by SEBI for investment approaches /covered under the 'Equity' Strategy.
G	**Indicative tenure or investment horizon**	3 to 5 years
H	**Risks associated with the investment approach**	Below are select risks associated with the investment approach apart from those disclosed in Clause 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same. **Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its

		future prospects. Portfolio Manager's focus on studying the business and the sustainability with focus on studying the balance sheet will help the Portfolio Manager in mitigating these sector or company risks. **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time. **Market risk:** Portfolio Manager endeavours to invest in companies using bottom-up fundamental research rather than trying to time the markets. However, the Portfolio Manager will monitor the market and economic circumstances from time to time that may affect the performance of the Portfolio Entities. **Liquidity risk:** While investing in equities and Portfolio Entities, liquidity constraints are potential near-term risk while investing and disinvesting the Portfolio Entities. The Portfolio Manager endeavours to mitigate the risks by investing with a medium to long term time horizon. **Concentration Risk:** Endeavor to have adequately diversified portfolio across sectors and stocks. 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. 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.
I	**Other salient features, if any.**	NA

2. IIFL Mid Cap Fund

Sr. No	Particulars	Remarks
A	**Investment objective**	The Investment objective is to generate capital appreciation over the long term in promising mid cap companies. The Portfolio Manager shall invest in firms which are mid-caps today and have the potential to grow into larger firms of tomorrow.
B	**Strategy**	Equity

C	**Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**	Investments will typically be made in cash equities with the option of parking surplus liquidity in money market instruments, liquid funds, debt mutual funds etc. Investments are made only in cash equity markets and mutual funds (liquid or overnight). The fund philosophy is against investment in Futures & options, debt or commodity instruments.
D	**Basis of selection of such types of securities as part of the investment approach**	Our fundamentally driven approach supplemented with bottom-up fundamental research will help create a concentrated portfolio of promising mid-caps- companies which are clean on governance and accounting and good on capital allocation while also holding promise of continued longer term growth. Market cap universe will typically be companies are those that are ranked between 101 and 250 in the list of companies according to market capitalization.
E	**Allocation of portfolio across types of securities**	1.Equity and Equity related securities: 80% to 100% 2.Cash, Debt oriented mutual funds, liquid funds and arbitrage funds: 0% to 20%
F	**Appropriate benchmark to compare performance and basis for choice of benchmark**	S&P BSE 500, as prescribed by SEBI for investment approaches covered under the 'Equity' Strategy.
G	**Indicative tenure or investment horizon**	3 to 5 years
H	**Risks associated with the investment approach**	Below are select risks associated with the investment approach apart from those disclosed in Clause 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same. **Market Risk:** The performance of the investment approach will be impacted by interest rates prevailing as well as movements in interest rates. The Investor may lose money over short or long period due to fluctuation in fund investments due to factors including but not limited to economic, political developments, changes I interest rates, inflation and other monetary factors and also movement in prices of underlining investments. **Interest Rate Risk:** Changes in interest rates will affect the performance of the investment approach. There is an inverse relationship between the interest rate and price of securities. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The price risk is low in short duration securities. Reinvestment Risk: Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the securities. Accordingly, the proceeds may get invested at a lower rate. **Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods

		of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund. **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security. **Credit Risk:** Credit Risk means that the issuer of a security may default on interest payments or even paying back the principal amount on maturity. Even where no default occurs, the prices of security may go down because the credit rating of an issuer goes down. It must be, however, noted that where the Scheme has invested in Government securities, there is no risk to that extent. **Liquidity or Marketability Risk:** It refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading Volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. 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. 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.
I	**Other salient features, if any.**	NA

3. IIFL Flexi Cap Fund

Sr. No	Particulars	Remarks
A	**Investment objective**	The objective to generate capital appreciation over the long term in promising companies across all market caps. The Portfolio Manager shall invest in firms which have the potential to grow in near future

B	**Strategy**	Equity
C	**Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**	Investments will typically be made in cash equities with the option of parking surplus liquidity in money market instruments, liquid funds, debt mutual funds etc. Investments are made only in cash equity markets and mutual funds (liquid or overnight). The fund philosophy is against investment in Futures & options, debt or commodity instruments.
D	**Basis of selection of such types of securities as part of the investment approach**	Our fundamentally driven approach suplemented with bottom-up fundamental research will help create a concentrated portfolio of promising mid and small caps- companies which are clean on governance and accounting and good on capital allocation while also holding promise of continued longer-term growth. Market cap universe will typically be market cap agnostic and based on prevailing market conditions, valuations and opportunities; the Fund Manager will allocate funds to large, mid and small cap companies.
E	**Allocation of portfolio across types of securities**	1.Equity and Equity related securities: 80% to 100% 2.Cash, Debt oriented mutual funds, liquid funds and arbitrage funds: 0% to 20%
F	**Appropriate benchmark to compare performance and basis for choice of benchmark**	S&P BSE 500, as prescribed by SEBI for investment approaches covered under the 'Equity' Strategy.
G	**Indicative tenure or investment horizon**	3 to 5 years
H	**Risks associated with the investment approach**	Below are select risks associated with the investment approach apart from those disclosed in Clause 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same. **Market Risk:** The performance of the investment approach will be impacted by interest rates prevailing as well as movements in interest rates. The Investor may lose money over short or long period due to fluctuation in fund investments due to factors including but not limited to economic, political developments, changes I interest rates, inflation and other monetary factors and also movement in prices of underlining investments. **Interest Rate Risk:** Changes in interest rates will affect the performance of the investment approach. There is an inverse relationship between the interest rate and price of securities. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The price risk is low in short duration securities. Reinvestment Risk: Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the

		securities. Accordingly, the proceeds may get invested at a lower rate. **Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund. **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security. **Credit Risk:** Credit Risk means that the issuer of a security may default on interest payments or even paying back the principal amount on maturity. Even where no default occurs, the prices of security may go down because the credit rating of an issuer goes down. It must be, however, noted that where the Scheme has invested in Government securities, there is no risk to that extent. **Liquidity or Marketability Risk:** It refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading Volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. 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. 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
I	**Other salient features, if any.**	NA

