

## **DISCLOSURE DOCUMENT**

### **PORTFOLIO MANAGEMENT SERVICES**



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## **PART -I - STATIC SECTION**

### **1. DISCLAIMER CLAUSE**

This Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

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



## 2. DEFINITIONS

In this Disclosure Document, unless the context otherwise requires, the following words and expressions shall have the meaning assigned to them:

1. **“Act”** means the Securities and Exchange Board of India Act, 1992.
2. **“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 SEBI from time to time.
3. **“Accredited Investor”** means any person who is granted a certificate of accreditation by an accreditation agency who:
  - (i) in case of an individual, HUF, family trust or sole proprietorship has:
    - (a) annual income of at least two crore rupees; or
    - (b) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or
    - (c) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.
  - (ii) in case of a body corporate, has net worth of at least fifty crore rupees;
  - (iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;
  - (iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall be deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

4. **“Advisory Services”** means advising on the portfolio approach, investment and divestment of individual Securities in the Client’s Portfolio, entirely at the Client’s risk, in terms of the Regulations and the Agreement.
5. **“Agreement”** or **“Portfolio Management Services Agreement”** or **“PMS Agreement”** means agreement executed between the Portfolio Manager and its Client for providing portfolio management services and shall include all schedules and annexures attached thereto and any amendments made to this agreement by the parties in writing, in terms of Regulation 22 and Schedule IV of the Regulations.
6. **“Applicable Law/s”** means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.



7. **“Assets Under Management” or “AUM”** means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.
8. **“Associate”** means (i) a body corporate in which a director or partner of the Portfolio Manager holds either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.
9. **“Benchmark”** means an index selected by the Portfolio Manager in accordance with the Regulations, in respect of each Investment Approach to enable the Clients to evaluate the relative performance of the Portfolio Manager.
10. **“Board” or “SEBI”** means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
11. **“Business Day”** means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Portfolio Manager may specify from time to time.
12. **“Client(s)” / “Investor(s)”** means any person who enters into an Agreement with the Portfolio Manager for availing the services of portfolio management as provided by the Portfolio Manager.
13. **“Custodian(s)”** means an entity registered with the SEBI as a custodian under the Applicable Laws and appointed by the Portfolio Manager, from time to time, primarily for custody of Securities of the Client.
14. **“Depository”** means the depository as defined in the Depositories Act, 1996 (22 of 1996).
15. **“Depository Account”** means an account of the Client or for the Client with an entity registered as a depository participant under the SEBI (Depositories and Participants) Regulations, 1996.
16. **“Direct on-boarding”** means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.
17. **“Disclosure Document” or “Document”** means the disclosure document for offering portfolio management services prepared in accordance with the Regulations.
18. **“Distributor”** means a person/entity who may refer a Client to avail services of Portfolio Manager in lieu of commission/charges (whether known as channel partners, agents, referral interfaces or by any other name).
19. **“Eligible Investors”** means a Person who: (i) complies with the Applicable Laws, and (ii) is willing to execute necessary documentation as stipulated by the Portfolio Manager.

20. **“Fair Market Value”** means the price that the Security would ordinarily fetch on sale in the open market on the particular date.
21. **“Foreign Portfolio Investors”** or **“FPI”** means a person registered with SEBI as a foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.
22. **“Financial Year”** means the year starting from April 1 and ending on March 31 in the following year.
23. **“Funds”** or **“Capital Contribution”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of sale or other realization of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the Portfolio Manager.
24. **“Group Company”** shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary.<sup>i</sup>
25. **“HUF”** means the Hindu Undivided Family as defined in Section 2(31) of the IT Act.
26. **“Investment Approach”** is 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 and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.
27. **“IT Act”** means the Income Tax Act, 1961, as amended and restated from time to time along with the rules prescribed thereunder.
28. **“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.
29. **“Non-resident Investors”** or **“NRI(s)”** shall mean non-resident Indian as defined in Section 2 (30) of the IT Act.
30. **“NAV”** shall mean Net Asset Value, which is the price; that the investment would ordinarily fetch on sale in the open market on the relevant date, less any receivables and fees due.
31. **“NISM”** means the National Institute of Securities Markets, established by the Board.
32. **“Person”** includes an individual, a HUF, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.



33. **“Portfolio”** means the total holdings of all investments, Securities and Funds belonging to the Client.
34. **“Portfolio Manager”** means Bandhan AMC Limited, a company incorporated under the Companies Act, 1956, registered with SEBI as a portfolio manager bearing registration number INP000008534 and having its registered office at 6<sup>th</sup> Floor, Tower 1C, One World Centre, Senapati Bapat Marg, Prabhadevi (W), Mumbai 400013.
35. **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:
- (i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of Securities or the Funds of the Client, as the case may be; and
  - (ii) all other operations of the Portfolio Manager
36. **“Regulations”** or **“SEBI Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended/modified and reinstated from time to time and including the circulars/notifications issued pursuant thereto.
37. **“Related Party”** 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— The investing company or the venturer of the 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;

38. **“Securities”** means security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other law for the time being in force.



### 3. DESCRIPTION

#### (i) History, Present Business and Background of the portfolio manager.

##### **Background of the Portfolio Manager:**

The portfolio management business was being originally carried out by IDFC Investment Advisors Limited (IDFC IA), a wholly owned subsidiary of IDFC Asset Management Company Limited (IDFC AMC). As part of the process of rationalising the corporate holding structure within the IDFC Group and to bring synergy, IDFC IA was merged into IDFC AMC, its holding company on June 23, 2015.

Pursuant to the same, the Portfolio Management Business was undertaken by IDFC Asset Management Company Limited.

