

DISCLOSURE DOCUMENT

This Disclosure Document has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

The purpose of this Disclosure Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making an informed decision for engaging PGIM India Asset Management Private Limited as a Portfolio Manager.

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

The Principal Officer of the Portfolio Management Services of PGIM India Asset Management Private Limited is Mr. Surjitt Singh Arora [Tel: +91 22 61593000, Email:- surjitt.arora@pgimindia.com]

This Disclosure Document is dated December 17, 2024.

IMPORTANT DISCLOSURE

The Disclosure Document and its contents are for information only and do not constitute a distribution, an endorsement, an investment advice, an offer to buy or sell or subscribe or the solicitation of an offer to buy or sell or subscribe any product(s)/portfolio or any other securities or financial products/investment products mentioned in the Disclosure Document or an attempt to influence the opinion or behavior of the clients/prospective clients. Any use of the information / any investments and investment related decisions of the clients/prospective clients are at their sole discretion & risk and the Portfolio Manager shall not be responsible/liable for the same in any manner whatsoever, to any person/entity. The investments may not be suited to all categories of clients/prospective clients. As with any investment in any securities, the value of the portfolio under any product(s)/ portfolio can go up or down depending on the factors and forces affecting the capital market.

Clients/prospective clients must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors for seeking independent legal, investment and tax advice as they believe necessary, before acting on any information in the Disclosure Document or any such other documents or before making any investments in such Product(s)/ Portfolio. Any use of the information contained in the Disclosure Document, any investments in the product(s)/portfolio and any investment related decisions pertaining to such product(s)/ portfolio of the clients/prospective clients are at their sole discretion & risk. There may be changes in the legal, tax and the regulatory regimes (including without limitation; political changes, government regulations, social instability, stock market fluctuations, diplomatic disputes, or other similar developments), which could adversely affect the client's/prospective clients' investments in the product(s)/ portfolio. Investments in the product(s)/ portfolio stand a risk of loss of capital and the clients/prospective clients should be aware that they may lose all or any part of their investments in such product(s)/portfolio.

Table of Contents

(1) DISCLAIMER CLAUSE:	4
(2) DEFINITIONS:	4
(3) DESCRIPTION:-	7
A. History, Present Business and Background of the Portfolio Manager	7
B. Promoters of the Portfolio Manager, Directors and their background:.....	8
C. Top 10 Group Companies/Firms of the Portfolio Manager on turnover basis.....	12
D. Details of the Services being offered:	12
a. Discretionary Services:.....	12
b. Non - Discretionary Services:.....	13
c. Advisory Services:.....	14
(4) PENALTIES, PENDING LITIGATION OR PROCEEDINGS, ETC.....	14
(5) SERVICES OFFERED.....	15
(6) RISK FACTORS.....	24
(7) CLIENT REPRESENTATION	28
(8) THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER	30
(9) PORTFOLIO MANAGEMENT PERFORMANCE FOR THE LAST THREE YEARS	31
(10) AUDIT OBSERVATIONS	32
(11) NATURE OF EXPENSES.....	32
(12) TAXATION - TAX IMPLICATIONS FOR THE CLIENTS	36
(13) ACCOUNTING POLICIES	57
(14) INVESTORS SERVICES.....	59
(15) DETAILS OF INVESTMENTS IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER.....	47
(16)DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER.....	47
(17) MISCELLANEOUS PROVISIONS.....	60

(1) DISCLAIMER CLAUSE:

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020, and has been filed with the Securities Exchange Board of India (“SEBI”). This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Disclosure Document. This Disclosure Document remains in effect until a ‘material change’ occurs. Material changes will be filed with Securities and Exchange Board of India (“SEBI”) and notified to the investors, subject to the applicable Regulations.

(2) DEFINITIONS:

- (i) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended from time to time.
- (ii) **“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 Board from time to time.
- (iii) **“Accredited Investor”** means any person who fulfills the eligibility criteria as specified by SEBI and is granted a certificate of accreditation by accreditation agency.
- (iv) **“Advisory Services”** shall mean the services, where the Portfolio Manager advises Clients on investments in general or gives specific advice required by the Clients and agreed upon in the PMS Agreement.
- (v) **“AMC”** means PGIM India Asset Management Private Limited.
- (vi) **“Agreement” or “Client Agreement” or “PMS Agreement”** means the agreement by whatever name called entered into between the Client and the Portfolio Manager for provision of Portfolio Management Services by the Portfolio Manager to the Client as provided for by regulation 22(1) of the Regulations, including any addendum thereto and shall be read in conjunction with the Application Form.
- (vii) **“AML Laws”** shall mean Prevention of Money Laundering Act, 2002, the Rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time.
- (viii) **“Assets” or “Assets of the Account”** shall mean the Securities and other investments and funds managed by the Portfolio Manager from time to time in terms of the Portfolio Management Services Agreement entered into with the Client.
- (ix) **“Cash Account”** means the account in which the funds handed over by the client shall be held by the Portfolio Manager on behalf of the Client.
- (x) **“Client”** means any person, whether an individual or a non-individual, who enters into the Portfolio Management Services Agreement with the Portfolio Manager for availing of the Portfolio Management Services offered by the Portfolio Manager.
- (xi) **“Custodian”** shall mean the custodian providing custodial services in accordance with the regulations issued by SEBI and appointed from time to time for safe keeping of the Assets of the Client.

-
- (xii) **“Depository”** shall mean Depository as defined in the Depositories Act, 1996 (22 of 1996).
- (xiii) **“Disclosure Document”** shall mean this disclosure document for the Portfolio Management Services.
- (xiv) **“Discretionary Portfolio Management Services”** shall mean portfolio management services where the Portfolio Manager exercises or may, under a contract relating to portfolio management exercise any degree of discretion as to the investments or management of the Portfolio of securities or the Funds of the Client, as the case may be.
- (xv) **“Discretionary Portfolio Manager”** shall mean a portfolio manager who provides Discretionary Portfolio Management Services.
- (xvi) **“Financial year”** shall mean the year starting from 1st April of a year and ending on 31st March the following year.
- (xvii) **“Funds”** shall mean the moneys placed by the Client with the Portfolio Manager and any accretions thereto.
- (xviii) **“Fund Manager”** means the individual/s appointed by the Portfolio Manager who manages, advises or directs or undertakes on behalf of the Client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.
- (xix) **“Investment Approach”** means a broad outlay of the type of securities and permissible instruments to be invested in by the portfolio manager for the Client, taking into account factors specific to clients and securities which shall inter-alia include but not be limited to investment objective, description of type of securities, investment horizon and risks associated with the investment approach.
- In case of Non-discretionary Portfolio Management Services the investment approach and the type of securities and permissible instruments to be invested in shall be decided as per the direction/ instruction or consent by the Client. The Portfolio Manager shall provide recommendation/ advice to the Client based on the research it has carried out, and the transaction will be executed based on instruction or consent received from the Client.
- (xx) **“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.
- (xxi) **“Non Discretionary Portfolio Management Services (NDPMS)”** shall mean the management, including investment or sale, purchase etc. of the portfolio of funds and / or securities of the Client, as the case may be, by the Portfolio Manager subject to instructions/ directions or consent issued by the Client from time to time, for an agreed fee structure and for a definite described period. Investments in any type of security will be managed in respect of the Client’s account entirely at the Client’s risk and all benefits will accrue to the Client’s Portfolio. The Portfolio Manager shall provide recommendation/ advice to the Client based on the research it has carried out, and the transaction will be executed based on instruction or consent received from the Client.
- (xxii) **“Non Discretionary Portfolio Manager”** means a portfolio manager providing Non Discretionary Portfolio Management Services.

- (xxiii) **“PMS” or “Portfolio Management Services”** means portfolio management services that are carried out by the Portfolio Manager in accordance with SEBI (Portfolio Managers) Regulations, 2020, whether in the nature of Discretionary Portfolio Management Services, Non Discretionary Portfolio Management Services or Investment Advisory Services, as the context may require.
- (xxiv) **“Portfolio”** shall mean all Funds and Securities of the Client that are managed by the Portfolio Manager on the Client’s behalf as per the PMS Agreement.
- (xxv) **“Portfolio Manager”** means PGIM India Asset Management Private Limited , a company incorporated under the Companies Act, 1956, having its registered office at 4th Floor, C Wing, Laxmi Towers, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, India and registered with SEBI to act as a portfolio manager in terms of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, vide registration no. INP000006952 dated December 12, 2019.
- (xxvi) **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:-
- 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
 - all other operations of the portfolio manager.
- (xxvii) **“PFI”** means Prudential Financial, Inc.
- (xxviii) **“Related Party”** in relation to a portfolio manager, means—
- (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;
 - (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) 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 this clause, 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) such other person as may be specified by the Board:

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.

(xxix) “**Regulations**” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 including any modification or amendment thereof.

(xxx) “**SEBI**” means the Securities and Exchange Board of India

(xxxix) “**Securities**” means and includes, whether listed or unlisted, securities as defined under the Securities Contracts (Regulation) Act, 1956, as amended from time to time.

(xxxixii) “**Securities lending**” means the securities lending as per the Securities Lending Scheme, 1997 specified by SEBI.

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

(3) DESCRIPTION:-

A. History, Present Business and Background of the Portfolio Manager

PGIM India Asset Management Private Limited (“the Portfolio Manager”/“the AMC”), is a private limited company incorporated under the Companies Act, 1956 on September 24, 2008, and having its Registered Office at 4th Floor, C Wing, Laxmi Towers, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, India. The AMC is registered with SEBI as a Portfolio Manager in terms of Regulations vide registration no. INP000006952 dated December 12, 2019.

The AMC has also been appointed as the asset management company of PGIM India Mutual Fund by the Trustees of PGIM India Mutual Fund vide an Investment Management Agreement executed between the AMC and the Trustees of PGIM India Mutual Fund on July 30, 2009. (PGIM India Mutual Fund is registered with SEBI on May 13, 2010 under Registration Code MF/065/10/02). The AMC shares investment research facility and certain employees between the mutual fund and portfolio management services activities. The AMC has proper systems and controls in place to ensure that there is no conflict of interest between the activity of managing the schemes of PGIM India Mutual Fund and the activity of portfolio management services.

The AMC will also act as the investment manager for PGIM India Alternative Investment Fund (“AIF Fund”), which is formed as a trust and has received registration as a Category III Alternative Investment Fund from SEBI vide Registration No. IN/AIF3/ 18-19/0615.

The Portfolio Manager is a wholly owned ‘step-down’ subsidiary of Prudential Financial, Inc (PFI) through one of its wholly owned ‘step-down’ subsidiary, namely, PGLH of Delaware, Inc

B. Promoters of the Portfolio Manager, Directors and their background:

(a) Promoters:

Prudential Financial, Inc. (PFI)

PFI of the United States is a financial services leader with more than USD 1.6 trillion of assets under management as of September 30, 2024, has operations in the United States, Asia, Europe, and Latin America. PFI’s diverse and talented employees are committed to helping individual and institutional customers grow and protect their wealth through a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. In the U.S., PFI’s iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit <https://www.news.prudential.com>.

PGIM is the global investment management business of PFI with USD 1.4 trillion^[1] in assets under management. PGIM offers a broad range of investment capabilities through its multi-manager model with experienced investment teams focused on specific asset classes and approaches to investments. PGIM is built on the strength and stability of more than 145-year legacy and is dedicated to serving the needs of its global client base with a commitment to investment performance, product innovation and integrity. PGIM has its presence across 19 countries in 42 offices with over 1,400+ investment professionals. For more information, please visit <https://www.pgim.com/about-pgim>

PFI of the United States is not affiliated with Prudential plc, which is headquartered in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

(b) Board of Directors and their background:

The following table sets forth the current details regarding the Portfolio Manager’s Board of Directors:

Name and Designation	Background
<p>Mr. Indrasena Yalala Reddy</p> <p>Age: 66 years</p> <p>Qualification: B.Sc. and M.S. (Electronics) Osmania University, India</p>	<p>Mr. Indy Reddy is the Chief Technology and Operations Officer (CT&OO) for PGM Investments. Indy’s responsibilities include all aspects of technology strategy and delivery, and operations functions including Fund Administration, Transfer Agency, and Client Service.</p> <p>Indy most recently served as Global Head of Technology and Operations for Citi Private Bank & Personal Wealth Management. During his 15 years at Citi, he led a large group of Technology and Operations staff and implemented an impressive set of strategic initiatives – Platform Convergence, Globalization, Automation and Digitization. He also drove the Mobile & Digital strategy and deployed unified web and mobile platform which significantly improved Bankers and Clients experience.</p> <p>Prior to joining Citi, Indy held senior technology positions at Deutsche Bank and Credit Suisse where he led a large group of technology team and implemented various global platforms in the US and Europe.</p> <p>Indy has a B.Sc. and M.S. in Electronics from Osmania University, India. Indy received various industry awards including “Best Innovator in Wealth Management” by Euromoney, “Premier 100 IT</p>

Name and Designation	Background
	Leaders” by Computer World, and “Elite 100 Winners” by Information Week.
<p>Mr. David Wan Chang</p> <p>Age: 59</p> <p>Qualification: Master’s in Education, Undergraduate in Finance</p>	<p>Mr. David Wan Chang oversees PGIM’s asset management businesses in India (PGIM India) and Taiwan (PGIM SITE), and PGIM’s joint venture on the Chinese mainland with partner Everbright Securities. Prior to joining PGIM, he has worked with Franklin Templeton where he spent more than 20 years, formerly as the CEO and regional head for Greater China since 2007, responsible for driving business across Hong Kong, the Chinese mainland and Taiwan, and more recently as senior advisor providing guidance and strategic counsel to the APAC team. He also held previous senior sales and business development roles at the firm. He currently serves as an independent advisor to the Raffles Family Office in Hong Kong providing advice on family governance, running family business, philanthropy and all other areas that can add value to the Raffles Family Office.</p>
<p>Ms. Caroline McDonagh</p> <p>Age: 40</p> <p>Qualification: CFA Charterholder, CAIA Charterholder and BSc. Finance, First Class Honours, University College Cork</p>	<p>Ms. Caroline McDonagh has more than 18 years of experience in areas including Investment, Portfolio Management and Risk. She is currently part of Investment Risk team of PGIM Investment, Dublin wherein she oversees the UCITs platform from a risk perspective and works closely with Investment Management to create a holistic overview suitable for UCITs guidelines.</p> <p>Ms. McDonagh has also handled multiple roles at Federated Hermes Multi Asset – London in Risk and Investment Function.</p>
<p>Mr. Rajesh Krishnamoorthy</p> <p>Age: 47 years</p> <p>Qualification: Chartered Wealth Manager (CWM) – Honorary, Licensed International Financial Analyst (LIFA), MBA (Finance), B.Com.</p>	<p>Mr. Rajesh Krishnamoorthy has more than 23 years of experience in the finance industry. The last position he held was Country Head – India (LO) in Financial Planning Standards Board Ltd, US where he was responsible for all activities of FPSB in India. He is the Non-Executive Chairman at iFAST India Holdings Pte Ltd, Singapore, a Senior Venture Partner at Colossa Ventures that focuses on powering women entrepreneurs in India and has earlier worked in iFAST Financial India Pvt Ltd. as its founding Managing Director. He has held the position of Chief consultant for Collaborative Distribution Expansion Project for the mutual fund industry.</p> <p>He was a member of Committee of Investment Adviser Regulations (SEBI), Retirement Adviser Certificate Examination (National Institute of Securities Markets), Investment Adviser Certificate Examination (National Institute of Securities Markets). He was also a member and coordinator for SEBI Working Group on Investment Adviser Regulations, 2013. He has handled multiple roles at Fidelity Asset Management and Fidelity Funds Network, in India and ICICI Bank. Formerly, he has also been part of Corporate Treasury Management in Tata Housing Development Co.</p>
<p>Dr. V. R. Narasimhan</p>	<p>Dr V.R. Narasimhan has 40 plus years of work experience in Financial and Capital Markets in India.</p>