4. IIFL Mid & Small Cap Fund

Sr. No	Particulars	Remarks
A	**Investment objective**	The objective to generate capital appreciation over the long term in promising mid & small cap companies. The Portfolio Manager shall invest in firms which are mid & small caps today and have the potential to grow larger.
B	**Strategy**	Equity
C	**Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**	Investments will typically be made in cash equities with the option of parking surplus liquidity in money market instruments, liquid funds, debt mutual funds etc. Investments are made only in cash equity markets and mutual funds (liquid or overnight). The fund philosophy is against investment in Futures & options, debt or commodity instruments.
D	**Basis of selection of such types of securities as part of the investment approach**	Our fundamentally driven approach suplemented with bottom-up fundamental research will help create a concentrated portfolio of promising mid and small caps- companies which are clean on governance and accounting and good on capital allocation while also holding promise of continued longer term growth. Market cap universe will typically be mid and small caps with companies
E	**Allocation of portfolio across types of securities**	1.Equity and Equity related securities: 80% to 100% 2.Cash, Debt oriented mutual funds, liquid funds and arbitrage funds: 0% to 20%
F	**Appropriate benchmark to compare performance and basis for choice of benchmark**	S&P BSE 500, as prescribed by SEBI for investment approaches covered under the 'Equity' Strategy.
G	**Indicative tenure or investment horizon**	3 to 5 years
H	**Risks associated with the investment approach**	Below are select risks associated with the investment approach apart from those disclosed in Clause 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same. **Market Risk:** The performance of the investment approach will be impacted by interest rates prevailing as well as movements in interest rates. The Investor may lose money over short or long period due to fluctuation in fund investments due to factors including but not limited to economic, political developments, changes I interest rates, inflation and other monetary factors and also movement in prices of underlining investments. **Interest Rate Risk:** Changes in interest rates will affect the performance of the investment approach. There is an inverse

		relationship between the interest rate and price of securities. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The price risk is low in short duration securities. **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the securities. Accordingly, the proceeds may get invested at a lower rate. **Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund. **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security. **Credit Risk:** Credit Risk means that the issuer of a security may default on interest payments or even paying back the principal amount on maturity. Even where no default occurs, the prices of security may go down because the credit rating of an issuer goes down. It must be, however, noted that where the Scheme has invested in Government securities, there is no risk to that extent. **Liquidity or Marketability Risk:** It refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading Volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. 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. 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

I	**Other salient features, if any.**	NA

5. IIFL India Manufacturing Theme Fund

Sr. No	Particulars	Remarks
A	**Investment objective**	To seek long term capital appreciation by investing primarily in the equity and equity related instruments of companies most geared to capture the Indian manufacturing story. The investment approach will be managed in a conservative fashion.
B	**Strategy**	Equity
C	**Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.**	Investments will typically be made in cash equities with the option of parking surplus liquidity in money market instruments, liquid funds, debt mutual funds etc. Investments are made only in cash equity markets and mutual funds (liquid or overnight). The fund philosophy is against investment in Futures & options, debt or commodity instruments.
D	**Basis of selection of such types of securities as part of the investment approach**	The stock selection process would be bottom-up. Stock selection would be based on various valuation parameters and the attempt would be to invest in stocks which are available well below their intrinsic value. The scheme shall
E	**Allocation of portfolio across types of securities**	1.Equity and Equity related securities: 80% to 100% 2.Cash, Debt oriented mutual funds, liquid funds and arbitrage funds: 0% to 20%
F	**Appropriate benchmark to compare performance and basis for choice of benchmark**	S&P BSE 500, as prescribed by SEBI for investment approaches covered under the 'Equity' Strategy.
G	**Indicative tenure or investment horizon**	3 to 5 years
H	**Risks associated with the investment approach**	Below are select risks associated with the investment approach apart from those disclosed in Clause 6 of this Document. The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same. **Market Risk:** The performance of the investment approach will be impacted by interest rates prevailing as well as movements in interest rates. The Investor may lose money over short or long period due to fluctuation in fund investments due to factors including but not limited to economic, political developments, changes I interest rates, inflation and other monetary factors and also movement in prices of underlining investments.

		Interest Rate Risk: Changes in interest rates will affect the performance of the investment approach. There is an inverse relationship between the interest rate and price of securities. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The price risk is low in short duration securities. Reinvestment Risk: Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the securities. Accordingly, the proceeds may get invested at a lower rate. **Pre-payment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund. **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security. **Credit Risk:** Credit Risk means that the issuer of a security may default on interest payments or even paying back the principal amount on maturity. Even where no default occurs, the prices of security may go down because the credit rating of an issuer goes down. It must be, however, noted that where the Scheme has invested in Government securities, there is no risk to that extent. **Liquidity or Marketability Risk:** It refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading Volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. 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. 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.
I	**Other salient features, if any.**	NA

Details of the Products/ Investment Approaches managed by the Portfolio Manager under Non-Discretionary Portfolio Management Services ("NDPMS")

1. IIFL Platinum Portfolio

Investment approach under this NDPMS strategy is based primarily on the Asset allocation for any investor client's investment portfolio.

All client's construct their investment portfolios on the basis of key parameters like Return objective, Risk appetite & tolerance and investment horizon / long term investment strategy. Clients, therefore, invest across multiple asset classes and Investment products basis their risk profile.

For our approach, we construct multi-asset and multi-strategy portfolios that are best suited for clients' risk appetite and long-term investment goals. These portfolios allow us to vary the constituents of the sub-asset classes like Equity, Debt / Fixed Income, Alternatives, Hybrids and Cash basis varying risk profiles of investor clients.

The Portfolio Manager facilitates creation of these customized bespoke portfolios using the Investment approaches described above for investors based on their risk profiling.

The sub-asset classes are further categorized as below:

- **Equity mutual funds (only Direct plans), listed equities**
    - Typically use a blend of investment styles like Growth, Value and across market-capitalisation (Large, Mid and Small).
    - Our investment approach optimizes investment styles and market-capitalisation in line with our medium / long term views on the asset class.

- **Debt Mutual Funds & Bonds / NCDs**
    - Selection is primarily based on 2 key parameters:
        - Duration – i.e. the interest rate view
        - Credit – i.e. based on credit quality of the paper (AAA / AA / A)

- **Hybrids & Alternatives**

    - Employ Arbitrage funds for relatively short tenors and better tax efficiency
    - Relatively new hybrid instruments like Real Estate Investment Trust (REITs) and Infrastructure Investment Trusts (InvITs) – those approved by SEBI and listed on Indian Stock Exchanges – to be utilised for better risk-adjusted returns on the portfolio.

All the above investments (and any other instrument / sub-asset class available from time-to-time) can be included in the portfolio, as long as it is permissible under the securities / instruments as allowed under SEBI guidelines.

Following is the indicative(though not exhaustive) list of instruments allowed for investments under PMS regulations:

Listed Equity

- Portfolio of listed Indian stocks
- Equity Mutual funds (only via Direct Plan)
- ETFs

Debt / Fixed Income

- Debt Mutual Funds (only via Direct Plan)
- Listed Bonds / Debentures, Preference shares, Market linked Debentures
- ETFs / FoFs
- Portfolio of Bonds
- Pass Through Certificate (PTC), Commercial Papers, Certificate of Deposit
- T-bills, SDLs, Government Securities
- Gold ETFs, Gold funds / Silver Funds (only via Direct Plan)

Alternatives / Hybrids

- Arbitrage Funds (only via Direct Plan)
- InvITs
- REITs

Sr. No.	Particulars	Remarks
A	**Investment objective**	Investment approach under this NDPMS strategy is based primarily on the Asset allocation for any investor client's investment portfolio. All client's construct their investment portfolios on the basis of key parameters like Return objective, Risk appetite & tolerance and investment horizon / long term investment strategy. Clients, therefore,

		invest across multiple asset classes and Investment products basis their risk profile. For our approach, we construct multi-asset and multi-strategy portfolios that are best suited for clients' risk appetite and long-term investment goals. These portfolios allow us to vary the constituents of the sub-asset classes like Equity, Debt / Fixed Income, Alternatives, Hybrids and Cash basis varying risk profiles of investor clients. The Portfolio Manager facilitates creation of these customized bespoke portfolios using the Investment approaches described above for investors based on their risk profiling. Being a non-discretionary portfolio management service (ND-PMS) however, the discretion to execute the suggested recommendations transactions lies solely with the client.
B	**Strategy**	Multi-asset (across asset classes & across market cap) and multi-strategy (based on client investor's risk tolerance, return objective and investment horizon)

C	**Description of types of securities e.g., equity or debt, listed or unlisted, convertible instruments, etc.**	**Equity mutual funds (only Direct plans), listed equities**
		
		• Typically use a blend of investment styles like Growth, Value and across market-capitalisation (Large, Mid and Small).
		• Our investment approach optimizes investment styles and market-capitalisation in line with our medium / long term views on the asset class.
		Debt Mutual Funds & Bonds / NCDs
		
		• Selection is primarily based on 2 key parameters:
		  ○ Duration – ie the interest rate view
		  ○ Credit – ie based on credit quality of the paper (AAA / AA / A)
		Hybrids & Alternatives
		
		• Employ Arbitrage funds for relatively short tenors and better tax efficiency
		• Relatively new hybrid instruments like Real Estate Investment Trust (REITs) and Infrastructure Investment Trusts (InvITs) – those approved by SEBI and listed on Indian Stock Exchanges – to be utilised for better risk-adjusted returns on the portfolio
		All the above investments (and any other instrument / sub-asset class available from time-to-time) can be included in the portfolio, as long as it

		is permissible under the securities / instruments as allowed under SEBI guidelines. Following is the indicative (though not exhaustive) list of instruments allowed for investments under PMS regulations: Listed Equity • Portfolio of listed Indian stocks • Equity Mutual funds (only via Direct Plan) • ETFs Debt / Fixed Income • Debt Mutual Funds (only via Direct Plan) • Listed Bonds / Debentures, Preference shares, Market linked Debentures • ETFs / FoFs • Portfolio of Bonds • Pass Through Certificate (PTC), Commercial Papers, Certificate of Deposit • T-bills, SDLs, Government Securities • Gold ETFs, Gold funds / Silver Funds (only via Direct Plan) Alternatives / Hybrids • Arbitrage Funds (only via Direct Plan) • InvITs • REITs
D	**Basis of selection of such types of securities as part of the investment approach**	Following are the key parameters used for security / fund selection: • Quantitative metrics ○ Historical Performance (risk-adjusted) ○ Consistency of outperformance wrt benchmark ○ Key return / risk metrics like Alpha, Sharpe, Std Deviation, correlation, overlap ○ Market cap and liquidity (free float) ○ Tracking error and spreads for Indices / ETFs • Qualitative metrics ○ AMC pedigree and vintage ○ AMC size, fund scheme size ○ Fund Manager pedigree and vintage ○ Bank-promoted or otherwise, domestic or foreign owned