Name and Designation	Background
<p>Age: 67 years</p> <p>Qualification: MBA and Ph D. Member of Institute of Company Secretaries of India</p>	<p>He started his career as a lecturer. Thereafter he worked with AP State Finance Corporation (APSFC), Public Enterprise Management Board, Government of Andhra Pradesh, SEBI, National Securities Depository Limited (NSDL), Kotak Mahindra Bank and NSE (National Stock Exchange).</p> <p>While he was working with India's first securities depository NSDL, NSDL he was responsible for spreading the demat concept amongst all issuers and investors in the country and also played key role in developing new products and services like setting up National Skill Registry for NASSCOM, biometric based investor registration system called MAPIN (now abandoned), conceptualization of Central Record Keeping Agency for PFRDA etc. While he was with Kotak Mahindra Bank, he played multiple roles including setting up Kotak Mahindra Pension Fund Company, setting up Kotak Commodity Derivatives Exchange, Group head for capital market compliance etc.</p> <p>He served NSE as its Chief Regulatory Officer from 2013 till 2018 responsible regulation of member brokers of NSE, Listed Companies (including their corporate governance, Market surveillance and Investigations, Investor Grievance redressal) and retired from its service. He was associated closely with SEBI in formulating LODR and replacing the then existing Listing Regulations with LODR.</p> <p>After his retirement from NSE, he served National Institute of Securities Markets (NISM), an educational initiative of SEBI as Dean of Corporate Governance and Secondary Market Research Studies. He retired therefrom in 2023.</p> <p>Dr. Narasimhan is a post graduate in Commerce, MBA (Finance) and a Ph. D and a qualified Company Secretaries.</p>
<p>Mr. Muralidharan Rajamani</p> <p>Age: 63</p> <p>Qualification: B.Sc. (Mathematics, Statistics and Physics), Post-Graduation (Economics), University of Madras</p>	<p>Mr. Muralidharan has over 33 years of experience in the Banking Financial Services and Insurance Sector. Over the last decade, he has held CEO/COO / Top Leadership positions across institutions such as ICICI Bank, Dhanlaxmi Bank and L&T Financial Services. Presently he is a Practice Head- Leadership Development at the Leadership Centre (www.leadershipcentre.in). He also mentors two Tech start ups one in Delhi, India and another in the Silicon Valley. He does pro-bono work with organizations that provide opportunities and better environment for People with Disabilities.</p> <p>His long tenures have been with the country's largest Public and Private Sector Banks - State Bank of India (9 years) and ICICI Bank (13 years). His wide experience spans Corporate Banking, Retail Banking, Branch and Digital Channels, Strategy, Technology, Operations and Transformational Projects in Customer Experience some of which were industry-first initiatives. At ICICI Bank, he was a part of the team that set up the Bank in 1994 and went on to</p>

Name and Designation	Background
	<p>become General Manager – Global Operations Group. His transformational work in Dhanlaxmi Bank where he was the President and Chief Operating Officer won him The Asian Banker Award in 2012.</p> <p>He retired as the Group Head at L&T Financial Services (Financial Services arm of the Engineering Giant Larsen & Toubro) where he led the Operations, Technology, Credit Mid office and Corporate Social Responsibility across the entire spectrum of Infrastructure and Project Finance, Retail Lending and Rural Finance, Asset Management, Wealth Management and Insurance businesses. Mr. Muralidharan was the member of the Group Executive Council, the Apex Body of the group.</p> <p>Through his career, Mr. Muralidharan has been a part of Strategic and Leadership committees and has held Board Positions in the business and not for profit organizations. He was also the Vice-Chair of Customer Service Excellent Foundation. Mr. Muralidharan has been a regular speaker in industry fora and facilitated sessions in leading institutions such as National Institute of Bank Management, Tata Management Training Centre and the like. Mr. Muralidharan has throughout his career been part of strategic and transformational initiatives across the institutions he was a part of both in business and enterprise functions. Also, Mr. Muralidharan has actively been engaged in building and facilitating capability development and leadership development. He is also on the Board of Utkarsh Small Finance Bank Ltd.</p>

• **Information on Key Personnel of Portfolio Management Services of PGIM India Asset Management Private Limited:**

Name and Designation	Experience & Background
<p>Mr. Aniruddha Naha Chief Investment Officer – Alternative Investments Age: 49 years Qualification: Master in Finance & Control</p>	<p>Over 23 years of experience in the equity and debt market:</p> <ul style="list-style-type: none"> • April 01, 2023 onwards - PGIM India Asset Management Pvt Ltd.– Chief Investment Officer – Alternative Investments • December 01, 2021 to March 31, 2023 - PGIM India Asset Management Pvt Ltd.– Head - Equity • April 5, 2018 to November 30, 2021 - PGIM India Asset Management Pvt Ltd.– Senior Fund Manager – Equity • May 2016 to March 2018 - Avendus Wealth Management Pvt. Ltd- Portfolio Manager. • April 2013 to March 2016 - IDFC Asset Management Company Ltd. - Fund Manager • August 2010 to February 2013 - Mirae Asset Global Investments (Hong Kong) Ltd. - Portfolio Manager • February 2008 to June 2010 - DSP BlackRock Investment Managers Pvt. Ltd. - Fund Manager

<p>Mr. Surjitt Singh Arora</p> <p>Principal Officer</p> <p>Age: 41</p> <p>Qualification: MBA Finance</p>	<p>Over 18 years of experience in Equity Markets:-</p> <ul style="list-style-type: none"> • August 2021 onwards - PGIM India Asset Management Private Limited – Principal Officer – PMS • December 2014 to July 2021 – Tata Asset Management Private Limited – Last position held – Fund Manager – PMS • September 2008 to December 2014 - Prabhudas Lilladher Private Limited – Equity Research Analyst
<p>Ms. Deepmala Sachin Jadhav</p> <p>Dealer</p> <p>Age: 45</p> <p>Qualification: Masters of Commerce</p>	<p>Over 7 years of experience in Operations:-</p> <ul style="list-style-type: none"> • February 15, 2023 onwards - PGIM India Asset Management Private Limited - Dealer – PMS • October 2011 to May 2013 - Axis Bank Ltd - Front desk Operation Manager. • March 2008 to October 2011 - HDFC Bank - Deputy Manager Teller operations • August 2006 to July 2007 - Centurion Bank of Punjab - Junior Manager – Operations. • March 2005 – August 2006 - ICICI Bank Ltd - Depository services officer
<p>Mr. Shrenik Gandhi</p> <p>Research Analyst</p> <p>Age: 28</p> <p>Qualification: Bachelors in Financial Markets</p>	<p>Over 2 years of experience in Research:</p> <ul style="list-style-type: none"> • August 31, 2024 onwards - PGIM India Asset Management Private Limited – Research Analyst – PMS • November 2023 – May 2024 - Mehta Group Family Office - Equity Research Analyst • December 2022 – November 2023 - Pico Capital – Analyst • January 2022 – December 2022 - Hexagon Hedge Fund - Assistant Investment officer

C. Top 10 Group Companies/Firms of the Portfolio Manager on turnover basis

Based on the latest audited financial statements, the following are the group companies of the Portfolio Manager, based in India, are as follows:

Sr. No.	Name of the Company
1.	Pramerica Life Insurance Limited
2.	PGIM India Trustees Private Limited (Trustees to PGIM India Mutual Fund)

D. Details of the Services being offered:

The Portfolio Manager offers Discretionary, Non-Discretionary and Advisory Services, as follows:

a. Discretionary Services:

Under the Discretionary Portfolio Management Services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Portfolio Manager may make such changes in the investments

and invest some or all of the Client's account in such manner and in such markets as it deems fit, subject to the investment objectives and other restrictions laid down in the Client Agreement and / or in this Disclosure Document. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question or be open to review at time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, Guidelines and Notifications in force from time to time.

The Securities invested / disinvested by the Portfolio Manager for Clients may differ from Client to Client. The funds of each Client shall be managed individually and independently in accordance with the needs of each Client. Periodical statements in respect of the Clients' Assets under Management shall be sent to the respective Clients.

The Portfolio Manager may take investment advices from third party investment advisors. Such investment advises shall be non binding non exclusive in nature. The investment decision based on such investment advice shall rest with the Portfolio Manager and the Portfolio Manager shall be responsible for such investment decisions.

Minimum Investment Amount:

Rs.50 Lakhs or such other amount as decided by the Portfolio Manager at its sole discretion, subject however in excess of the amount to comply with applicable SEBI Regulations. However, the said minimum investment amount shall not be applicable to Accredited Investors.

b. Non - Discretionary Services:

Under these services, the investment approach, type of securities and permissible instruments to be invested is decided as per the direction/ instruction or consent by the Client. The portfolio of funds and / or securities of the Client, as the case may be, executed by the Portfolio Manager are subject to expressed prior instructions/ directions or consent issued by the Client from time to time.

The Portfolio Manager shall provide recommendation to the Client based on the research it has carried out, and the transaction will be executed based on instruction or consent received from the Client. The Portfolio Manager's role would include but not be limited to providing research, structuring of client's portfolios, investment advice, and guidance and trade execution at the Client's request. The Portfolio Manager shall execute orders as per the mandate received from Clients. Portfolio manager and client will have an agreed fee structure and an arrangement for a definite described period, entirely at the Client's risk.

The Portfolio Manager's advice (taken in good faith), cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide fraud, conflict of interest or gross negligence. The rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the relevant Act, rules and regulations, guidelines and notifications in force from time to time.

The Portfolio manager may identify investment opportunities and showcase the same to the client. The client on the basis of the information and such other checks which he may wish to carry on, could decide to participate in the opportunity. On obtaining his consent the Portfolio manager may process the instruction and execute the deal in accordance with the instructions of the client. The client is fully aware that the risks and rewards

belong to the client and portfolio manager shall not be held responsible for such decisions of the client.

Minimum Investment Amount:

Rs.10 Crores or such other amount as decided by the Portfolio Manager at its sole discretion, subject to minimum amount applicable under SEBI Regulations.

c. Advisory Services:

Under the Advisory Portfolio Management Services, the Portfolio Manager provides only investment advice, whether general or specific or pertaining to a particular portfolio, on the basis agreed upon in the Client Agreement. Entry/exit timing, execution and settlement are solely the Client's responsibility. The Portfolio Manager may take investment advices from third party investment advisors. Such investment advices shall be non binding non exclusive in nature. The investment advices given based on such third party investment advice shall rest with the Portfolio Manager and the Portfolio Manager shall be responsible for such investment advices.

The abovementioned services are offered in terms of the Portfolio Management Services Agreement entered into between the Client and the Portfolio Manager. Fees for such services will be as is provided under the Client Agreement.

Direct onboarding: Investors have the option to avail the portfolio management services directly from the Portfolio Manager without any recourse to distributors.

(4) PENALTIES, PENDING LITIGATION OR PROCEEDINGS, ETC.

The following are the disclosures pertaining to the penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority:-

i. All cases of penalties imposed on the Portfolio Manager by SEBI or the directions issued by SEBI under the Act or Rules or Regulations made thereunder:

None

ii. The nature of the penalty /direction:

Not Applicable

iii. Penalties/fines imposed on the Portfolio Manager for any economic offence and/or for violation of any securities laws:

None

iv. Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any:

There are no pending material litigations or legal proceedings against the Portfolio Manager or key personnel.

v. Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency:

a) SEBI letter dated September 10, 2024, issued a deficiency letter to PGIM India Asset Management Private Limited (Portfolio Manager) for submission of incorrect net worth details in the PMS offsite inspection data to SEBI for the period April 2023 to September 2023.

b) SEBI letter dated August 14, 2024 for not complying with the minimum investment amount requirement stipulated in Regulation 23(2) of the SEBI (PMS) Regulations, 2020 for the one transmission related matter.

vi. Any enquiry/adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder

- SEBI vide its Final Order dated February 11, 2022, levied a penalty of R. 6 lakhs on Dr. V.R. Narasimhan for an alleged violation of Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012 relating to the period when he was Chief Regulatory Officer and Compliance Officer at NSE during 2016. Dr. Narasimhan has appealed the Final Order.

- SEBI conducted a thematic inspection of PGIM India Mutual Fund for the period from August 1, 2018 to February 28, 2019. SEBI had issued a Show Cause Notice on April 13, 2022 to PGIM India Asset Management Private Limited and certain officials and ex-officials with allegations relating to Inter Scheme Transfers and Valuation of Downgraded Securities. The AMC and other noticees replied to the Show Cause Notice and availed of a personal hearing, after which, SEBI has issued an Order dated June 30, 2022 imposing a penalty of Rs. 25,00,000/- on the AMC; Rs. 5,00,000/- on the Chief Executive Officer; and Rs. 2,00,000/- each on the Head of Fixed Income and two ex-officials. The AMC has filed an appeal before the Securities Appellate Tribunal against the SEBI order dated June 30, 2022 to the extent of the findings and penalty imposed by SEBI. The SAT bench had passed a stay order on the impugned order, subject to deposit of 50% of the penalty imposed upon the Appellants. Accordingly, the Appellants have paid an amount of INR 18 lakhs on September 13, 2022.

The above information has been disclosed in good faith as per the information available with the Portfolio Manager.

(5) SERVICES OFFERED

A. The Primary Investment Objectives and Policies:-

The primary objective is to generate returns and capital appreciation over a period of time from a portfolio of equity, debt, fixed-income securities etc.

Under Discretionary Portfolio Management, the Portfolio Manager shall invest in securities as per his discretion based on the mandate, to achieve the investment objectives of the Client.

Under Discretionary Portfolio Management, the Portfolio Manager, shall invest the funds of the Clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of mutual funds and other securities as may be specified under the Regulations, from time to time. Money Market instruments for this purpose, would include commercial paper, trade bill, treasury bills, certificate of deposits and usance bills.

Under the Non Discretionary Portfolio Management or Advisory Services, for Clients other than those falling under the category of Large Value Accredited Investors, Portfolio Manager may invest or provide advice for investment up to 25% of the assets under management of such clients in unlisted securities, in addition to the securities permitted for discretionary portfolio management.

However, no assurance or guarantee is given by the Portfolio Manager that the investment objectives will be achieved. Clients are not being offered any guaranteed or assured returns.

Consistent with the objective, strategy and subject to Regulations, the corpus will be Invested in any of (but not exclusively) the following securities:-

- Equity and equity related securities including convertible bonds (including equity linked debentures) and debentures and warrants carrying the right to obtain equity shares;
- Securities issued/guaranteed by the Central, State Governments and local governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills);
- Obligations of Banks (both public and private sector) and Development Financial Institutions like Coupon bearing Bonds, Zero Coupon Bonds;
- Money Market instruments permitted by SEBI/RBI including Certificate of Deposits (CDs) and Commercial Paper (CPs), Fixed deposits, Bonds, debentures etc;
- Mutual Fund units. Investment in Mutual funds would be only under the Direct Plan;;
- Derivatives including but not limited to Futures, Options, Arbitrage etc in accordance with SEBI Regulations;
- Securitisation instruments;
- Foreign securities as permissible by Regulations from time to time;
- Any other securities and instruments as permitted by the Regulations from time to time.

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals and invest in derivatives, including transactions for the purpose of hedging and portfolio rebalancing, through a recognized stock exchange.

(i) Discretionary Portfolio Management Services:-

The Investment approach adopted by the portfolio manager for the existing portfolio services are as follows:-

1. PGIM INDIA CORE EQUITY PORTFOLIO

Strategy: Equity

Investment Approach:

Investment objective: PGIM India Core Equity Portfolio seeks to generate returns by investing in a portfolio of quality companies that are available at reasonable valuations and have the potential of superior wealth creation over long term.