E	**Allocation of portfolio across types of securities**	Based on return / risk profile of investors, following portfolio approaches are constructed: - Conservative: Broadly, the portfolio is skewed towards Debt (minimum 80%) and Equity (upto 20%) - Aggressive: Broadly, the portfolio is skewed towards Equity (minimum 80%) and Debt (upto 20%) - Balanced / Moderate: Middle approach with appx 50:50 allocated to the two asset classes of Debt and Equity - Equity and Equity related securities: 80% to 100% In the above portfolios, slight tweaks can be made to reflect: - Cautious Portfolio (Debt: Equity of 65:35) - Assertive Portfolio (Equity: Debt of 35:65) - 100% Equity oriented portfolio
F	**Appropriate benchmark to compare performance and basis for choice of benchmark**	NSE Multi Asset Index 2, as prescribed by SEBI for investment approaches covered under the 'Multi Asset' Strategy. Also considering the nature of Investment approach is Multi asset this benchmark is most appropriate for the same.
G	**Indicative tenure or investment horizon**	Minimum 3 to 5 years
H	**Risks associated with the investment approach**	Following are the key risks associated with the investment approach: **Company / Industry / Credit risk:** Company / industry specific risk can emanate both in Equity as well as in Debt / Fixed Income (Credit risk: ability and / or willingness to pay) Portfolio Diversificaition across securities (with low correlation) helps the Portfolio Manager in mitigating these risks. **Market / volatility risk:** Adverse market movement in the asset class (equity prices, interest rate movements etc.) Time I the market is more crucial as compared to timing the market. Volatility is seen to reduce, the longer one stays invested. **Liquidity risk:** The risk of investing into companies with smaller market cap and lower free floats. The Portfolio Manager endeavours to mitigate this risks via diversification and portfolio sizing. **Concentration Risk:** Endeavor to have adequately diversified portfolio to avoid top-heavy portfolios. **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time.

		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. 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.
I	**Other salient features, if any.**	NA

2. IIFL Specialised Portfolio

Investment approach under this NDPMS strategy is based primarily on the Asset allocation for any investor client's investment portfolio.

All client's construct their investment portfolios on the basis of key parameters like Return objective, Risk appetite & tolerance and investment horizon / long term investment strategy.

For our approach, we construct multi-strategy portfolios that are best suited for clients' risk appetite and long-term investment goals. These portfolios allow us to vary the equity constituents of the sub-investment classes like Quality, Growth, Value, Special Situations and Cash basis varying risk profiles of investor clients.

The Portfolio Manager facilitates creation of these customized bespoke portfolios using the Investment approaches described above for investors based on their risk profiling.

The sub-Investment approaches in listed equities are further categorized as below:

- **Quality Basket: Stable, Low-Risk Investments**
    - This basket focuses on high-quality, financially stable companies with strong balance sheets, low debt levels, and a history of stable earnings growth.
    - With a medium to long-term investment horizon, this approach prioritizes capital preservation, steady income generation through regular dividend payments and steady compounding of investments.
- **Value Basket: Contrarian and Value-Focused Investments**
    - The Value Basket emphasizes investing in stocks that the market has overlooked or are undervalued, focusing on those with strong fundamentals and solid growth potential.
    - This contrarian approach seeks out companies with low P/E and P/B ratios, strong dividend yields, and healthy balance sheets.

- **Growth Basket: Stocks with High growth trajectory and Return Potential**

- This strategy looks for firms with strong revenue and earnings growth driven by innovative products or services and positions in rapidly expanding sectors such as technology, healthcare, and renewable energy.
- The Growth Basket involves detailed analysis, diversification across high-growth sectors, and active monitoring to maximize returns while managing risks.

- **Special Opportunity Stocks: Dynamic and Opportunistic Investments**
    - This dynamic approach involves capitalising on event-driven investment opportunities such as mergers & acquisitions, change of Management, restructuring and market anomalies.
    - Flexibility is key, allowing for quick adaptation to changing market conditions and new opportunities.

At times, Portfolio Manager shall advise his clients to park their funds in liquid Mutual Funds in case valuations look stretched or uncertain events are lined up which can lead to significant portfolio volatility.

All the above investments (and any other instrument / sub-asset class available from time-to-time) can be included in the portfolio, as long as it is permissible under the securities / instruments as allowed under SEBI guidelines.

Following is the indicative (though not exhaustive) list of instruments allowed for investments under PMS regulations:

Sr. No.	Particulars	Remarks
A	**Investment objective**	**Initial Discussion:** The investor engages in a detailed discussion with the fund manager to understand their financial goals, risk tolerance, investment horizon and investment preference. **Risk Profiling:** Based on this discussion, a comprehensive risk profiling of the investor is conducted. This helps in categorizing the investor into one of the risk profiles: Quality tilted, Moderate, or Aggressive. **Portfolio Creation:** The portfolio is created according to the investor's risk profile, ensuring alignment with their financial objectives and risk appetite.
B	**Strategy**	Equity (Optimizing risk and reward of Investors using our four investment baskets Quality, Value, Growth and Special Opportunities.)

C	**Description of types of securities e.g., equity or debt, listed or unlisted, convertible instruments, etc.**	**NDPMS:** Based on clients interactions and as per his risk assessment and return expectations, we intend to customise a portfolio in 4 investment groups – Quality, Growth, Value and Special Opportunities. Kindly find below a brief on these 4 Investment groups; **Quality Basket: Stable, Low-Risk Investments** The Quality Basket is designed for investors seeking consistent and reliable returns with lower risk. This basket focuses on high-quality, financially stable companies with strong balance sheets, low debt levels, and a history of stable earnings growth. The emphasis is on large-cap and high quality mid-cap companies, including blue chip stocks, dividend aristocrats, and defensive stocks in sectors like consumer staples, utilities, and healthcare. With a medium to long-term investment horizon, this approach prioritizes capital preservation, steady income generation through regular dividend payments and steady compounding of investments. **Value Basket: Contrarian and Value-Focused Investments** The Value Basket emphasizes investing in stocks that the market has overlooked or are undervalued, focusing on those with strong fundamentals and solid growth potential. This contrarian approach seeks out companies with low P/E and P/B ratios, strong dividend yields, and healthy balance sheets. By targeting undervalued blue chips, turnaround stories, and sector-specific opportunities, the Value Basket aims for substantial long-term capital appreciation over a 3-5 year horizon. This strategy also involves thorough research, diversification across sectors, and regular monitoring to mitigate risks and capitalize on market corrections. **Growth Basket: Stocks with High growth trajectory and Return Potential** Targeting substantial capital gains, the Growth Basket focuses on high-growth companies which are expected to grow at a significant pace over the medium term driven by either cyclical uptick in a particular sector or Government impetus which aids huge order flows and provides robust growth outlook for companies in certain sectors. This strategy looks for firms with strong revenue and earnings growth driven by innovative products or services and positions in rapidly

		expanding sectors such as technology, healthcare, and renewable energy. With an investment horizon of 3-5 years, this approach focuses on significant growth in topline and earning of a company which shall eventually get replicated in share price performance as well. The Growth Basket involves detailed analysis, diversification across high-growth sectors, and active monitoring to maximize returns while managing risks. **Special Opportunity Stocks: Dynamic and Opportunistic Investments** The Special Opportunity Stocks basket aims to capitalize on unique, timely market opportunities with high growth or recovery potential. This dynamic approach involves capitalising on event-driven investment opportunities such as mergers & acquisitions, change of Management, restructuring and market anomalies. Flexibility is key, allowing for quick adaptation to changing market conditions and new opportunities. With a flexible investment horizon tailored to the nature of each opportunity, this basket seeks to generate portfolio alpha by identifying and exploiting mispriced assets, sector-specific trends, and special situations. Rigorous analysis, diversification, and active monitoring are essential to managing the higher risks associated with these speculative investments.
D	**Basis of selection of such types of securities as part of the investment approach**	Following are the key parameters used for equity stock selection: **Quantitative metrics** (i) **Market and Sector Trends** 1. Sector Outlook 2. Economic Trends (ii) **Risk Profile** 1. Volatility 2. Liquidity and cash flow analysis (iii) **Fundamental Analysis** 1. Earnings Growth trajectory and projections 2. Profitability growth trajectory and projections 3. Leverage assessment 4. Return ratios 5. Valuation metrics (relative valuation, DCF method, etc)

		Qualitative metrics ○ Management pedigree ○ Assessing growth potential and risk by conducting plant visits, Management meetings and consistently attending investor meets/concalls ○ Brand image of the company/products ○ Market positioning
E	**Allocation of portfolio across types of securities**	Based on return / risk profile of investors, following portfolio approaches are constructed: - **Quality tilted:** Broadly, the portfolio is skewed towards Quality (50-60%) , Value+Growth (30-40%) and Special Opportunities (upto 10%) - **Balanced / Moderate:** Broadly, the portfolio is skewed towards Value + Growth (50-60 %) , Quality (25-30%) and Special Opportunities (10-15%) - **Aggressive:** Broadly, the portfolio is skewed towards Value + Growth (60-70%) , Quality (10-15%) and Special Opportunities (20-25%)
F	**Appropriate benchmark to compare performance and basis for choice of benchmark**	S&P BSE 500, as prescribed by SEBI for investment approaches covered under the 'Equity' Strategy. Also considering the nature of Investment approach is flexi cap this benchmark is most appropriate for the same.
G	**Indicative tenure or investment horizon**	Minimum 3 to 5 years
H	**Risks associated with the investment approach**	Following are the key risks associated with the investment approach: **Company / Industry risk:** Company / industry specific risk can emanate in Equity Portfolio Diversificaition across securities (with low correlation) helps the Portfolio Manager in mitigating these risks. **Market / volatility risk:** Adverse market movement in the asset class (equity prices, interest rate movements etc.) Time I the market is more crucial as compared to timing the market. Volatility is seen to reduce, the longer one stays invested. **Liquidity risk:** The risk of investing into companies with smaller market cap and lower free floats. The Portfolio Manager endeavors to mitigate this risks via diversification and portfolio sizing. **Concentration Risk:** Endeavor to have adequately diversified portfolio and to avoid significant exposure in any single stock in any portfolio. At any given point in time, a portfolio shall not have any stock with a

		weightage of over 15% (unless the investor intends to have such an exposure in any stock). **Valuation risk:** Portfolio Manager will assess the Portfolio Entities from varied valuation parameters in order to establish whether the valuations are reasonable while investing and reassess the same from time to time. 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. 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.
I	**Other salient features, if any.**	NA

Annexure II

A) PAST AND COMPLETED - Fully Exonerated/Proceedings dropped by Regulators/Orders fully complied with:

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	SEBI Enquiry Notice in 2001	SEBI	Client dealings in the scrip of Cyberspace Infosys Limited during the year 2000 & 2001.	As per Enquiry Officer report, IIFL was totally exonerated from all charges.	Exonerated
2.	SEBI adjudication proceedings notice dated September 08, 2008 under Depository Act.	SEBI	Allegations of non-compliance of provisions of SEBI (DP) Regulations and Depositories Act.	Preferred consent proceedings. Consent Order passed by SEBI on June 05, 2009 and the proceedings were dropped by SEBI. Settlement Charges Rs 75,000 and Administration Charges Rs 25000 vide consent order. The same was paid.	Clarified on factual inaccuracies. No further clarification was required by SEBI – Proceedings dropped
3.	SEBI adjudication Notice dated November 28, 2008	SEBI	Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent &Unfair Trade Practices relating to securities Market) Regulations, 2003.	All charges against IIFL were rejected vide SEBI Order dated June 15, 2009	Proceedings dropped