Types of Securities: Funds would be predominantly invested in listed equity and equity related instruments.

Basis of Selection: The portfolio will identify and invest in companies with strong fundamentals which are available at a reasonable price when seen in light of

business projections, projected cash flows and market value of assets. Such opportunities are available when companies are going through a period of temporary difficulty or are ignored by the market. It is a Multi cap portfolio agnostic to market capitalization. Primary Screening is based on ability to generate free cash flows, high ROCE with filters for vintage and size.

Allocation of portfolio across types of securities: It is a multi cap portfolio. From a risk management perspective, portfolio will be adequately diversified across sectors and across companies. Pending deployment of funds of the portfolio in securities in terms of the investment objective, the funds of the portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.

Regulatory/ Strategy Benchmark: NIFTY 50 TRI

Secondary Benchmark: Nifty 500 Multicap 50:25:25 TRI

Rationale for selection of benchmark:

Regulatory/Strategy Benchmark: Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate performance of the portfolio. This is decided by APMI as per market-cap methodology for equity strategy.

Secondary Benchmark: The portfolio is also being benchmarked against the Nifty 500 Multicap 50:25:25 TRI since its composition is in line with the objective of the investment approach. The index is broad-based and has exposure to all caps (Large, Mid, and small caps) which makes it suitable for comparing the performance of the portfolio.

Indicative tenure or investment horizon: Markets usually take time to spot value, and hence, this portfolio requires a longer holding period. Hence, this portfolio is suitable for investors with investment horizon of at least 3 years.

Risk associated with the investment approach: For details on risks, please refer to section on 'Risk Factors' provided later in this document.

2. PGIM INDIA DEBT PORTFOLIO:

Strategy: Debt

Investment Approach:

Investment objective: PGIM India Debt Portfolio seeks to generate risk adjusted returns with a focus on capital preservation.

Types of Securities: Funds would be predominantly invested in debt and money market instruments.

Basis of Selection: The fund manager will use a combination of duration, accrual and hold to maturity strategies depending upon market conditions. Securities will be selected from the universe approved at a PGIM India level and on the basis of an internal credit rating framework.

Allocation of portfolio across types of securities: PGIM India Debt Portfolio seeks to provide reasonable returns, commensurate with moderate level of risk, through a portfolio predominantly constituted of all types of debt and money market instruments including, but not limited to, Commercial Paper, Certificates of Deposit, Treasury bills, Non - convertible Debentures, Bonds, Central and State Government Securities, etc.

Benchmark: CRISIL Composite Bond Index

Indicative tenure or investment horizon: This portfolio is suitable for investors with investment horizon of at least 6 months.

Risk associated with the investment approach: For details on risks, please refer to section on ‘Risk Factors’ provided later in this document.

3. PGIM INDIA EQUITY PORTFOLIO:

Strategy: Equity

Investment Approach:

Investment Objective:

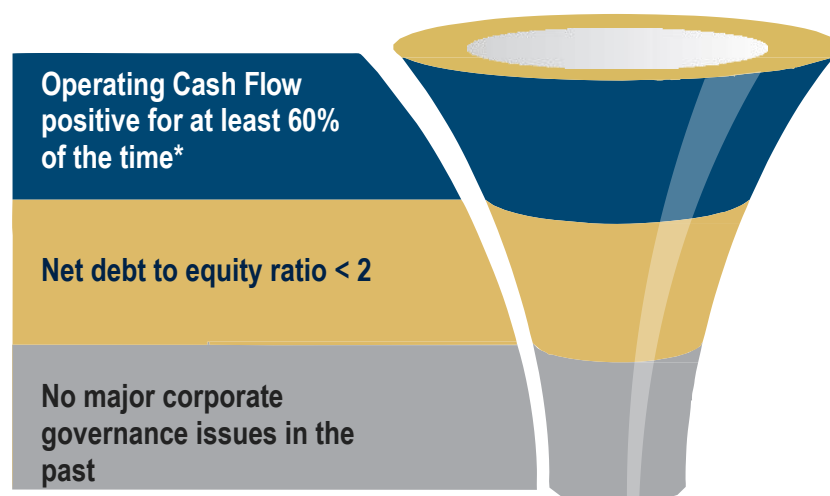
PGIM India Equity Portfolio seeks to achieve long term capital appreciation by investing in equity and equity related instruments across market capitalization.

However, there can be no assurance that the investment objective will be achieved.

Types of Securities: Funds would be predominantly invested in listed equity and equity related instruments.

Basis of Selection:

The portfolio will invest in businesses with a visibility of earnings growth over the next three to four years, with an aim for capital appreciation. The portfolio will be conscious about downside business risk management and strength of the businesses while investing. The strategy will have three filters for including stocks in the investment universe:



* Nifty 50, Nifty Midcap 100, BSE 200 and top 250 stocks defined by AMFI are automatically a part of the investment universe.

The portfolio manager shall have a leeway of up to 10% to invest in stocks beyond the above-mentioned process.

Allocation of portfolio across types of securities: The portfolio will comprise 20-25 businesses across a range of market capitalizations. Pending deployment of funds of the Portfolio in securities in terms of the investment objective, the funds of the Portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.

Regulatory/Strategy Benchmark: NIFTY 50 TRI

Secondary Benchmark: Nifty 500 Multicap 50:25:25 TRI

Rationale for selection of benchmark:

Regulatory/Strategy Benchmark: Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate performance of the portfolio. This is decided by APMI as per market-cap methodology for equity strategy.

Secondary Benchmark: The portfolio is also being benchmarked against the Nifty 500 Multicap 50:25:25 TRI since its composition is in line with the objective of the investment approach. The index is broad-based and has exposure to all caps (Large, Mid, and small caps) which makes it suitable for comparing the performance of the portfolio.

Indicative tenure or investment horizon: This portfolio is suitable for investors with investment horizon of at least 3 years.

Risk associated with the investment approach: For details on risks, please refer to section on 'Risk Factors' provided later in this document.

4. PGIM INDIA PHOENIX PORTFOLIO:

Strategy: Equity

Investment Approach:

Investment Objective: The objective of the portfolio is to generate capital appreciation over the long term by investing in quality Mid and Small Cap Indian companies.

Types of Securities: All funds would be predominantly invested in listed equity and equity related securities.

Basis of Selection: The central theme of the product is that the Portfolio Manager would chose stocks of companies that, in his assessment, are close to an inflection point in their lifecycle either due to a cyclical or structural changes. The Phoenix Portfolio, as the name suggests, would concentrate on companies whose financial and operational performance (profit margins, market share etc.) at the time of

investment would be below the long-term average performance displayed by the company.

Asset Allocation: At least 75% of the portfolio would be invested in the shares of Mid and small Cap companies. Pending deployment of funds of the Portfolio in securities in terms of the investment objective, the funds of the Portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.

Regulatory/Strategy Benchmark: NIFTY 50 TRI

Secondary Benchmark: Nifty Smallcap 250 TRI

Rationale for selection of benchmark:

Regulatory/Strategy Benchmark: Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate performance of the portfolio. This is decided by APMI as per market-cap methodology for equity strategy.

Secondary Benchmark: The portfolio is also being benchmarked against the Nifty Smallcap 250 TRI since its composition is in line with the objective of the investment approach. The index comprises small-cap companies and is also suited for comparing the performance of the portfolio.

Indicative tenure or investment horizon: Markets usually take time to spot value, hence it is advisable for investors to be invested for at least 3 years.

Risk associated with the investment approach: For details on risks, please refer to section on 'Risk Factors' provided later in this document.

5. PGIM INDIA EQUITY PORTFOLIO – SERIES I (High Conviction Themes)

Strategy: Equity

Investment Approach:

Investment objective: PGIM India Equity Portfolio – Series I (High Conviction Themes) seeks to generate returns by investing in a portfolio of quality companies that are beneficiaries of efficient operating leverage, helping them to grow profitability, over the longer term.

Types of Securities: Funds would be predominantly invested in listed equity and equity related instruments.

Basis of Selection: The portfolio will aim to invest in companies that benefit from timely capital expenditure, manifesting in increased profitability and better return ratios over a period of time. The portfolio will endeavor to focus on companies with strong operating leverage and avoid companies with higher financial leverage. Primary screening is based on ability to generate operating cash flows, healthy balance sheets with relatively lower net debt to equity ratio and demonstrated corporate governance track record.

Allocation of portfolio across types of securities: From a risk management perspective, portfolio will be adequately diversified across sectors and across companies. Pending deployment of funds of the portfolio in securities in terms of the investment objective, the funds of the portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.

Regulatory/Strategy Benchmark: NIFTY 50 TRI

Secondary Benchmark: Nifty 500 Multicap 50:25:25 TRI

Rationale for selection of benchmark:

Regulatory/Strategy Benchmark: Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate performance of the portfolio. This is decided by APMI as per market-cap methodology for equity strategy.

Secondary Benchmark: The portfolio is also being benchmarked against the Nifty 500 Multicap 50:25:25 TRI since its composition is in line with the objective of the investment approach. The index is broad-based and has exposure to all caps (Large, Mid, and small caps) which makes it suitable for comparing the performance of the portfolio.

Indicative tenure or investment horizon: Benefits of capex outlay and/or cost controls may positively impact operating leverage, however it may take time to reflect in earnings numbers of the company. Hence, this portfolio requires a longer holding period. Hence, this portfolio is suitable for investors with investment horizon of at least 3 years.

Risk associated with the investment approach: For details on risks, please refer to section on 'Risk Factors' provided later in this document.

6. PGIM INDIA EQUITY PORTFOLIO – SERIES II

Strategy: Equity

Investment Approach:

Investment objective: PGIM India Equity Portfolio – Series II seeks to generate returns by investing in a portfolio of predominantly quality stocks with good fundamentals.

Types of Securities: Funds would be predominantly invested in listed equity and equity related instruments.

Basis of Selection: The portfolio will identify and invest in quality companies with strong fundamentals. These companies will be evaluated on safety, growth and prevailing valuations parameters before including in the portfolio. The fund manager may rely on ratios like ROCE, ROE, operating cash flow among other parameters to evaluate the company.

Allocation of portfolio across types of securities: The number of stocks is not expected to go beyond 10-15 stocks under normal market conditions. Pending

deployment of funds of the portfolio in securities in terms of the investment objective, the funds of the portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.

Regulatory/Strategy Benchmark: NIFTY 50 TRI

Secondary Benchmark: Nifty Smallcap 250 TRI

Rationale for selection of benchmark:

Regulatory/Strategy Benchmark: Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate performance of the portfolio. This is decided by APMI as per market-cap methodology for equity strategy.

Secondary Benchmark: The portfolio is also being benchmarked against the Nifty Smallcap 250 TRI since its composition is in line with the objective of the investment approach. The index comprises small-cap companies and is also suited for comparing the performance of the portfolio.

Indicative tenure or investment horizon: Relatively smaller companies usually take time to grow and establish themselves in their respective segments. Hence, this portfolio requires a longer holding period. Hence, this portfolio is suitable for investors with investment horizon of at least 3 years.

Risk associated with the investment approach: For details on risks, please refer to section on 'Risk Factors' provided later in this document.

(ii) Non-Discretionary Portfolio Management Services:

Under the Non-Discretionary Services, the Portfolio Manager will manage the Client's portfolio in accordance with the directions received from the Client and pursuant to Client's consent being received for each investment/transaction. The investment objectives and approach will be in accordance with the general objectives described in this Disclosure Document and as per the specific objectives set out in each Client Agreement.

The existing portfolios are as follows:-

1. PGIM INDIA DEBT NDPMS PORTFOLIO:

Strategy: Debt

Investment Approach:

Investment objective: PGIM India Debt Portfolio seeks to generate risk adjusted returns with a focus on capital appreciation. The underlying securities will be selected in accordance with the research capabilities of PGIM India and at the investor's discretion and directions.

Types of Securities: Funds would be predominantly invested in debt and money market instruments.

Basis of Selection: The fund manager will construct the portfolio based on the requirements of the client. Securities will be selected from the universe approved at a PGIM India level and on the basis of an internal credit rating framework.

Allocation of portfolio across types of securities: PGIM India Debt Portfolio would predominantly consist of all types of debt and money market instruments including, but not limited to, Commercial Paper, Certificates of Deposit, Treasury bills, Non - convertible Debentures, Bonds, Central and State Government Securities, etc.

Benchmark: CRISIL Composite Bond Index

Indicative tenure or investment horizon: The horizon would depend on the portfolio construct in accordance with the directions provided by the client.

Risk associated with the investment approach: For details on risks, please refer to section on 'Risk Factors' provided later in this document.

2. PGIM INDIA EQUITY NDPMS PORTFOLIO:

Strategy: Equity

Investment Approach:

Investment Objective: The aim of the portfolio is to deliver capital growth from an actively managed portfolio where the underlying holdings will be selected in accordance with research capabilities of the Portfolio Manager and under the investor's discretion & directions.

Types of Securities: Funds would be predominantly invested in listed equity and equity related instruments and up to 25% of the Assets Under Management may be invested in unlisted equity.

Basis of Selection: The starting point for selection of securities would be a top down and bottom up approach and the Portfolio Manager's analysis of business cycles, regulatory reforms, competitive advantage etc. Selective stock picking will be done from the sectors identified from the Portfolio Manager's analysis. The Portfolio Manager, in selecting scrips, will focus among other aspects, on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company and the key earnings drivers. Stock specific risk will be minimized by investing only in those companies that have been analysed by the Portfolio Manager. Risk will also be reduced through adequate diversification of the portfolio which will be achieved by spreading the investments over a range of industries / sectors.

Allocation of portfolio across types of securities: The construct of the portfolio will be in line with the client requirements. Pending deployment of funds of the Portfolio in securities in terms of the investment objective, the funds of the Portfolio may be parked in short term deposits of scheduled commercial banks or in the liquid and debt schemes of PGIM India Mutual Fund.

Benchmark: NIFTY 50 TRI

Indicative tenure or investment horizon: The horizon would depend on the portfolio construct in accordance with the directions provided by the client.

Risk associated with the investment approach: Equity Market Risk, Concentration Risk, Liquidity Risk shall exist for any investment in unlisted companies or Pre IPO investments. For further details on risks, please refer to section on ‘Risk Factors’ provided later in this document.

(iii) Advisory Services:-

The Client will be provided with general and specific investment advice and will be advised on buy/sell decisions within the overall risk profile and investment strategy for the Client, as set out in the Client Advisory Agreement. The Portfolio Manager will not have any back-office responsibility for trade execution, custody or accounting functions in relation to the Advisory Client’s investments.

B. Policy on Investment in group/associate companies:-

The Portfolio Manager shall not take exposure to any and all issues of Sponsor or group company (ies) or any other entity related to PFI either directly or indirectly.

(6) RISK FACTORS

General:

1. The investments made by the Portfolio Manager are subject to risks arising from the investment approach, investment objective, investment strategy and asset allocation.
2. The Portfolio Manager has no previous experience / track record in providing portfolio management services, other than acting as an investment adviser and manager to PGIM India Mutual Fund, in its capacity as an asset management company to the mutual fund.
3. Performance of the promoter or the schemes of PGIM India Mutual Fund managed by the AMC have no bearing on the expected performance of the Portfolio Manager. Past performance of the sponsor and its affiliates, the AMC or the Mutual Fund does not indicate the future performance of the Portfolio Manager and may not necessarily provide a basis of comparison. Further, past performance of the Portfolio Manager does not indicate its future performance.
4. Securities investments are subject to market risks, company specific risks and other risks and there is no assurance or guarantee that the objectives of the investments as set out in this Disclosure Document and/or the Client Agreement will be achieved. The investment value of the Portfolio may increase or decrease depending on various markets forces and factors affecting stock markets. Investments in the Portfolio Management Strategies stand a risk of loss of capital and the Clients should be aware that they may lose all or any part of their investments.
5. 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.
6. Investment decisions made by the Portfolio Manager may not always be profitable. While the Portfolio Manager shall take all reasonable steps to invest the Funds in a prudent manner, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager.

7. Investors are not being offered any guaranteed returns. The Portfolio Manager is neither responsible nor liable for any losses resulting from the Services or operations of the Clients' Portfolios.
8. The investment made by the Portfolio Manager is subject to risk arising out of non-diversification of the Portfolio in a wide variety of instruments, particularly in relation to Discretionary Portfolio Management Services where the Portfolio is managed at the discretion of the Portfolio Manager.
9. The investments and growth of the Portfolio are subject to a very wide range of risks which include loss in value of investments due to, inter alia:
 - (a) Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies (including changes in tax laws and rates), changes in government policies and regulations;
 - (b) Act of state, sovereign action, acts of God, acts of war, civil disturbance;
 - (c) Delisting or market closure, relatively small number of scrips accounting for a large proportion of trading volume.
10. The investments are also subject to liquidity risk in the market, settlement risk, impeding readjustment of portfolio composition, highly volatile stock markets in India. There is also risk of total loss of value of an asset or recovery of losses in investments only through expensive legal processes.
11. **Liquidity Risk:** Liquidity of investments in equity and equity related securities are often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market securities lack a well-developed secondary market, which may restrict the selling ability of such securities thereby resulting in a loss to the Portfolio until such securities are finally sold. Even upon termination of the Agreement, the Client may receive illiquid securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the scheme are un-invested and no return is earned thereon. The inability of the Portfolio Manager to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.
12. 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.
13. The ability of Clients to withdraw the Funds / Portfolio or to transfer any of the interests, rights or obligations with regard to the Portfolio may be restricted under the terms of the Client Agreement and the Regulations.
14. Changes in Applicable Law may impact the performance of the Portfolio.

15. The clients may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients. The client may incur a higher rate of TDS/ Dividend Distribution Tax in case the investments are aggregated.
16. 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.
17. In case of investments in mutual fund units, the client shall bear the recurring expenses of the mutual fund in addition to the expenses of the Portfolio Manager. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.
18. There may be potential or perceived conflict of interest on the part of the Portfolio Manager in case of investments of investors/clients' assets in the schemes of PGIM India Mutual Fund to which PGIM India Asset Management Private Limited is acting the asset management company. The Portfolio Manager has a policy for monitoring securities transaction for its employees which ensures effective mitigation of such perceived conflicts. However, the Portfolio Manager shall ensure that the investments are in the interest of the investors. Further, the Portfolio Manager has proper systems and controls in place to ensure that there is no conflict of interest between the activity of managing the schemes of PGIM India Mutual Fund and the activity of portfolio management services. The Portfolio Manager shall either avoid any conflict of interest in his investment or disinvestment decision, or where any conflict of interest arises, ensure fair treatment to all his customers. Portfolio Manager shall disclose to clients, possible sources of conflict of duties and interests, while providing unbiased services.
19. Prospective clients should review / study the Disclosure Document carefully and in its entirety and should not construe the contents or summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of the Portfolio and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their Portfolio, acquisition, holding, capitalisation, disposal (whether by sale, transfer or conversion into money) of the Portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding portfolio of securities before making an investment.

Risk Associated with Debt Instruments:

1. Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk and may also be subject to price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.
2. Interest rate risk is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance, changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. The value of investments in fixed income Securities will appreciate

/ depreciate if the interest rates fall/rise. Consequently, the value of the Portfolio may be subject to fluctuation.

3. Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
4. Investments in non-publicly offered debt securities (where permitted by the investment mandate) may expose the Client's Portfolio to liquidity risks.

Risk Associated with Equity Investments

1. Equity instruments carry both company specific and market risks, in addition to the risks stated above, and hence no assurance of returns can be made for these investments.
2. Investments in unlisted securities (where permitted by the Investment mandate) may expose the Client's portfolio to liquidity risks.

Risk Associated with Derivatives

1. Derivative products are leveraged instruments and can provide disproportionate gains or losses to the investor. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and the decision of the Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.
2. The risks associated with the use of derivatives are different from and possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Therefore, derivatives require investment techniques and risk analysis different from those associated with traditional Securities such as stocks and bonds. The use of derivatives requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. If the Portfolio Manager is incorrect in the forecasts of market values and currency exchange rates, the investment performance of the portfolio may be less favourable than it would have been if this investment technique were not used.
3. An investment in derivatives may involve additional risks for investors. These additional risks may arise as a result of any or all of the following.
 - (a) the creditworthiness of the counterparties to such derivative transactions. [There is the possibility that a loss may be sustained by the portfolio as a result of the failure of the counterparty to comply with the terms of the derivatives contract]; and/or
 - (b) the potential illiquidity of the markets for Derivatives.
4. Other risks in using derivatives include the risk of MIS pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

To the extent that derivatives are utilised to seek to achieve the investment objectives of the client, and for purposes other than hedging, the overall risk of loss to the investor may be increased. To the extent that derivatives are utilised for hedging purposes, the risk of loss to the

investor may be increased where the value of the derivative instrument and the value of the Security or position which it is hedging are insufficiently correlated.

(7) CLIENT REPRESENTATION

i. Summary of Clients Representation:-

Category of clients	No. of clients	Funds managed (Rs. Cr.)	Discretionary/ Non Discretionary*
Associates /group companies (Last 3 years)	Nil	Nil	Nil
Others (Last 3 years)			
As on October 31, 2024	371	438.32	Discretionary
As on March 31, 2024	346	331.77	Discretionary
As on March 31, 2023	204	145.93	Discretionary
As on March 31, 2022	157	117.35	Discretionary

* Excluding clients under Advisory Services.

(ii) Complete disclosure of transactions with related parties for the financial year ended March 31, 2024 (Related party disclosures as required under Indian Accounting Standard 24, “Related party disclosures” are given below):-

Holding Company in respect of which the Company is a wholly owned sub:

PGLH of Delaware, Inc.

Fellow Subsidiary

- 1.PGIM India Trustees Private Limited
2. Prudential International Investments, LLC
3. PGIM Securities Investments Trust Enterprise (Formerly known as Prudential Financial Securities Investments Trust Enterprise)
4. Pramerica Life Insurance Limited
5. Gibraltar India Solutions LLP

Mutual Fund managed by the Company

PGIM India Mutual Fund

Key Management Personnel

Dr. V. R. Narasimhan (Independent Director)

Mr. Muralidharan Rajamani (Independent Director)

Mr. Rajesh Krishnamoorthy (Independent Director w.e.f. 15 September 2022)

Mr. Indrasena Yalala Reddy (Director)*

Mr. David Chang (Director w.e.f. 1 July 2022)*

Ms. Caroline McDonagh (Director w.e.f. 1 February 2023)*

Mr. Ajit Menon (Chief Executive Officer)

* No transaction during the year

The nature of transactions during the year / Balance as at year end with the above related parties in the ordinary course of business are as follows:

Holding Company in respect of which the Company is a wholly owned subsidiary.

(a) Transactions during the year

Particulars	Nature of Transactions	31 March 2024 (Amount in INR lakhs)	31 March 2023 (Amount in INR lakhs)
PGLH of Delaware. Inc.	Issue of share capital	-	12,344.03

Fellow Subsidiary

(a) Transactions during the year

Particulars	Nature of Transactions	31 March 2024 (Amount in INR lakhs)	31 March 2023 (Amount in INR lakhs)
Prudential Securities Investments Trust Enterprise	Investment advisory services	123.80	107.23
Pramerica Life Insurance Limited	SIP (insurance expense)	-	86.95
PGIM India Trustees Private Limited	Reimbursement of expenses	15.98	16.79

(b) Balance as at year end

Particulars	Nature of Transactions	31 March 2024 (Amount in INR lakhs)	31 March 2023 (Amount in INR lakhs)
Prudential Securities Investments Trust Enterprise	Trade Receivable	27.92	56.96
PGIM India Trustees Private Limited	Reimbursement of expenses	-	0.03

Key Management Personnel

(a) Transactions during the year	Nature of Transactions	31 March 2024 (Amount in INR lakhs)	31 March 2023 (Amount in INR lakhs)
Ajit Menon - Chief Executive Officer	Remuneration	391.73	385.37
Muralidharan Rajamani (Independent Director)	Director's sitting fees	8.40	8.40
V R Narasimhan (Independent Director)	Director's sitting fees	5.60	7.00
Rajesh Krishnamoorthy (Independent Director)	Director's sitting fees	9.10	2.10

Key managerial personnel compensation

Particulars	31 March 2024 (Amount in INR lakhs)	31 March 2023 (Amount in INR lakhs)
Short term employee benefits#	414.83	402.87
Total	414.83	402.87

#As gratuity, compensated absences and other long term employee benefits are computed for all employees in aggregate, the amounts relating to the Key Management Personnel cannot be individually identified.

(8) THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER

Financial Performance of the Portfolio Manager, based on the audited financial statements is as follows:-

Particulars	2023-2024 (Amount in INR lakhs)	2022-2023 (Amount in INR lakhs)	2021-2022 (Amount in INR lakhs)
Total Income	9,281.54	6,124.36	4,262.00
Total Expenditure	10,952.20	9,011.26	8,186.13
Profit / (Loss) before tax	(1,670.66)	(2,886.90)	(3,924.13)
Tax	-	-	-
Profit/(Loss) after tax	(1,670.66)	(2,886.90)	(3,924.13)
Net worth	13,948.90	15,619.56	6,162.41

(9) PORTFOLIO MANAGEMENT PERFORMANCE FOR THE LAST THREE YEARS

The Consolidate Portfolio Performance of PMS (Discretionary) Clients as on October 31, 2024 is as under:-

Portfolio	April 1, 2024 to October 31, 2024	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023	April 1, 2021 to March 31, 2022
PGIM India Core Equity Portfolio	15.20%	29.91%	4.89%	24.45%
Benchmark - NIFTY 50 TRI*	9.44%	30.08%	0.59%	20.26%
PGIM India Phoenix Portfolio	24.81%	35.86%	3.25%	32.85%
NIFTY 50 TRI*	9.44%	30.08%	0.59%	20.26%
PGIM India Debt Portfolio	-	-	-	4.08%
Benchmark - CRISIL Composite Bond Index*	-	-	-	4.48%
PGIM India Equity Portfolio	21.64%	36.73%	- 0.70%**	-
Benchmark - NIFTY 50 TRI*	9.44%	30.08%	0.59%**	-
PGIM INDIA EQUITY PORTFOLIO – SERIES I (High Conviction Themes)	-	19.06%^	-	-
Benchmark - NIFTY 50 TRI	-	19.46%^	-	-
PGIM INDIA EQUITY PORTFOLIO – SERIES II	27.99%	9.2%#	-	-
Benchmark - NIFTY 50 TRI	9.44%	19.43%#	-	-

*Benchmark for PGIM India Core Equity Portfolio, PGIM India Phoenix Portfolio, PGIM India Debt Portfolio and PGIM India Equity Portfolio is changed from April 01, 2023.

** performance pertains to period from January 19, 2023 to March 31, 2023, as there were no investors prior to this date in the portfolio.

^ performance pertains to period from June 28, 2023 to March 31, 2024, as there were no investors prior to this date in the portfolio.

performance pertains to period from June 19, 2023 to March 31, 2024, as there were no investors prior to this date in the portfolio.

Performance depicted above for portfolios under Discretionary Portfolio Management Services, as at October 31, 2024, is based on all the client portfolios under the Portfolio existing as on such date, using Time Weighted Rate of Return. Past performance is no guarantee of future

returns. The above portfolio performances are net of expenses. Please note that the actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client mandate, specific portfolio construction characteristics or other structural parameters. These factors may have impact on client portfolio performance and hence may vary significantly from the performance data depicted above.

Neither the Portfolio Manager, nor its directors or employees shall in any way be liable for any variation noticed in the returns of individual client portfolios. The Portfolio Manager does not make any representation that any investor will or is likely to achieve profits or losses similar to those depicted in this document. Returns are not disclosed for the portfolios inactive as on October 31, 2024.

The performance of clients, if any, under Non - Discretionary Portfolio Management Services and Advisory Services, offered by the Portfolio Manager, is not given.

(10) AUDIT OBSERVATIONS

There have been no material observation from the Statutory Auditors on the audit of the PMS Function of the Company for the last 3 Financial Years.

(11) 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 service shall be provided in the application form and/or the Client Agreement.

- i. **Management Fees:** - Management Fees 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 or linked to Portfolio returns achieved or a combination of any of these, as agreed by the Client in the PMS Agreement.
- ii. **Performance Fees:** - Profit / performance shall be computed as a percentage of profits on the basis of high water mark principle over the life of the investment. High Water Mark shall be the highest value that the portfolio/account has reached. The value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. The Portfolio Manager will charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.
- iii. **Entry Load/Fee:** - The client may be charged an entry fee as agreed in the application or Client Agreement.
- iv. **Exit Fee:** The client may be charged an exit fee, if redeemed within the time stated and as agreed in the application or Client Agreement.
- v. **Custodian/Depository Fees:** - The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts.
- vi. **Registrar and Transfer Agent Fees:** - As may be negotiated by the Portfolio Manager with suitable registrar and transfer agents.

- vii. **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.
- viii. **Certification and Professional Charges: -** Charges payable for outsourced professional services like accounting, taxation & legal services, notarizations, audit fees etc. for certifications, attestations required by bankers or regulatory authorities.
- ix. **Bank Charges:** As may be applicable at actual.
- x. **Valuation Charges :** As may be negotiated by the Portfolio Manager with independent valuation agency as prescribed by SEBI and APMI circular.
- xi. **Incidental Expenses: -** Charges in connection with the courier expenses, Fund Accountant charges, software charges, stamp duty, notary charges, Goods and Services Tax or such other taxes as may be levied by Government of India, postal, telegraphic, account opening and operation of Demat account or bank accounts etc. Such fees shall be payable as and when it is charged by the relevant service provider/authority.

Investor may note that, the fees/expenses that may be charged to Clients mentioned below are indicative only and will vary depending upon the exact nature of the services to be provided to investors. These fees /expense are subject to such modifications as may be agreed by and between the Portfolio Manager and Clients at the time of execution of the Portfolio Management Agreement based on individual requirements of the Clients.

INDICATIVE FEE STRUCTURE OPTIONS APPLICABLE FOR CLIENTS ONBOARDED ON OR AFTER SEPTEMBER 05, 2020

Investors may note that, the fees/ expenses that may be charged to clients mentioned below are indicative only. The same will vary depending upon the exact nature of the services to be provided to investors. The fees and expenses charged to a client shall be in accordance with the respective client agreement.

The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement at the time of execution of such agreements. The below mentioned fees, charges and expenses shall be directly debited to the clients account as and when the same becomes due for payment.