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
4.	SEBI adjudication Notice dated August 27, 2009	SEBI	Allegations of non-compliance of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992	Preferred consent proceedings. Consent Order was passed by SEBI on May 18, 2010 and the proceedings were dropped by SEBI. Settlement Charges Rs 25,00,000 / - vide consent order. The same was paid.	Submitted the compliance and corrective measures to SEBI vide letter dated November 27, 2009. Proceedings dropped.
5.	SEBI adjudication Notice dated November 27, 2009	SEBI	Clients dealing in GHCL Shares. Allegations of violation of provisions of SEBI (Prohibition of Fraudulent &Unfair Trade Practices relating to securities Market) Regulations, 2003.	Reply submitted to SEBI. SEBI vide Order dated April 03, 2012 and dropped the proceedings.	Stopped Trading with GHCL group of clients. Proceedings dropped.
6.	SEBI Adjudication proceedings notice dated January 03, 2011.	SEBI	Asian Star Co. Ltd. - Allegation of violation of Regulation 7 Clause A(1) & A(2) of Code of Conduct for Stock Brokers.	SEBI had issued Order no: BM/AO – 7/2012 dated January 12, 2012. We had filed an Appeal against the said Order before SAT. SAT vide its order dated October 1, 2012 has upheld the order of adjudicating officer of SEBI imposing a penalty of Rs. 5 lacs against IIFL. IIFL has accepted the Order and the said penalty was paid.	Order fully complied with.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
7.	SEBI Enquiry Notice dated April 27, 2010.	SEBI	Allegations of violation of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992	SEBI had issued Order no: MIRSD1/ASM/BS/11344/2013– dated May 13, 2013. Pursuant to our detailed replies and submissions during personal hearings, SEBI noted that the alleged deficiencies / violations have already been rectified by us and concurred with the Enquiry officer's recommendations and warned us to be careful & cautious in future. With the above order, the pending matter was concluded.	Proceedings concluded.
8.	Enquiry Notice dated March 03, 2010	SEBI	Three Clients dealing in the shares of Pyramid Saimira Theatre Ltd. in 2009 involving three transactions totaling trading value of Rs.110660/- and brokerage of Rs. 553/- only. Allegations of violation of provisions of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 in the clients dealing.	Show Cause notice received from SEBI on July 23, 2015, reply to the same has been submitted to SEBI on 11-Aug-2015	We have strengthened our system for monitoring SEBI/Exchange orders on daily basis and freezing of accounts immediately. Dedicated person in back office & compliance have been appointed. The Whole Time Director passed order dated November 10,

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
					2015 with warning Noticee (India Infoline Limited) to be more careful and cautious in the conduct of its business and to adhere to and comply with all the statutory provisions while carrying out its activities in the securities market. Matter is closed.
9.	SEBI Order dated September 28, 2005 and June 16, 2006 in the matter of IFSL	SEBI	No violation against IIFL was observed. However advised not to deal for 3 clients pending investigation.	No Show Cause Notice received from SEBI.	As per SEBI advice trading for these clients was stopped with immediate effect and complied.
10.	SEBI Order dated October 5, 2005 and June 20, 2006 in the matter of M/s Ind Tra Deco Ltd	SEBI	No violation against IIFL was observed. However advised not to deal in the scrip and pending investigation.	No Show Cause Notice received from SEBI.	As per SEBI advice trading in the scrip was stopped w.e.f. 6/10/2005 and complied.
11.	SEBI Order dated March 21, 2006 in the matter of Shri. Lalit Dua.	SEBI	Lalit Dua was an independent research analyst, whose reports were published in our website. SEBI has advised not to publish any reports of Shri Lalit Dua and pending investigation.	No Show Cause Notice received from SEBI.	As per SEBI advice stopped publishing reports with immediate effect i.e. 22/3/06 and complied.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
12.	SEBI letter dated July 13, 2010	SEBI	Parabolic Drugs Limited wherein SEBI advised us to gear up at our back office system and ensure efficient control to minimize PAN mismatches while making data entry in IPO biddings in future.	No Show Cause Notice received from SEBI.	We ensured compliance to avoid recurrence of such mismatches and the same was confirmed to SEBI vide our replies dated July 30, 2010 and August 27, 2010.
13.	SEBI letter dated June 18, 2008	SEBI	Osian LPG Bottling Limited wherein SEBI had advised us to be careful and to ensure that the shares are sold/purchased by the client or credited to respective client's account directly instead of through our Beneficiary account.	No Show Cause Notice received from SEBI.	Complied with the same and rectified our system and confirmed to SEBI vide letter dated July 25, 2008.
14.	SEBI letter dated February 09, 2011	SEBI	Pertaining to non bidding of applications in Coal India Ltd. IPO, SEBI advised us not to act as syndicate member in IPO till resolution of such matters and further advise.	Resolution status submitted to SEBI and SEBI had withdrawn their restrictions vide its letter dated March 11, 2011.	As per SEBI advice, we had resolved the issues and confirmed to SEBI.
15.	SEBI letter dated March 12, 2014	SEBI	India Infoline Finance Limited came out with a public issue of non convertible debentures vide prospectus dated September 05, 2013. India Infoline Limited (IIL) was acting as one of the merchant bankers to the said issue. In the draft prospectus, the credit rating of "AA-" from ICRA Limited was disclosed. Subsequent to filing of the draft prospectus, on the request of India Infoline Finance Limited, ICRA Limited agreed for	SEBI communicated that it was not appropriate to allow the issuer company to request a credit rating agency to assign the rating issued for the public issue to be used for the subsequent issues and use better rating issued by other agencies for its public issue especially after	IIL has taken a note of SEBI's advice for its merchant banking activities and complied with.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
			the said rating to be used for private placement of NCDs by India Infoline Finance Limited.	the filing of the draft prospectus. SEBI advised IIL to be careful in future and not to allow such instances in future issues managed by IIL.	
16.	Adjudication show cause notice dated August 10, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of United Spirits Ltd.	SEBI	SEBI notice in the matter of United Spirits Limited includes observations and allegation as follows:- a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard. b) It has been alleged that IFFL was not able to provide appropriate reason regarding the IPV of client based at Chennai been done at Mumbai.	SEBI order dated February 23, 2018 imposed penalty of 2,00,000/- (Rupees Two Lakh Only)	Reply to the SEBI SCN has been submitted on November 24, 2017 providing clarification with supporting documents. Matter concluded with the issue of SEBI order dated February 23, 2018.
17.	Adjudication show cause notice dated July 13, 2017 under Rule 4(1) of the SEBI	SEBI	SEBI notice includes observations and allegation as follows:- Non disclosure under Regulations 13 (1) read 13(5) of PIT Regulations, 2015 and Regulations 7(1) read with 7(2) of SEBI (SAST) Regulations, 1997	SEBI vide order dated March 28, 2018 dropped proceedings against IIFL.	Exonerated