Discretionary Services

For PGIM India Core Equity Portfolio, PGIM India Phoenix Portfolio, PGIM India Equity Portfolio, PGIM India Equity Portfolio – Series I (High Conviction Themes), PGIM India Equity Portfolio – Series II and PGIM India Debt Portfolio:

Nature of Expenses (Indicative)	Maximum Indicative Rate (%)
Management Fees	Upto 2.50%
Performance Linked Fees as permitted under the regulations	Upto 20% of the profit (net of expenses), with or without catchup, subject to defined hurdle rate, and high watermark principle
Exit Load	Within 1 year of investment- maximum 3% of the amount redeemed, Within 2 years of investment – maximum 2% of the amount redeemed

	<u>Within 3 years of investment – maximum 1% of the amount redeemed,</u> <u>Fourth year onwards – Nil</u> <u>Or,</u> <u>as agreed with the client, subject to maximum regulatory limits</u>
--	--

(note: frequency of charging fees : on annual basis, from the date of onboarding of the client)

Custody & Fund Accounting Charges	Currently 6 bps p.a. on Average AUM, accrued daily, subject to change
Brokerage	The current brokerage rate is around 0.12% for ‘buy’ and ‘sell’ transaction. Such costs are either added (in case of ‘buy’) or reduced (in case of ‘sale’) from the trade value, subject to change
Account Opening & Maintenance Charges	Nil
Audit Charges	Currently Rs 1500/- p.a. plus G.S.T, subject to change
Other Charges (including STT, Demat Rolling Charges, SEBI Charges)	At actuals
Entry Load	Nil

All fees and charges shall be levied on the actual amount of the Clients’ assets under management. In case of interim contributions/ withdrawals by clients, performance fees may be charged after appropriately adjusting the high water mark on proportionate basis.

In case of investor redeeming the funds before the computation date of profit sharing and the portfolio has generated returns higher than the hurdle rate, proportionate profit share will be charged.

FEE STRUCTURE OPTIONS APPLICABLE FOR CLIENTS ONBOARDED BEFORE SEPTEMBER 05, 2020 *

For PGIM India Core Equity Portfolio, PGIM India Phoenix Portfolio and PGIM India Equity Portfolio

Management Fees	Upto 2.50% p.a. on the Average AUM, accrued daily
Custody & Fund Accounting Charges	Currently 6 bps p.a. on Average AUM, accrued daily, subject to change
Brokerage	The current brokerage rate is around 0.12% for ‘buy’ and ‘sell’ transaction. Such costs are either added (in case of ‘buy’) or reduced (in case of ‘sale’) from the trade value, subject to change
Account Opening & Maintenance Charges	Nil
Audit Charges	Currently Rs 1500/- p.a. plus G.S.T, subject to change
Other Charges (including STT, Demat Rolling Charges, SEBI Charges)	At actuals
Entry Load	Nil

Exit Load	First Year	Up to 3%
	Second Year	Up to 2%
	Third Year	Up to 1%
	Fourth Year Onwards	Nil
Performance Charges	Currently Nil	

All fees and charges shall be levied on the actual amount of the Clients' assets under management. In case of interim contributions/ withdrawals by clients, performance fees may be charged after appropriately adjusting the high water mark on proportionate basis.

PGIM India DEBT portfolio:

Management Fees	Upto 2.00% p.a. on the Average AUM, accrued daily
Custody & Fund Accounting Charges	Upto 6 bps p.a. on Average AUM, accrued daily
Brokerage	The current brokerage rate is around 0.12% for 'buy' and 'sell' transaction. Such costs are either added (in case of 'buy') or reduced (in case of 'sale') from the trade value.
Account Opening & Maintenance Charges	Nil
Audit Charges	Currently Rs 1500/- p.a. plus G.S.T
Other Charges (including STT, Demat Rolling Charges, SEBI Charges)	At actuals
Entry Load	Nil
Exit Load	First Year - Upto 3%
	Second Year - Upto 2%
	Third Year - Upto 1%
	Fourth Year Onwards - Nil
Performance Charges	Currently Nil

* Clients onboarded before September 05, 2020 shall have the choice to opt for the new fee structure.

Non-Discretionary Services

For PGIM India Equity NDPMS Portfolio and PGIM India DEBT portfolio:

<u>Nature of Expenses (Indicative)</u>	<u>Maximum Indicative Rate (%)</u>
<u>Management Fees</u>	<u>Upto 1.50%</u>
<u>Performance Linked Fees as permitted under the regulations</u>	<u>Nil</u>
<u>Exit Load</u>	<u>Nil</u>

(note: frequency of charging fees : on annual basis, from the date of onboarding of the client)

Custody & Fund Accounting Charges	Currently 6 bps p.a. on Average AUM, accrued daily, subject to change
Brokerage	The current brokerage rate is around 0.12% for 'buy' and 'sell' transaction. Such costs are either added (in case of 'buy') or reduced (in case of 'sale') from the trade value, subject to change

Account Opening & Maintenance Charges	Nil
Audit Charges	Currently Rs 1500/- p.a. plus G.S.T, subject to change
Other Charges (including STT, Demat Rolling Charges, SEBI Charges)	At actuals
Entry Load	Nil

All fees and charges shall be levied on the actual amount of the Clients' assets under management.

(12) TAXATION - TAX IMPLICATIONS FOR THE CLIENTS

The tax implications described hereinafter are as per the provisions of the Income-tax Act, 1961 (Act) as amended by the Finance Act (No. 2), 2024 (FA 2024).

It may be noted that the information given hereinafter is only for general information purposes and is based on the advice received by the Portfolio Manager regarding the law and practice currently in force in India. Investors should be aware that the relevant fiscal rules or their interpretation may change or may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no assurance that the tax position prevailing at the time of an investment will be accepted by the tax authorities or will continue to be accepted by them indefinitely.

Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Portfolio Manager to induce any investor to invest whether directly from the Portfolio Manager or indirectly from any other persons by the secondary market operations. In view of the above, and since the individual nature of tax consequences may differ in each case on its merits and facts, each Investor is advised to consult his/ her or its own professional tax advisor with respect to the specific tax implications arising out of its participation in the portfolio management product/ option, as an investor.

A. Treatment of Dividend from Companies and Mutual Funds

The dividend income on shares and mutual funds are taxable in the hands of the unitholders. Also, the dividend income on shares and mutual funds are subject to withholding of taxes at source by Company/Mutual Fund.

Particulars	Tax Implications on dividend income received by unit holders and investors/ shareholders	Withholding of Taxes by Mutual Fund/Company
Resident (Individuals/ Non-corporates/ Corporates)	Taxed in the hands of unitholders/ shareholders at applicable rate under the provisions of the Act (Refer Point E)	10% under section 194/ 194K of the Act*

Non-residents (Individuals/ Non-corporates/ Corporates)	Taxed in the hands of unitholders at the rate of 20% under section 115A/ 115AD of the Act (plus applicable surcharge and health and education cess)	20% (plus applicable surcharge and health and education cess) under section 195/ 196A/ 196D** of the Act in case of units of mutual funds
---	---	---

*As per provision of section 194 of the Act, where the amount of income credited or paid in a financial year (FY), in aggregate, does not exceed Rs 5,000 and payment is made in any mode other than cash, no withholding is required to be carried out. Also, as per provision of section 194K of the Act, where the amount of income credited or paid in a FY, in aggregate, does not exceed Rs 5,000, no withholding is required to be carried out.

****Section 195/ 196A/ 196D of the Act provides that a person responsible for paying to a non-resident any income in respect of units of mutual fund (dividend income) specified under section 10(23D) of the Act or dividend on shares shall withhold taxes at the rate of 20% (plus applicable surcharge and health and education cess) or rate provided in the relevant Double Taxation Avoidance Agreement (DTAA) whichever is lower, provided the payee furnishes a tax residency certificate and such other information and documents as may be prescribed to claim treaty benefit.**

The investors should obtain specific advice from their tax advisors regarding the tax treatment of their investments.

B. Treatment of Interest on Fixed Income Securities

Interest income received by any tax payer is taxable as ‘Income from other sources’ at the normal tax rates applicable to the tax payer [refer paragraph E for the tax rates] except with respect to certain interest income arising to foreign portfolio investors¹ (FPIs) and non-resident Indians (NRI).

- (i) As per section 194LC of the Act, income by way of interest payable by the Indian Company or the business trust
 - (a) in respect of monies borrowed by it in foreign currency from a source outside India,—
 - under a loan agreement at any time on or after the 1 July 2012 but before the 1 July 2023; or
 - by way of issue of any long-term bond including long-term infrastructure bond at any time on or after the 1 October 2014 but before the 1 July 2023 as approved by the Central Government in this behalf; or
 - (b) in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1 July 2023; or shall be taxable at the rate of 5%

¹ The Central Board of Direct Taxes (CBDT), vide Notification No. 9/2014/ F. No. 173/10/2014-(ITA.I) dated 22 January 2014, has clarified that FPIs registered with SEBI under the SEBI (Foreign Portfolio Investors) Regulations, 2014 would be regarded as ‘Foreign Institutional Investors’ as per the Explanation to section 115AD of the Act.

(plus surcharge as applicable and health and education cess) provided that interest does not exceed the amount of interest calculated at the rate approved by the Central Government.

(ii) Further, as per section 115AD of the Act, interest received by an FPI [other than the interest referred to in (i) above] is chargeable to tax at the rate of 20% plus surcharge as applicable and cess.

(iii) As per section 115E of the Act, income from investment by an NRI, will be chargeable to tax at the rate of 20% plus surcharge as applicable and cess.

In case of certain specific fixed income securities and certain debt instruments, purchased and held as investments and transferred prior to maturity, the gain from the transfer may also possibly be characterized as “capital gains” (treatment separately discussed).

Interest on securities stripped by sale and buyback is taxable as income of the owner of the securities under section 94(1) of the Act.

For rate of surcharge and cess, please refer paragraph F.

The investors should obtain specific advice from their tax advisors regarding the tax treatment of their investments.

C. Characterization of Income earned from Transfer/ Sale of Securities

Transaction in shares/ securities/ units of Mutual Fund may be either on the capital account (and chargeable to tax ‘Capital gains’ under section 45 of the Act) or on the trading account (and chargeable to tax as ‘Profits and gains of business or profession’ under section 28 of the Act).

The issue of income characterization as above is essentially a question of fact and dependent on various factors. Guidance can be sought from judicial precedents and clarifications issued by the CBDT vide circular/ instructions.

In this regard, the CBDT vide its circular no. 4/2007, dated 15 June 2007 and Circular No 6 dated 29 February 2016 on the tax treatment of surplus arising from transfer of listed shares/ securities whether capital gains or business income with a view to reduce litigation and uncertainty and in partial modification to earlier CBDT Circulars, the 2016 Circular instructs tax authorities to consider certain guidelines for classifying listed shares/ securities as under:

- Where the taxpayer itself, irrespective of the period of holding of the listed securities treats the gains from sale of such securities as business income, the same should be accepted by the tax authorities.

- Where the taxpayer wishes to treat the gains arising from transfer of listed securities held for a period more than 12 months immediately preceding the date of its transfer as capital gains, the same should not be put to any dispute by the tax authorities.
- In all other cases, the nature of transaction (i.e. whether the same is in the nature of capital gains or business income) shall continue to be decided keeping in view the other notifications/ circulars issued by CBDT in this regard.

The CBDT further issued Instruction No.225/12/2016 dated 2 May 2016 clarifying that the income arising from transfer of unlisted shares would be taxable under the head ‘Capital Gains’, irrespective of period of holding. The Instruction has carved out following situations from its scope:

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

It is pertinent to note that definition of “capital asset” includes any security held by an FPI in accordance with the regulations made under the SEBI, Act 1992. Thus, any income arising to an FPI on transfer of such security would be characterised as ‘Capital gains’.

D. Short-Term and Long-Term Capital Gains on Sale of Securities

Where investments under the portfolio management services are held by the investor on capital account, then the profit or loss from transfer of securities is taxed as ‘Capital gains’ under section 45 of the Act.

The rate of tax and other tax implications would also vary depending upon whether the capital asset sold is a short-term capital asset or a long-term capital asset.

In order to simplify and rationalise the taxation of capital gains, the FA 2024 has amended clause (42A) of section 2 of the Act with effect from 23 July 2024, whereby there will only be two holding periods, 12 months and 24 months, for determining whether the capital gains are short-term capital gains or long-term capital gains.

Basis the said amendment, any security listed in a recognized stock exchange in India or a unit of an equity-oriented fund, held for a period of 12 months or less would be termed as a short-term capital asset.

However, any unlisted securities, unlisted units of a mutual fund (other than an equity oriented fund) or any other asset shall be considered as a short-term capital asset where the same are held for a period of 24 months or less immediately preceding their date of transfer. Further, unlisted bonds and debentures shall be considered as short-term capital assets irrespective of period of holding (Also refer discussion on specified mutual funds and market linked debentures below).

All capital assets which are not short-term capital assets are treated as long-term capital assets.

Gains arising from a short-term capital asset are regarded as short-term capital gains and gains arising from long-term capital assets be regarded as long-term capital gains.

As per the provisions of section 48 of the Act, capital gains/ losses are computed by reducing from the sale consideration:

- i. the cost of acquisition of the asset transferred; and
- ii. any expenditure incurred wholly and exclusively in connection with the transfer.

Further, section 48 of the Act provides that in the computation of capital gains, no deduction shall be allowed in respect of STT paid. Additionally, no indexation benefit shall be available on transfer or redemptions on or after 23 July 2024 on of long term capital assets.

Additionally, the status of tax payer (i.e. whether the tax payer is an individual, a corporate, etc.), whether the transfer has been subject to Securities Transaction Tax (STT), the nature of the instrument sold, etc. also impact the rate of tax applicable to capital gains arising from the transfer of a capital asset. Some of these aspects have been discussed below.

Capital gains tax on sale transaction on which STT is chargeable

STT is a transaction based tax collected by the stock exchange and is applicable on all transactions effected on the exchange.

The following table provides the details in respect of the rate of STT applicable (as on date) to respective taxable securities transactions (unless mentioned otherwise, the STT is payable by the seller):

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates applicable (%)
Delivery based purchase transaction in units of equity-oriented fund entered into in a recognized stock exchange	Purchaser	Value at which units are bought	Nil
Delivery based purchase transaction in equity shares or units of a business trust entered in a recognized stock exchange	Purchaser	Value at which shares/ units are bought	0.1
Delivery based sale transaction in equity shares or units of a business trust entered in a recognized stock exchange	Seller	Value at which shares/ units are sold	0.1

Delivery based sale transaction in units of equity-oriented fund entered into in a recognized stock exchange	Seller	Value at which units are sold	0.001
Non-delivery based sale transaction in equity shares or units of equity oriented fund or units of a business trust entered in a recognised stock exchange	Seller	Value at which shares/ units are sold	0.025
Transaction for sale of futures in securities	Seller	Value at which futures are traded	0.02
Transaction for sale of an option in securities where option is not exercised	Seller	The option premium	0.1
Transaction for sale of an option in securities, where the option is exercised	Purchaser	The intrinsic value i.e. difference between the settlement price and the strike price as against the settlement price.	0.125
Sale of units of an equity-oriented fund to the mutual fund	Seller	Value at which units are sold	0.001
Sale of unlisted equity shares by any holder of such shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a recognised stock exchange	Seller	Value at which shares are sold	0.2
Sale of unlisted units of a business trust under an offer for sale	Seller	Value at which shares are sold	0.2

Long-term capital gains

As per the provisions of section 112A of the Act, in respect of transfer of specified asset on or after 1 April 2018, tax at the rate of 10% (plus applicable surcharge and cess) exceeding Rs. 1,00,000 where such transfer or redemption occurs before 23 July 2024 and at the rate of 12.5% where such transfer or redemption takes place on or after 23 July 2024, shall be levied on long-term capital gains, exceeding Rs 1,25,000, where in case of an equity share in a company, STT has been paid on acquisition and transfer of such capital asset and in a case of an unit of an equity oriented fund or an unit of a business trust, STT has been paid on transfer of such capital asset.

The long-term capital gains are required to be computed without giving effect to the first and second provisos to section 48 of the Act, i.e. benefit of computation of capital gains in foreign currency and indexation in respect of cost of acquisition and improvement.

Further, for the purpose of computing capital gains in relation to a long-term capital asset, being specified asset, acquired before 1 February 2018, the cost of acquisition is deemed to be the higher of:

- The cost of acquisition of such asset; and
- The lower of –
 - (a) the fair market value of the asset; and
 - (b) the full value of consideration received or accruing as a result of the transfer of the asset.

Fair market value has been defined to mean –

- i) in a case where the capital asset is listed on any recognized stock exchange, the highest price of the capital asset quoted on such exchange on 31 January 2018. However, where there is no trading in such unit on such exchange on 31 January 2018, the highest price of such capital asset on such exchange on a date immediately preceding the 31 January 2018 when such capital asset was traded on such exchange shall be the fair market value.
- ii) in a case where the capital asset is a unit and is not listed on recognized stock exchange, the net asset value of such unit as on 31 January 2018.
- iii) in case where the capital asset is an equity share in company which is
 - (a) not listed on a recognised stock exchange as on 31 January 2018 but listed on such exchange on the date of transfer;
 - (b) not listed on a recognised stock exchange as on 31 January 2018 or which became the property of the assessee in consideration of share which is not listed on such exchange as on 31 January 2018 by way of transaction not regarded as transfer under section 47 of the Act, as the case may be, but listed on such exchange subsequent to the date of transfer (where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer);
 - (c) listed on a recognised stock exchange on the date of transfer and which became the property of the taxpayer in consideration of share which is not listed on such exchange as on 31 January 2018 by way of transaction not regarded as transfer under section 47 of the Act,

an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April 2001, whichever is later;

As stated above, to avail benefits of section 112A of the Act, equity shares should be subject to STT both at the time of acquisition and transfer of assets. However, to protect certain

transactions, the CBDT issued a Notification² stating that the condition of chargeability to STT at the time of acquisition, shall not apply to all transactions of acquisitions of equity shares entered into on or after 1 October 2004 other than the specified transactions. The negative list of acquisition provided in the notification is divided into following three categories:

- Acquisition of the existing listed equity shares which are not frequently traded on a recognised stock exchange by way of preferential issue (subject to certain exclusions);
- Acquisition of existing listed equity share in a company, not entered through a recognised stock exchange (subject to certain exclusions);
- Acquisition of unlisted equity shares during the period between the delisting and the day immediately preceding the re-listing of such shares of recognised stock exchange

Short-term capital gains

Section 111A of the Act provides that short-term capital gains arising on sale of equity shares of a company or units of equity oriented fund and on which STT is chargeable are liable to income-tax at a concessional rate of 15% plus surcharge as applicable and health and education cess where transfer or redemption takes place before 23 July 2024. Further, the FA 2024 provides that tax shall be levied at the rate of 20% where transfer or redemption takes place on or after 23 July 2024.

However, capital gains arising from the transfer of exchange traded derivatives are chargeable to tax at normal rates applicable to the tax payer. Capital gains from transfer of exchange traded derivatives earned by FPIs are chargeable to tax at the rate of 30% plus surcharge as applicable and health and education cess.

In case of individuals and HUFs, where the taxable income as reduced by short-term capital gains is below the maximum amount not chargeable to tax, the short-term capital gains is reduced to the extent of the amount which falls short of the maximum amount not chargeable to tax and only the balance short-term capital gains will be charged at the at the rate of 15% [plus surcharge (if any) and health and education cess], if transfer or redemption takes place before 23 July 2024 or at the rate of 20% [plus surcharge (if any) and health and education cess], if transfer or redemption takes place on or after 23 July 2024.

However, in case of non-resident investor including FPI who is a resident of a country with which India has signed a DTAA which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such non-resident investor.

The investors should obtain specific advice from their tax advisors regarding the availability of the DTAA benefits.

Capital gains tax on sale transaction on which STT is not chargeable

² Notification No. 60/2018/F. No. 370142/9/2017-TPL dated 1 October 2018

Capital gains on specified mutual funds and Market Linked Debenture (MLD)

As per section 50AA of the Act, gains arising on transfer, redemption or maturity of specified mutual funds or MLD acquired on or after 1 April 2023 will be deemed to be ‘short-term capital gains’ (regardless of the period of holding) and taxable at the normal rates applicable to the tax payers.

Specified mutual fund means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies. Moreover, w.e.f 1st April, 2026, specified mutual fund means

- a. a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or
- b. a fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a).

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be in respect of the Specified mutual fund, shall be computed with reference to the annual average of the daily closing figures;

Provided further that for the purpose of this clause “debt and money market” instruments shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange board of India.

MLD means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a MLD by the Securities and Exchange Board of India.

Further, gains arising on transfer, redemption or maturity of specified mutual funds which were acquired before 1 April 2023 which are held for a period of more than 36 months and transferred before 23 July 2024 shall continue to be taxable as a long-term capital gains at the rate of 10% or 20% plus surcharge as applicable and health and education cess as the case may be.

Whereas gains arising on transfer, redemption or maturity of specified mutual funds acquired before 1 April 2023 which are held for a period of more than 12 months in case of listed securities or 24 months in case of unlisted securities and transferred on or after 23 July 2024 shall be taxable at the 12.5% without foreign currency benefit and indexation benefit in respect of cost of acquisition.

Additionally, unlisted debentures and unlisted bonds transferred or redeemed or matures on or after the 23 July 2024 shall be taxed at the applicable rates by including them under the provisions of section 50AA of the Act.

Capital gains on other than specified mutual funds

For resident individuals, HUFs, partnership firms (including limited liability partnership) and Indian companies

Long-term capital gains

Long-term capital gains earned in respect of a long-term capital asset, is chargeable to tax under section 112 of the Act at the rate of 20% plus surcharge as applicable and health and education cess where transfer or redemption takes place before 23 July 2024. The FA 2024 levies tax at the rate of 12.5% plus surcharge and education cess where transfer or redemption takes place on or after 23 July 2024. Capital gains arising on account of capital assets transferred before 23 July 2024 are computed after taking into account the cost of acquisition as adjusted by the cost inflation index notified by the Central Government (indexed cost) and expenditure incurred wholly and exclusively in connection with such transfer.

Further, as per FA 2024, the benefit of indexation shall not be available with effect from 23 July 2024 in respect of any capital asset. However, where the immovable property being land or building or both acquired before 23 July 2024 by the resident individual or HUF the tax payable will be lower of the following:

- 12.5% of capital gains without giving effect to indexation; or
- 20% of capital gains after considering the benefit of indexation.

In the case of listed securities (other than units of mutual fund) or zero-coupon bond (as defined under the Act), a tax payer has an option to apply the concessional rate of 10% plus surcharge as applicable and health and education cess where transfer or redemption takes place before 23 July 2024, provided the long-term capital gains are computed without substituting the indexed cost in place of the cost of acquisition. Where transfer or redemption takes place on or after 23 July 2024, the long-term capital gains arising from the said assets shall be taxable at the rate of 12.5% without any indexation benefits. The said tax rate(s) shall be increased by applicable surcharge and health and education cess,

Further, in case of individuals and HUFs, where taxable income as reduced by long-term capital gains is below the maximum amount not chargeable to tax, the long-term capital gains is reduced to the extent of the amount which falls short of the maximum amount not chargeable to tax and only the balance long-term capital gains will be charged at the rate of 20% or 10% plus surcharge as applicable, and health and education cess where transfer or redemption takes place before 23 July 2024 or at the rate of 12.5% where transfer or redemption takes place on or after 23 July 2024. The said tax rate(s) shall be increased by applicable surcharge and health and education cess.

In the case of capital assets being bonds or debentures the benefit of indexation is not available.

However, in case of capital indexed bonds issued by the Government and sovereign gold bonds issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015 the benefit of indexation is available on the long-term capital gains arising on transfer or redemption before 23 July 2024.

Short-term capital gains

Short-term capital gains earned is chargeable to tax as per the normal rates applicable to the tax payer.

For non-residents³

Long-term capital gains

Under section 112 of the Act, long-term capital gains arising from the transfer of a capital asset, other than unlisted securities, are chargeable to tax at the rate of 20% plus surcharge as applicable and health and education cess where transfer or redemption takes place before 23 July 2024 and tax at the rate of 12.5% where transfer takes place on or after 23 July 2024. In case of non-resident, capital gains arising from transfer of a capital asset being shares in, or debentures of, an Indian company (other than unlisted securities) shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was initially utilised in the purchase of the shares or debentures, and the capital gains so computed in such foreign currency shall be reconverted into Indian currency (hereinafter referred to as FC computation mechanism). Further, the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing or arising from every reinvestment thereafter in, and sale of, shares in, or debentures of, an Indian company.

Further, under section 112 of the Act, long-term capital gains arising from the transfer or redemption of a capital asset before 23 July 2024, being units of a mutual fund, are chargeable to tax:

- at the rate of 20% plus surcharge as applicable and health and education cess in case of listed units; capital gains are computed by taking into account the indexed cost and expenditure incurred wholly and exclusively in connection with such transfer; and
- at the rate of 10% in case of unlisted units (without indexed cost of acquisition) where such transfer or redemption takes place before 23 July 2024.

However, the FA 2024 levies tax at the rate of 12.5% on long-term capital gains arising from transfer or redemption of units of mutual funds on or after 23 July 2024 without any indexation benefit.

In the case of listed securities (other than units of mutual fund) or zero-coupon bond (as defined under the Act), a tax payer has an option to apply the concessional rate of 10%, provided the long-term capital gains are computed without substituting the indexed cost in

³ Other than NRIs, who may elect to be covered by the provisions of section 115E of the Act, as regards tax on investment income and long-term capital gains, where beneficial.

place of the cost of acquisition on the transfer or redemption taking place before 23 July 2024.

Long-term capital gains arising from transfer of a capital asset, being unlisted securities (or shares of a company not being a company in which public are substantially interested) and unlisted units are chargeable to tax at the rate of 10% plus applicable surcharge and health and education cess where such transfer takes place before 23 July 2024. Further, the FA 2024 levies tax on the long-term capital gains arising from the aforesaid assets at the rate of 12.5%. Such long-term capital gains would be calculated without indexation of cost of acquisition and FC computation mechanism.

As per section 50AA of the Act, gains arising on transfer, redemption or maturity of Market Linked Debentures will be deemed to be in the nature of short-term capital gains (regardless of period of holding) and taxable at the normal rates applicable to taxpayers.

Short-term capital gains

Short-term capital gains earned is chargeable to tax as per the normal rates applicable to the taxpayer.

The FC computation mechanism is available to non-resident/ NRI for computing the short-term capital gains arising from the transfer of shares or debentures.

FPIs

Long-term capital gains

Under section 115AD of the Act, long-term capital gains will be chargeable to tax at the rate of 10% plus surcharge as applicable and health and education cess. Such gains would be calculated without indexation of the cost of acquisition and without FC computation.

Short-term capital gains

Short-term capital gains earned will be chargeable to tax at the rate of 30% plus surcharge as applicable and health and education cess.

However, in case of such other non-resident investor including FPI who is a resident of a country with which India has signed a DTAA (which is in force), income-tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such other non-resident investor.

The investors should obtain specific advice from their tax advisors regarding the availability of the DTAA benefits.

For rate of surcharge and cess, please refer paragraph F.

E. Business Income from Purchase and Sale of Securities

If the investment under the portfolio management services is regarded as “Business/ Trading Asset” then the gain arising there from is taxed as business income.

Where income referred to above is treated as business income, the person is eligible for deduction under section 36(1)(xv) of the Act for the amount of STT paid.

Under section 43(5) of the Act, transactions in stocks and shares ultimately settled otherwise than by actual delivery are regarded as speculative transactions.

As per proviso (d) to Section 43(5) of the Act, transactions in respect of trading in derivatives shall not be considered as a speculative transaction, provided the transaction is carried out electronically on screen based systems through a stock broker or sub-broker or intermediary registered under Securities Exchange Board of India or by banks or mutual funds on a recognized stock exchange and is supported by time stamped contract note.

The tax rates applicable to different categories of tax payers for the financial year ending 31 March 2025 are as follows:

Individuals (including NRs)/ HUFs/ Association of Persons/ Body of Individuals[#]

Individuals (including NRs)/ HUFs/ Association of Persons/ Body of Individuals are taxable on progressive basis, as given below:

Where total income for a tax year (April to March) is less than or equal to Rs 250,000* (the basic exemption limit)	Nil
Where such total income is more than Rs 250,000* but is less than or equal to Rs 500,000	5% of the amount by which the total income exceeds Rs 250,000*
Where such total income is more than Rs 500,000 but is less than or equal to Rs 1,000,000	Rs 12,500 plus 20% of the amount by which the total income exceeds Rs 500,000
Where such total income is more than Rs 1,000,000	Rs 112,500 plus 30% of the amount by which the total income exceeds Rs 1,000,000

[#] Section 115BAC in the Act to provide individuals and HUFs for an optional tax regime in respect of their total income at the following rates:

Where total income for a tax year (April to March) is less than or equal to Rs 3,00,000 (the basic exemption limit)	Nil
Where such total income is more than Rs 3,00,000 but is less than or equal to Rs 700,000	5% of the amount by which the total income exceeds Rs 3,00,000%

Where such total income is more than Rs 7,00,000 but is less than or equal to Rs 10,00,000	Rs 20,000 plus 10% of the amount by which the total income exceeds Rs 7,00,000%
Where such total income is more than Rs 10,00,000 but is less than or equal to Rs 1,20,00,000	Rs 50,000 plus 15% of the amount by which the total income exceeds Rs 10,00,000%
Where such total income is more than Rs 12,00,000 but is less than or equal to Rs 15,00,000	Rs 80,000 plus 20% of the amount by which the total income exceeds Rs 12,00,000%
Where such total income is more than Rs 15,00,000	Rs 1,40,000 plus 30% of the amount by which the total income exceeds Rs 15,00,000%

The above new tax regime shall be subject to conditions and other provisos laid down under the section 115BAC of the Act.

Further, individuals and HUFs who do not have business income or income from profession are required to pay tax under section 115BAC of the Act on a year on year basis. However, taxpayers earning business income or income from profession can opt into the old tax regime only once on irrevocable basis. Such option will apply to all subsequent tax years and in a case where such option is withdrawn by the taxpayer, he shall not be eligible to avail the old regime rates in subsequent years until he ceases to have business income or income from profession.

*The basic exemption limit in case of a resident senior citizen (with age of sixty years or more but less than eighty years) is Rs 300,000, in case of resident in India, who is of the age of eighty years or more at any time during the previous year is Rs 500,000.

Further, a tax rebate up to Rs 12,500 per annum would be available for resident individuals with total income up to Rs 500,000 per annum.

However, where individual (being a resident individual) has opted for new tax regime under section 115BAC, a rebate upto Rs 25,000 per annum would be available with total income upto Rs 7,00,000.

Further, section 87A of the Act provides for marginal relief to the extent incremental income tax liability exceeds incremental income in excess of Rs 7,00,000 if the resident individual is paying tax under default tax-regime.

For rate of surcharge and cess, please refer paragraph F.

Other categories of investors

Tax rates for other categories are given below:

Type of taxpayer	Tax rate
Partnership firms (including limited liability partnership)/ domestic company*	30%
Non-resident (other than individual and foreign company)	30%
Company other than a domestic company	35%

*FA 2024 provides that in case of a domestic company, where the total turnover or gross receipts of such company for financial year 2022-23 does not exceed Rs 400 crores, the rate of tax shall be 25% (plus surcharge as applicable) and a health and education cess of 4% on the amount of tax plus surcharge.

Further, section 115BAA of the Act provides that a domestic company can avail the benefit of concessional tax rate of 22% subject to the conditions specified in the said section.

Also, section 115BAB of the Act provides that a domestic company engaged solely in the business of manufacture/ production can avail the benefit of concessional tax rate of 15% subject to the conditions specified in the said section.