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
	(Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992		read with Regulation 35 of SEBI (SAST) Regulations, 2011 in the scrip of Shree Ashtavinayak Cine Vision Limited ("SACV").		
18	Adjudication show cause notice dated December 05, 2019 under Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') in the matter of Vimala Devi Kalantri in the script of Pantaloon Retail (India) Limited.	SEBI	SEBI notice in the matter of Vimala Devi Kalantri dealing in the script of Pantaloon Retail (India) Limited the following observations and allegation as follows:- a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri and the said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard. b) IIFL has failed in exercising due skill, care and diligence in the conduct of its business which is allegedly, in violations of Clause A (2) of the Code of Conduct for Stock Brokers.	SEBI vide order dated June 24, 2021 dropped proceedings against IIFL.	Exonerated

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
19	Adjudication show cause notice dated April 09, 2019 under Rule 4 of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of Vimala Devi Kalantri dealing in the script of Saint Gobain Sekurit Limited.	SEBI	SEBI notice in the matter of Vimala Devi Kalantri dealing in the scrip of Saint Gobain Sekurit Limited the following observations and allegation as follows:- c) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri and the said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard. d) IIFL has failed in exercising due skill, care and diligence in the conduct of its business which is allegedly, in violations of Clause A(2) of the Code of Conduct for Stock Brokers.	SEBI order dated July 31, 2019 imposed penalty of 3,00,000/- (Rupees Three Lakh Only) The Company has paid the Penalty and filed appeal in SAT.	SAT has dropped the proceedings and the matter is dismissed.
20	SEBI issued an adjudication show case notice dated April 16, 2021 under Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and imposing	SEBI	SEBI SCN alleged that the Company has knowingly manipulated the reference price of Alkem for block deal during the afternoon window i.e. VWAP price for the period 13:45 to 14:00 hrs on August 22, 2019 and thereby violating provision of SEBI Act, 1992 and regulations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market Regulations),	The company has filed a Consent Application on June 07, 2021 and revised settlement terms on October 05, 2021 with SEBI under SEBI Settlement Regulation 2018. High Powered Advisory Committee (HPAC) considering	The Company has paid the penalty amount in full to SEBI and the matter is closed. Proceedings dropped

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
	penalties by Adjudicating Officer) Rules, 1995 in the matter of Alkem Laboratories Ltd. SEBI conducted an examination of block deals to check any manipulation of reference price considered for execution of block deal trades in the scrip of Alkem Laboratories Ltd during the period April 01, 2019 to September 30, 2019 to examine the violation of SEBI Act, 1992, Rules and Regulations, if any.		2003 and provisions of code of conduct prescribed under Schedule II read with Regulation 9(f) of SEBI (Stock Broker) Regulations, 1992. ISL has yet to file its reply in the matter.	the facts and circumstances of the case, recommended that the matter may be settled upon payment of ₹2,21,92,125/- (Rupees Two Crore Twenty One Lakh Ninety Two Thousand and One Hundred Twenty Five only) as settlement amount, for IIFL Securities Limited. The Company has paid the penalty amount in full to SEBI and the matter is closed.	
21	SEBI issued an adjudication show case notice dated June 10, 2021 under Rule 4 (1) of the SEBI (Procedure for Holding Inquiry	SEBI	SEBI SCN alleged that the Company has knowingly manipulated the reference price of ICICI Lombard General Insurance Company Ltd. for block deal during the afternoon window for the period 14:05 to 14:20 hrs on September 26, 2019 and thereby violating provision of SEBI	SEBI has passed the Adjudication Order on July 29, 2022 and put the penalty of Rs 25 Lakh on the Company.	The Company have paid the penalty of Rs 25 Lakh as per the adjudication order dated July 29, 2022 and complied the order. Matter is closed.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
	and imposing penalties by Adjudicating Officer) Rules, 1995 in the matter of ICICI Lombard General Insurance Company Ltd. SEBI conducted an examination of block deals to check any manipulation of reference price considered for execution of block deal trades in the scrip of ICICI Lombard General Insurance Company Ltd. during the period April 01, 2019 to September 30, 2019 to examine the violation of SEBI Act, 1992, Rules and Regulations, if any		Act, 1992 and regulations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market Regulations), 2003 and provisions of code of conduct prescribed under Schedule II read with Regulation 9(f) of SEBI (Stock Broker) Regulations, 1992.		

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
22	FIU-India has issued a Show Cause Notice dated May 20, 2022 stating certain observations which primafacie appear to disclose potential non-compliances under PMLA and rules/regulations	FIU-IND	FIU-IND observed the following non-compliances:- • Failed to file STR • Did not took any steps to examine transaction history of individuals • Did not appear to have comprehensive robust system in place to safeguard threats of AML	FIU has passed the order dated October 21, 2022 and levied the monetary penalty of Rs 1,00,000/- (Rupees One Lakh on the Company) for violation in respect of its obligations to implement an effective mechanism to detect and report suspicious transaction as required under Section 12(1)(b) of PMLA read with Rule 7(3) of the PML Rules	We have paid the penalty and the matter is closed.
23	**SEBI Inspection February 2014 and March 2017** 1. SEBI Adjudication Notice dated October 28, 2021 based on the inspection conducted during February 2014 covering period from 2011 to 2014 in respect of segregation of clients' funds. 2. SEBI Adjudication	SEBI	SEBI notice includes observations as follows:- a) failed to do segregation of own funds from clients' funds; b) misused credit balance of clients' funds for debit balance clients' funds; and c) not designated the client bank account appropriately.	SEBI passed the Adjudication Order on May 20, 2022 and put the penalty of Rs 1 Crore on the Company. SEBI passed the Adjudication Order on May 30, 2022 and put the penalty of Rs 1 Crore on the Company. In respect of both the above matters, the Company filed an appeal before SAT and the SAT vide its order dated July 18, 2022 stayed the proceedings and	SAT vide its order dated December 07, 2023 passed the common order and partly allowed the appeals and set aside the ban from taking new clients for a period of two years and reduced penalty to Rs. 20 lacs. Matter stands closed.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
	Notice dated October 28, 2021 based on the inspection conducted during March 2017 covering period from April 01, 2015 to January 31, 2017 in respect of segregation of clients' funds. 3. SEBI Enquiry notices dated May 2, 2017 and October 28, 2021 issued based on the inspection conducted during February 2014 (for the period from 2011 to 2014) and March 2017 (period from April 01, 2015 to January 31, 2017) in respect of segregation of clients' funds respectively.			directed the company to deposit an amount of Rs. 50 lacs within 6 weeks from the date of Order with SEBI. In respect of Enquiry matter, SEBI vide Order dated June 19, 2023 prohibited company from taking up/onboarding new client for a period of two years in respect of its business as a stock broker. The Company filed an appeal before Securities Appellate Tribunal on June 20, 2023 aggrieved by the said Order	