For rate of surcharge and cess, please refer paragraph F.

F. Surcharge and Cess

The tax rates mentioned herein would be increased by a surcharge of:

- 10% - in case of Individuals/ HUFs/ Association of People (AOP)/ Body of Individuals (BOI), where the total income exceeds Rs 5,000,000 but does not exceed Rs 10,000,000.
- 15% - in case of Individuals/ HUFs/ AOP/ BOI, where the total income exceeds Rs 10,000,000 but does not exceed Rs 20,000,000.
- 25% - in case of Individuals/ HUFs/ AOP/ BOI, where the total income (excluding dividend income⁴ and capital gain income under section 111A, 112, 112A and 115AD(1)(b) of the Act) exceeds Rs 20,000,000 but does not exceed Rs 50,000,000.
- 37*% - in case of Individuals/ HUFs/ AOP/ BOI, where the total income (excluding dividend income^{Error! Bookmark not defined.} and capital gain income under section 111A, 112, 112A and 115AD(1)(b) of the Act) exceeds Rs 50,000,000.
- 15% - in case of Individuals/ HUFs/ AOP/ BOI, where the total income (including the dividend income^{Error! Bookmark not defined.} and capital gain income under section 111A, 112, 112A and 115AD(1)(b) of the Act) exceeds Rs 20,000,000 but is not covered in clauses (c) and (d).

⁴Refers to dividend received from domestic companies and does not include income from units of Mutual Fund.

- f) 12% - in case of firms/ local authority where the total income exceeds Rs 10,000,000.
- g) 7% - in case of co-operative society where the total income exceeds Rs 1,00,00,000 but does not exceed Rs 10,00,00,000.
- h) 12% - in case of co-operative society where the total income exceeds Rs 10,00,00,000.
- i) 10% - in case of resident co-operative society availing benefit under section 115BAD or 115BAE of the Act irrespective of total income.
- j) %7% - in case of domestic corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- k) 12% - in case of domestic corporate Unit holders, where the total income exceeds Rs 100,000,000.
- l) 10% – in case of domestic corporate Unit holders availing benefit under section 115BAA and 115BAB of the Act irrespective of total income.
- m) 2% - in case of foreign corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- n) 5% – in case of foreign corporate Unit holders, where the total income exceeds Rs 100,000,000.

* Surcharge rate shall not exceed 25% in case of individual and HUF opting for new tax regime under section 115BAC of the Act.

A health and education cess of 4% by way of would be charged on amount of tax inclusive of the applicable surcharge for all taxpayers.

G. Losses under the head Capital Gains/ Business Income

The Act provides for the manner in which the losses under the head ‘Capital gains’ or ‘Profits and gains of business or profession’ are to be set-off and carried forward.

Business loss can be set off against the income from any other source under the same head or income under any other head (except income from salary) in the same assessment year.

Further, if such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and shall be set off against the profits and gains of the business, within the period of eight subsequent assessment years.

The long-term capital loss suffered on sale of securities shall be available for set off against long-term capital gains arising on sale of other assets and balance unabsorbed long-term capital loss shall be carried forward for set off only against long-term capital gains in subsequent years.

Short-term capital loss suffered on sale of securities shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance unabsorbed short-term capital loss shall be carried forward for set off against capital gains in subsequent years.

Such carry forward is admissible maximum upto eight subsequent assessment years.

Each Investor is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale of shares and units of an equity-oriented fund referred to above, against long-term capital gains arising on sale of other assets.

Additionally, the following provisions of the Act provide for non-availability of losses:

Section 94(8) of the Act provides that, where additional securities and units have been issued to any person without any payment, on the basis of existing securities and units held by such person then the loss on sale of original securities and units shall be ignored for the purpose of computing income chargeable to tax, if the original securities and units were acquired within three months prior to the record date fixed for receipt of additional securities and units and sold within nine months from such record date, and such person continues to hold all or any of the bonus securities and units at the time of sale of original securities and units. However, the loss so ignored shall be considered as cost of acquisition of such additional securities and units held on the date of sale by such person.

H. Tax Deduction at Source

Section 194K of the Act provides that a person responsible for paying to a resident any income in respect of units of mutual fund specified under section 10(23D) of the Act shall withhold taxes at the rate of 10% provided such income exceeds INR 5,000. Further, the proviso to section 194K of the Act clarifies that such withholding taxes shall not apply on capital gains.

Any person responsible for paying to a non-resident, any income, which is chargeable to tax under the Act, is required to withhold income-tax thereon under section 195 of the Act, at the prescribed rates, at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.

With respect to FPIs, section 196D of the Act provides for deduction of tax on income of FPI from securities as referred to in section 115AD(1)(a) of the Act (other than interest referred in section 194LD of the Act) at the rate of 20%.

The proviso to section 196D of the Act provides that tax shall be deducted on the above income, at the rate of twenty percent or the rates provided in the relevant DTAA, whichever is lower, provided the payee furnishes a tax residency certificate and such other information and documents as may be prescribed.

Further, section 196D(2) of the Act provides that income-tax is not required to be withheld from any income by way of capital gains, arising from the transfer of shares and units referred to in section 115AD of the Act, payable to the FPIs.

Section 196A of the Act provides that a person responsible for paying to a non-resident any income in respect of units of mutual fund specified under section 10(23D) of the Act shall withhold taxes at the rate of 20%.

In case of deduction of tax at source (TDS) on payments made to non-residents, the tax rates would be increased by surcharge and health and education cess.

However, in case of TDS on payments made to residents, the tax rates would not be increased by surcharge and health and education cess.

Any person (not being an individual or HUF having total sales/ turnover/ gross receipts not exceeding business of Rs 10,000,000 or gross receipts from profession not exceeding Rs 5,000,000) responsible for making certain specified payments (for e.g. interest) to a resident, is required to withhold income-tax thereon at the prescribed rates, at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.

TDS rate on non-furnishing of Permanent account number (PAN)

Section 206AA of the Act provides that where the deductee fails to furnish its PAN/ furnishes an incorrect PAN to the deductor, the deductor will be required to withhold taxes at the rate specified under the Act or the rates in force or 20%, whichever is higher.

Provisions of section 206AA of the Act shall not apply to a non-resident in case of certain payments where conditions prescribed are fulfilled. The CBDT vide Notification dated 24 June 2016 has prescribed those conditions by introducing Rule 37BC to the Income-tax Rules, 1962. As per the said Rule, where the non-resident does not have a PAN, provisions of withholding tax at a higher rate shall not apply on the payments in the nature of interest, royalty, fees for technical services, dividend and payments on transfer of any capital asset if the non-resident deductee furnishes the specified details and documents⁵ to the deductor.

TDS for non-filers of return of income at higher rates

Section 206AB provides for higher rates of withholding tax where the recipient (being a specified person):

- has not filed the return of income for an assessment year (**AY**) relevant to the previous year immediately prior to the previous year in which tax is required to be deducted,

⁵ (i) Name, e-mail id, contact number;

(ii) Address in the country or specified territory outside India of which the deductee is a resident;

(iii) A certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate;

(iv) Tax Identification Number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident

- has an aggregate of tax deducted at source and tax collected at source of INR 50,000 or more in such previous year; and
- for whom the time limit of filing return of income under Section 139(1) of the Act has expired.

Where the recipient qualifies as a specified person under section 206AB, withholding shall be higher of the following:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%

Further, where provisions of section 206AA of the Act is applicable to a specified person, in addition to the provision of section 206AB, the tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA.

However, it is pertinent to note that the following persons have been excluded from the definition of specified person:

- a) a non-residents who do not have a permanent establishment in India; and
- b) a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government.

PAN becoming inoperative

Rule 114AAA of the Rules provides that where a taxpayer does not link his PAN with his Aadhaar number, then PAN of such a taxpayer shall become inoperative and be liable for the following consequences:

- a) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made;
- b) interest shall not be payable on such refund for the period, beginning with the date specified under sub-rule (4) and ending with the date on which it becomes operative;
- c) where tax is deductible under Chapter XVIIB in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA of the Act;
- d) where tax is collectible at source under Chapter XVII-BB in case of such person, such tax shall be collected at higher rate, in accordance with provisions of section 206CC of the Act.

However, PAN will again become operative as and when the taxpayer links it with the Aadhaar number.

In this regard, Central Board of Direct Taxes (CBDT) vide Notification No. 37/2017, F. No. 370133/6/2017-TPL, dated 11 May 2017 has clarified that provisions of section 139AA

of the Act shall not apply to an individual who does not possess the Aadhaar number or the Enrolment ID and is a non-resident as per the Act.

Given that provisions of section 139AA of the Act does not apply to a non-resident, consequently, the provisions of Rule 114AAA shall also not apply.

I. Advance Tax Installment Obligations

It will be the responsibility of the Client to meet the advance tax obligation installments payable on the due dates under the Act.

J. Minimum Alternate Tax

Section 115JB(1) of the Act provides that, if the tax payable by a company on the total income computed as per the provisions of the Act is less than 15% of its 'book profit', then notwithstanding anything contained in any other provision of the Act, the 'book profit' shall be deemed to be the total income of the tax payer, and the amount of tax payable shall be the amount of income-tax at the rate of 15% (plus applicable surcharge and education cess) on such total income. This tax prescribed on book profits under section 115JB is commonly referred to as Minimum Alternate Tax (MAT).

The above provisions of section 115JB of Act shall not be applicable to domestic companies opting for concessional rate of tax under section 115BAA and 115BAB of the Act.

Section 115JB(2) of the Act further provides that, every company shall, for the purposes of section 115JB of the Act, prepare its profit and loss account in accordance with Schedule III of the Indian Companies Act, 2013. Further, Explanation 1 to section 115JB(2) of the Act prescribes certain additions to/ deductions from the net profit/ loss to determine the 'book profit' within the meaning of section 115JB of the Act.

Further, a tax credit is allowed to be carried forward for fifteen years immediately succeeding the assessment year in which tax credit becomes allowable. The tax credit can be set-off in a year when the tax becomes payable on the total income is in accordance with the regular provisions of the Act and not under MAT.

Further, CBDT vide circular No. 29/2019 dated 2 October 2019 clarified that domestic companies opting for concessional rate of tax under section 115BAA and 115BAB of the Act will not be allowed to setoff brought forward credit of taxes paid under the MAT provisions of the Act.

The amount of income accruing or arising to a foreign company from capital gains arising on transactions in securities or interest, dividend, royalty, or fees for technical services chargeable to tax at the rates specified in Chapter XII of the Act, shall be excluded from the purview of MAT, if such income is credited to the Profit and Loss Account and the income-tax payable thereon in accordance with the provisions of the Act (other than the

MAT provisions), is at a rate less than the MAT rate of 15%. Also, the corresponding expenses shall also be excluded while computing MAT.

Further, the provisions of MAT shall not be applicable to a foreign company if:

- The taxpayer is a resident of a country/ specified territory with which the Government of India (GOI)/ specified association has a Double Taxation Avoidance Agreement (DTAA) and the taxpayer does not have a permanent establishment (PE) in India; or
- The tax payer is a resident with which the GOI/ specified association does not have a DTAA and the taxpayer is not required to seek registration under any law for the time being in force relating to companies.

The Foreign Tax Credit (FTC) claimed against MAT liability which exceeds the FTC that would have been allowable while computing income under normal provisions, would be ignored while computing tax credit under MAT.

K. Benefit of Double Taxation Avoidance Agreement

As per the provisions of section 90(2) of the Act, in determining the taxability of a non-resident, the provisions of the relevant DTAA or the Act, whichever are more beneficial shall apply. Accordingly, if the investor is a resident of country with which India has entered into a DTAA, the provisions of the DTAA or of the Act, whichever are more beneficial to the investor, shall apply.

Section 90(4) of the Act provides that a tax payer, not being a resident, to whom a DTAA applies, shall not be entitled to claim any relief under such DTAA unless a certificate of it being a resident in any country outside India is obtained by it from the Government of that country.

Further, section 90(5), provides that the tax payer referred to in section 90(4) of the Act, shall also provide such other documents and information, as may be prescribed. In this connection, on 1 August 2013, the CBDT issued a Notification substituting Rule 21AB of the Income-tax Rules, 1962 (Rules) and prescribing the format of information to be provided under section 90(5) of the Act, i.e. in Form No 10F.

A tax payer would be required to furnish⁶ Form No 10F, where the required information⁷ is not explicitly mentioned in the aforementioned certificate of residency; in which case,

⁶ Pursuant to the Notification dated 16 July 2022 issued by Central Board of Direct Taxes, non-residents are required to furnish Form No. 10F electronically on the income-tax web portal.

⁷ Status (individual, company, firm etc.) of the tax payer; Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others); Tax payer's tax identification number in the country or specified territory of residence (In case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the tax payer claims to be a resident); Period for which the residential status, as mentioned in the certificate of residence is

the Notification additionally requires the tax payer to keep and maintain such documents as are necessary to substantiate the information provided.

As per the provisions of section 115A of the Act, where the income of a non-resident (not being a company) or a foreign company comprises of inter-alia dividend or interest income and appropriate taxes have been withheld in accordance with the provisions of Chapter XVII-B of the Act on such income by the payer, such non-resident is not required to furnish the return of income under section 139(1) of the Act.

(13) ACCOUNTING POLICIES

a. Basis of Accounting

Books and Records would be separately maintained in the name of the client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Managers) Regulations, 2020, as amended from time to time. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles.

b. Income Recognition:

Dividend income shall be recognized on the ex-dividend date. For unlisted investments, dividend income would be recognized on the date of receipt. Interest income on investments shall be accrued on due dates. Profit or loss on sale of investments shall be recognized on the trade dates on the basis of first-in-first-out basis.

c. Recognition of fees and other expenses

Investment Management fees and other charges shall be accrued and charged as agreed in the agreement between the Portfolio Manager and the Client.

d. Valuation of Investments:

- (i) Secondary market transactions shall be recognized as investments on the trade dates at cost including brokerage, Goods and Service Tax or such other taxes as may be levied by Government of India, stamp fees and other applicable transaction charges. Subscriptions to primary market issues shall be recognized as investments on allotment. Bonus and/or right entitlements shall be recognized on ex-bonus/ex-right dates. If the investment quantity for any Client results in fractional holdings, pursuant to split or de-merger or any other corporate action, the Portfolio Manager, at his discretion, may sell or buy fractional units (subject to availability of cash) to make the investment of each Client in marketable lots.
- (ii) Traded Securities shall be valued on the basis of closing market rates on the National Stock Exchange ('NSE') as on the relevant valuation date. If the Security is not listed on the NSE, the latest available quote within a period of thirty days prior to the valuation date on any other major stock exchange where the Security may be listed would be considered. In the event of this date being a holiday at the exchange, the rates as on the immediately preceding trading day shall be adopted. If no such quote is available, the security may be considered as non-traded.

applicable; and Address of the tax payer in the country or specified territory outside India, during the period for which the certificate is applicable.

- (iii) Mutual fund units shall be valued at the latest available net asset value closest to the relevant valuation date.
- (iv) Government securities shall be valued at the prices released by the Reserve Bank of India. Government securities, where prices are not available, shall be valued at yield to maturity based on the prevailing interest rates as per the yield curve.
- (v) Bonus shares to which the portfolio becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the Stock Exchange, Mumbai on an ex-bonus basis. Similarly, rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-right basis. For unlisted investments, bonus units would be recognized on the date of receipt.
- (vi) Index Futures shall be valued at settlement price declared by NSE on the valuation date.
- (vii) Profit/ loss on index futures shall be recognized on expiration or squaring up of the contract based on first –in- first out (FIFO) method.
- (viii) On the valuation date, the ‘marked to market’ (MTM) margin received on outstanding contracts shall be considered as current liability. MTM margin paid shall be considered as current assets and provision shall be created for the same.
- (ix) In respect of all interest bearing investments, income shall 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 should not be treated as a cost of purchase but shall be debited to interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- (x) In determining the holding cost of investments the “Weighted average price (WAP)” method shall be followed for each security and the gains or loss on sale of investments, “First in first out (FIFO)” method shall be followed.
- (xi) Transactions for purchase or sale of investment shall 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, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or in the event of a sale. When the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- (xii) Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date and all other securities where a value cannot be ascertained shall be valued in good faith at fair value as determined by the Portfolio Manager. Non-traded and thinly traded Fixed Income Instruments, including those not traded within seven days prior to the valuation date will be valued at cost plus interest accrual till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument.

- (xiii) Unlisted Securities/investments will be valued as per the provisions of SEBI Circular no. SEBI/HO/IMD/IMD-PoD- 2/P/CIR/2022/172 dated December 16, 2022 on performance benchmarking and valuation and Association Of Portfolio Managers India (“APMI”) Circular no. APMI/ 2022 – 23 / 01 dated March 23, 2023.
- (xiv) The cost of Investments acquired or purchased shall include brokerage, stamp duty and any charge customarily except for Securities Transaction Tax included in the broker’s bought note. In respect of privately placed debt instruments any front end discount offered may be reduced from the cost of the investment.
- (xv) Securities brought in by the client, the same is accounted for in PMS accounts on the date on which the stock is credited to the depository account shall be valued at the closing price of the security at NSE. If closing price on NSE is not available, BSE price would be considered. Accordingly, date of credit as aforesaid shall be construed as date of acquisition and cost as stated above is considered as cost of acquisition for the purpose of computing gains / returns in case these details are not provided by the Client.
- (xvi) Securities withdrawn by the client: the same is accounted for in the portfolio accounts on the date on which the stock debited to the depository account shall be valued at the closing price of the security at NSE. If closing price on NSE is not available, BSE price would be considered. Accordingly, date of debit as aforesaid shall be construed as date of sale and value as stated above is considered as sale consideration for the purpose of computing gains / returns.
- (xvii) The accounting policies and standards as outlined above are subject to changes made from time to time by the Portfolio Manager. However, such changes would be in conformity with the Regulations.

(14) INVESTORS SERVICES

- (a) The name and address and telephone number of the Investor Relation Officer who shall attend to the investor queries and complaints are as follows:**

Mr. Ranjit Venugopal
PGIM India Asset Management Private Limited
1 D, First Floor, Century Plaza
No. 560/561 - Anna Salai,
Teynampet, Chennai – 600018.
Tel: +91-44-40745800
Email: ranjit.venugopal@pgimindia.com

- (b) Grievances & Dispute Settlement Mechanism:-**

Grievances of the Clients may be sent to the designated Investor Relation Officer of the Portfolio Manager. The Portfolio Manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, in a reasonable manner and time.

Clients may also register/lodge their grievances with Securities and Exchange Board of India (SEBI) on SCORES (SEBI Complaints Redressal System) Portal i.e. <http://scores.gov.in/> by clicking on “Complaint Registration” under “Investor Corner” or by writing to any of the offices of SEBI. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800 22 7575 / 1800 266 7575.

In case of any disputes, differences, claims and questions whatsoever which arise either during the subsistence of the PMS Agreement or afterwards between the parties thereto and/or their respective representatives, arising out of or in connection with the PMS Agreement, the Portfolio Manager and Client will endeavor to settle such dispute amicably within 30 days, failing which the same shall be referred to and settled by arbitration, under the specific terms described in the Client Agreement, in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Mumbai and will be conducted in the English language.

(15) DETAILS OF INVESTMENTS IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER

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

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

(16) DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER

The Portfolio Manager aims to provide optimal diversification based on the investment strategy of the Investment Approach, to minimize the concentration risk in the client portfolio.

The Portfolio Manager shall strive to achieve diversification of the portfolio at the constituent level by allocating minimum 10 stocks and above based on the stated investment strategy. The Portfolio Manager shall endeavour to restrict the single stock exposure to 15% and single sector exposure to 30% of the portfolio. The Portfolio Manager will also strive to achieve diversification of constituents across various sectors based on the assessment of macro-economic outlook and the investment strategy. Diversification across sectors may not be optimal for sectoral / thematic strategies due to nature of the strategies.

Further, the investments made by the Portfolio Manager into associate/ related parties of the Portfolio Manager shall be with prior positive consent of the Investor and in accordance with SEBI circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022 or as notified by SEBI from time to time.

(17) MISCELLANEOUS PROVISIONS

a. Prevention of Money Laundering

The Portfolio Manager is committed to adhere to the requirements specified under the Prevention of Money Laundering Act 2002 and the requirements laid down by SEBI, in this respect. The Clients including guardians (in case of minors) shall ensure that the investments made by them are through legitimate sources only and do not involve or are not designated for

the purpose of money laundering or any contravention or evasion of the requirements specified under any rules, laws and regulations specified by the Government of India or any other statutory body / entity.

The Portfolio Manager reserves the right to seek appropriate information / documents from the Clients with a purpose to comply with inter alia its regulatory obligations. For this purpose the Portfolio Manager could record telephonic calls of the Client, retain documents and information etc. including details for establishing the identity of the Investor, proof of residence, source of funds etc. The Portfolio Manager may also verify information through third party databases, personal visits etc. In case a Client refuses / fails / delays in providing the information sought by the Portfolio Manager, the Portfolio Manager retains the right to freeze the accounts of the Client, reject any transaction request, effect mandatory repayment / return of assets etc. The decision of the Portfolio Manager in this regard, shall be final.

SEBI vide circular dated January 24, 2013 prescribed guidelines for identification of Beneficial Ownership to be followed by the intermediaries for determination of beneficial owners. A 'Beneficial owner' is defined as a natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercise ultimate effective control over a legal person or arrangement. In this regard, all categories of investors (except individuals, company listed on a stock exchange or majority-owned subsidiary of such company) are required to provide details about beneficial ownership for all investments with effect from July 1, 2014. The Portfolio Manager reserves the right to reject applications/restrict further investments or seek additional information from investors who have not provided the requisite information on beneficial ownership. In the event of change in beneficial ownership, investors are requested to immediately update the details with the Portfolio Manager.

The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the anti-money laundering laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The 'Know Your Client' (KYC) documentation requirements shall also be complied with by the persons becoming clients by virtue of operation of law (such as by way of transmission).

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

b. Client Information

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by him is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds. Where the funds invested are for the benefit of a beneficiary other than the person in whose name the investments are made and/or registered, the Portfolio Manager shall assume that the Client holding the funds/Securities in his name is legally authorised /entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

Pursuant to the provisions of U.S. Office of Foreign Assets Control (OFAC) laws and regulations, if after due diligence, the Portfolio Manager believes that any transaction is violating any provisions of the OFAC laws and regulations or the investor failed to provide required documentation, information, etc., the Portfolio Manager shall have absolute discretion to report such transactions and details of the clients to Prudential Financial Inc or its affiliates for reporting under OFAC laws and regulations and/or to freeze the investment or reject any application(s).

c. Sharing of Client Information:

The Clients agree and acknowledge that the Portfolio Manager may share any Client's information (personal / financial, etc.) with the following parties, in connection with and as may be necessary for the conduct of the Portfolio Manager's business / operations:

- i. With any authorised external third parties / intermediaries (including, but not limited to Depository Participant, Custodian for the Portfolio Manager) who are involved in record-keeping, transaction handling and processing, dispatches, etc. of Client's investment in any Products / Portfolio of the Portfolio Manager; or
- ii. With any Authorised Distributors / Introducers / Referrers through whom applications of Clients are received for the Products / Portfolio and/or who has introduced/referred the Client to the Portfolio Manager, unless any Client/s have specifically written to the Portfolio Manager to refrain from sharing such information with such parties; or
- iii. any regulatory/administrative/legislative authority within or outside India and/or with any group company of the Portfolio Manager or the Prudential Group for compliance with any legal, statutory or regulatory requirements and/or to verify the identity of Clients for complying with anti-money laundering requirements and/or any order under any applicable laws for the time being in force and/or for the purpose of data storage.

The Account statements or financial information pertaining to the Clients, Distributors, Introducers, Referrers or any other entity as indicated above will be sent by the Portfolio Manager only through a secure mode. In case any Client feels that any information/data provided by the Client is inaccurate / deficient, then the Client has to ensure to correct/amend such information/data as soon as possible by getting in touch with the Portfolio Manager. The Portfolio Manager will at all times endeavor to handle transactions efficiently and to resolve any Client grievances promptly. Any complaints should be addressed to the Investor Relations Officer as specified in this Document.

d. Compliance with Foreign Account Tax Compliance Act:

The Hiring Incentives to Restore Employment Act was signed into US law in March 2010 and includes provisions commonly referred to as Foreign Account Tax Compliance Act ('FATCA'). FATCA require financial institutions to report to the US Internal Revenue Service ("IRS") certain information on US persons (based on one or more specified US indicia), holding accounts outside the US, as a safeguard against U.S. tax evasion. FATCA provisions imposes a 30% withholding tax on certain U.S. source payments (including dividends and gross proceeds from the sale or other disposal of property that can produce U.S. source income) when made to an individual or entity that does not comply with FATCA provisions. The 30% withholding could also apply to payments otherwise attributable to US source income. Any amounts withheld under FATCA may not be refundable by the IRS.

FATCA is globally applicable from July 1, 2014 and in order to comply with FATCA obligations, the Portfolio Manager will, with effect from July 1, 2014 seek additional

information/ documentation from investors while accepting applications or otherwise (at its discretion), in order to ascertain their U.S. Person status. Further, with effect from July 1, 2014, the Portfolio Manager reserves the right not to accept applications which are not accompanied with information/documentation required to establish the U.S. Person status from the investors.

Further, the Portfolio Manager may report the information related to the investment of any investor to the US tax authorities (or to an Indian agency as notified, once India signs the Inter governmental Agreement with US) and redeem and/or apply withholding tax to payments to investors who fail to provide the information and documents required to identify their status, or are non-FATCA compliant financial institutions or fall within other categories specified in the FATCA provisions and regulations. Investors should consult their own tax advisors regarding the applicability of FATCA requirements to them.

e. Provisions applicable for subscription and redemption:-

The portfolio inception date for a client's portfolio account would be determined on the basis of the date on which the subscription amount (either in cash or in securities) received from the client is available for utilization by the Portfolio Manager, subject to completion of all account opening formalities.

In case of redemption, the Portfolio Manager will endeavor to sell the securities in the portfolio account of the client within two business day from the date of receipt of valid and complete redemption request. Please note that in case of any illiquid securities in the portfolio, selling of such securities within the above prescribed time period may be difficult and in such scenarios the time taken for selling such illiquid securities may be extended.

Portfolio Manager, their directors, officers and /or agents shall not be liable/ responsible for any indirect or opportunity loss incurred by the client on account of the sale of securities.

The Portfolio Manager shall endeavor to disburse the redemption proceeds to the client within six business days from the date of receipt of valid and complete redemption request, subject to the completion of all the relevant formalities, including settlement of sell trades and availability of funds.

Notwithstanding anything contained in this Disclosure Document, the provisions of the SEBI (Portfolio Managers) Regulations, 2020, as amended from time to time and the guidelines there under shall be applicable.

Investors are advised to read the Disclosure Document carefully before entering into the agreement with the Portfolio Manager.

Name: Dr. V. R. Narasimhan
Designation: Director
DIN: 00170064

Name: Mr. Indrasena Reddy
Designation: Director
DIN: 09437733

FORM C

**Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020
(Regulation 22)**

PGIM India Asset Management Private Limited

4th Floor, C Wing, Laxmi Towers,
Bandra Kurla Complex, Bandra East,
Mumbai - 400 051, India
Tel: +91 22 61593000
Fax: +91 22 61593100

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 Disclosure Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment through the Portfolio Management;
- (iii) The Disclosure Document has been duly certified by an independent chartered accountant, namely, Chokshi & Chokshi LLP, 15/17, Raghavji B Bldg, Gowalia Tank, Off Kemps Corner, Mumbai 400036 Tel: + 91 22 23836900 (Firm Registration No: 101872W/W100045) on December 16, 2024 (enclosed is a copy of the chartered accountants' certificate to the effect that the disclosures made in the document are true, fair and adequate to enable investors to make a well informed decision).

Surjitt Singh Arora

Surjitt Singh Arora
(Principal Officer)
PGIM India Asset Management Private Limited
4th Floor, C Wing, Laxmi Towers,
Bandra Kurla Complex, Bandra East,
Mumbai - 400 051 India

Date: December 17, 2024
Place : Mumbai

CHOKSHI & CHOKSHI LLP

Chartered Accountants

To,
The Head Operations
PGIM India Asset Management Private Limited
4th Floor, Laxmi Towers, C Wing, G Block BKC,
Bandra Kurla Complex, Bandra East,
Mumbai - 400 051.

Sub: Certificate under regulation 22 sub para 5 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

This certificate has been issued pursuant to our internal audit engagement with PGIM India Asset Management Private Limited ("Portfolio Manager"). In this regard, pursuant to the requirement of Reg. 22 sub para 5 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, requiring the Portfolio Manager to certify the contents of Disclosure Document. We have examined the disclosure requirement as specified above for 16th December, 2024.

Management's responsibility

The management of the Company is responsible for the maintenance of the books of account and such other relevant records as prescribed by applicable laws, which includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation and presentation of Disclosure Document.

The Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 is the responsibility of the management of the Company

Internal Auditor's responsibility

Pursuant to the requirement of the circular and our internal audit engagement, we are required to provide a reasonable assurance that the Portfolio Manager has prepared disclosure documents as per requirement as specified in regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

1. We have not performed an audit, the objective of which would be expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such an opinion.
2. We conducted our examination of the Disclosure Document in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) -1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
3. For the purpose of this certificate, we have planned and performed the following procedures to determine whether anything has come to our attention that causes us to believe that the aforementioned Disclosure Document is not in compliance with the SEBI Regulations.
 - a) The list of persons classified as group companies and list of related parties are as per audited financial statements available on the Company website;
 - b) The promoters and directors' qualifications, experience, ownership details are as confirmed by the directors and have been accepted without further verification;
 - c) We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to penalties or litigations against the Portfolio Manager, as mentioned in the Disclosure Document;
 - d) We have reviewed the figures for performance disclosed in the Disclosure Document on the basis of performance data spooled from Wealth Spectrum by the Company;
 - e) We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to the investment objectives and policies / investment philosophy;
 - f) We have reviewed nature of fees and expenses as per the agreements and representations provided by the Company; and
 - g) We have verified the financial figures disclosed in the Disclosure Document with the audited financial statements for the respective years.

CHOKSHI & CHOKSHI LLP

Chartered Accountants

Opinion

Based on the procedures performed as stated above, evidence obtained and information and explanations provided by the Company, nothing has come to our attention that causes us to believe that the Disclosure Document is not, in all material aspects, in compliance with the SEBI Regulations.

Based on our review of attached Disclosure Document, audited annual accounts of the Portfolio Manager and its other group companies and its other relevant records and information furnished by the Portfolio Manager along with representation provided, we certify that the disclosures made in the attached Disclosure Document for Portfolio Management are true, fair and adequate to enable the investors to make a well informed decision.

Restriction of use

This certificate is issued solely to comply with Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (as amended from time to time) and may not be suitable for any other purpose. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other person / party to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN - 101872W/W100045

Anish Shah

Anish Shah
Partner
M.No. 048462
UDIN - 24048462BKAFVD2150
Place: Mumbai
Dated: 16/12/2024