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
24	**SEBI Notice – BSE illiquid Options** SEBI has issued a SCN dated June 16, 2022 on June 27, 2022 (at Kamala Mills Office) in respect of BSE Illiquid Stock Options	SEBI	• The brokers facilitated the clients in executing fraudulent transactions in the stock market who transferred profits and losses to each other in a pre-meditated manner. • A Certain quantity transacted by his client is getting reversed within the same day in a repeated manner should have alerted the brokers concerned. NO STR reported to Exchanges.	The Settlement Application is filed and the payment is made to SEBI.	The settlement order is passed on March 14, 2023 and the matter is closed.

Pending matters of IIFL Securities Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/ Present Status
1	**SEBI Inspection February 2014 and March 2017** 1. SEBI Adjudication Notice dated October 28, 2021 based on the inspection conducted during February 2014 covering period from 2011 to 2014 in respect of segregation of clients' funds. 2. SEBI Adjudication Notice dated October 28, 2021 based on the inspection conducted during March 2017 covering period from April 01,	SEBI	SEBI notice includes observations as follows:- a) failed to do segregation of own funds from clients' funds; b) misused credit balance of clients' funds for debit balance clients' funds; and c) not designated the client bank account appropriately. SEBI passed the Adjudication Order on	SAT vide its order dated December 07, 2023 passed the common order and partly allowed the appeals and set aside the ban from taking new clients for a period of two years and reduced penalty to Rs. 20 lacs.	SEBI preferred an appeal before the Supreme Court, the same is pending.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/ Present Status
	2015 to January 31, 2017 in respect of segregation of clients' funds. 3. SEBI Enquiry notices dated May 2, 2017 and October 28, 2021 issued based on the inspection conducted during February 2014 (for the period from 2011 to 2014) and March 2017 (period from April 01, 2015 to January 31, 2017) in respect of segregation of clients' funds respectively.		May 20, 2022 and levied a penalty of Rs 1 Crore on the Company. SEBI passed the Adjudication Order on May 30, 2022 and levied a penalty of Rs 1 Crore on the Company. In respect of both the above matters, the Company filed an appeal before SAT and the SAT vide its order dated July 18, 2022 stayed the proceedings and directed the company to deposit an amount of Rs. 50 lacs within 6 weeks from the date of Order with SEBI. In respect of Enquiry matter, SEBI vide Order dated June 19, 2023 prohibited company from taking up/onboarding new client for a period of two years in respect of its business as a stock broker. The Company filed an appeal before Securities Appellate Tribunal on June 20,		

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/ Present Status
			2023 aggrieved by the said Order.		
2	**SEBI Joint Inspection September 2022** SEBI issued 2 SCNs (Enquiry & Adjudication) dated April 15, 2024 for the inspection period April 2021 to July 2022.	SEBI	The initial Inspection Report was issued dated October 11, 2022 containing following observations: - 1 - (a) Not done periodic reconciliation of client securities lying in DP accounts with Back office holdings 1 - (b) Reported incorrect quantity in Weekly Holding Submission 2- Not closed demat account tagged as "Client Collateral" by August 31, 2020 3 - Transferred securities to Client Unpaid Securities Account of even those clients who have credit balance in their funds ledger as on 31st July 2022 4 - Non Settlement of client funds and Securities 5 - Reporting and Short collection of Margin 6 - Passing of Penalty on Short Reporting of Margin	NA	We are in discussion with the consultant for preparation of reply to SCN.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/ Present Status
			7 - Reporting of incorrect ledger balance in Daily Margin Statement sent to clients 8 - Exposure limit breached towards MTF at aggregate level 9 - Incorrect reporting under ERBS 10 - Engaged in Fund based activity other than broking activity 11 - Engaged as a principal or employee in a business other than of securities involving personal financial liability		

IIFL Securities Limited

IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604 phone no.022 - 39210320 email: amit.srivastava@iifl.com

We confirm that:

i. the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;

ii. the disclosures made in the 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 through the Portfolio Manager.

iii. the Disclosure Document has been duly certified by an independent chartered accountant (Mukesh M. Gangar & co. having address: F/15-16, Dadar Manish Market 1st Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, with membership number 034096 and phone no: 8591357633 on 30.07.2024.

(Enclosing a copy of the chartered accountant's certificate)

Amit

Amit Srivastava

Designation: Principal Officer

Date: August 01, 2024

Place: Mumbai

Mukesh M. Gangar & Co.
CHARTERED ACCOUNTANTS

F/15-16, Dadar Manish Market
1st Floor, Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028.

Email ID: info@mgc.group.in

We hereby certify that the disclosures made in the enclosed Disclosure Document, prepared and forwarded by IIFL Securities Limited in terms of the Fifth Schedule of Regulation 22 of the Securities and Exchange Board of India (Portfolio Managers) Regulations 2020and the guidelines and directives issued by the Board from time to time, are true, fair and adequate to enable the investors to make a well-informed decision.

This certificate is issued on the basis of the information and documents given/produced before us and on the basis of representations made by IIFL Securities Limited.

Place:- Mumbai Date:- 30/07/2024	For **Mukesh M. Gangar & Co.** Chartered Accountants MUKESH M. GANGAR & CO. MANISH MARKET DADAR (W) MUMBAI - 28. CHARTERED ACCOUNTANTS Mukesh M. Gangar Membership No: 034096 F No: 106621W UDIN: 24034096BKEEJI5340