IDFC AMC was originally known as ANZ Grindlays Asset Management Company Private Limited and set up by the Australia and New Zealand Banking Group. Vide the Investment Management Agreement dated January 3, 2000, IDFC AMC was appointed by ANZ Grindlays Trustee Company Private Limited (Trustee to ANZ Grindlays Mutual Fund) to act as Investment Manager to ANZ Grindlays Mutual Fund. In 2001, Standard Chartered Bank acquired 75% of the equity share capital and 100% of the preference share capital of ANZ Grindlays Asset Management Company Private Limited. The AMC was thereafter renamed as Standard Chartered Asset Management Company Private Limited.

On May 30, 2008, IDFC Limited (IDFC) acquired 100% of the equity and preference share capital of Standard Chartered Asset Management Company Private Limited held by Standard Chartered Bank and other minority shareholders. Pursuant to the above acquisition, Standard Chartered Asset Management Company Private Limited was renamed as IDFC Asset Management Company Limited. On December 9, 2011, IDFC sold 25% of the total issued and paid up equity share capital plus one equity share in IDFC Asset Management Company Limited to Natixis Global Asset Management Asia Pte Ltd (NGAM Asia). Pursuant to RBI's requirements for banking license, on July 9, 2015, IDFC Ltd. transferred its shareholding in IDFC Asset Management Company Limited to IDFC Financial Holding Company Limited, a Non-Operative Financial Holding Company (NOFHC), which is a wholly owned subsidiary of IDFC. IDFC Financial Holding Company Limited acquired the entire shareholding of Natixis Global Asset Management Asia Pte. Ltd., Singapore in the Company during March 2016.

On January 31, 2023, Bandhan Financial Holdings Limited acquired controlling stake in IDFC Asset Management Company Limited. Consequent thereto, IDFC Asset Management Company Limited was renamed as Bandhan AMC Limited ("**Portfolio Manager**").

Consequent to the transfer of shares, the revised shareholding pattern of the AMC stands as follows:



**Shareholding pattern of the Portfolio Manager:**

| Name of Shareholder                                                              | No. of Shares held  | % of Shareholding |
|----------------------------------------------------------------------------------|---------------------|-------------------|
| Bandhan Financial Holdings Limited and its nominees                              | 19,89,85,968        | 59.98             |
| Lathe Investment Pte. Ltd.                                                       | 6,63,28,656         | 19.99             |
| Tangerine Investments Limited                                                    | 5,52,85,704         | 16.66             |
| Mr. Ashley Menezes and Mr. Sanjay Kukreja<br>(Partners of M/s Infinity Partners) | 49,00,092           | 1.48              |
| Mr. Rajendra K Mishra                                                            | 1,20,840            | 0.04              |
| Carillon Investments B V                                                         | 61,42,860           | 1.85              |
| <b>Total</b>                                                                     | <b>33,17,64,120</b> | <b>100</b>        |

**Directors of the Portfolio Manager and their background in brief**

| Name                                          | Age / Qualification                              | Brief Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Bhaskar Sen<br><br>(Independent Director) | 72 years / B. Com (Hons), C.A.I.I.B.             | <p>Mr. Bhaskar Sen is the former Chairman &amp; Managing Director of United Bank of India (since merged with Punjab National Bank). With a rich experience of over 45 years in the industry, Mr. Sen is considered to be a person having deep knowledge in the areas of banking and finance. His special expertise is in the areas of commercial banking, risk management, trade finance and treasury management.</p> <p>Mr. Sen served as Chairman &amp; Managing Director of the United Bank of India for a period of about three years before retiring from active service in December 2012. In his earlier postings in Dena Bank as Executive Director and as General Manager in his parent organisation Union Bank of India, he made significant contributions to treasury operations, overseas expansion, international business, merchant banking operations, risk management, and general banking. Mr. Sen also played a key role in launching the initial public offer and follow-on public offer of his parent bank, Union Bank of India. Post-retirement, Mr. Sen has served on the Boards of various prominent financial organisations. He was one of the first Directors to be appointed to the Board of Bandhan Bank, serving it for two consecutive terms, till March 2021. He has also worked as a Public Interest Director and Chairman of the Calcutta Stock Exchange, chaired the Expert Committee on Banking and Finance of the Indian Chamber of Commerce (ICC), and was also a nominated Director on the Board of West Bengal Financial Corporation.</p> <p>He is also a Director on the Board of one other company.</p> |
| Mr. S. Ravindran<br>(Independent Director)    | 62 years / B. Com, Chartered Accountant and Cost | Mr. S. Ravindran was the Executive Director of SEBI from August 2011 till May 2022, wherein he handled all major departments in SEBI and initiated/implemented various policy measures for                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Name                                       | Age / Qualification                                                                                                | Brief Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                            | Accountant                                                                                                         | <p>development/ regulation of securities markets relating to Mutual Funds, Corporate Governance, Market Infrastructure Institutions and Market Intermediaries, Market Surveillance and Risk Management, IPOs, Accounting standers Disclosure and Transparency, Corporate restructuring, Takeovers, Buybacks, Delisting, Commodity Derivatives Market, etc. Prior to the above assignment, he was an advisor to the Central Bank of Bahrain on deputation from SEBI from January 2005 to January 2010 wherein he drafted and implemented Bahrain's Securities Market Regulatory Framework on par with International standards and enabled Bahrain to enter into Multilateral MOU with IOSCO.</p> <p>He also handled various assignments as Chief General Manager, General Manager and Deputy General Manager in SEBI from March 1993 to January 2005. During his association with SEBI he had set up Surveillance Department and developed Integrated Market Surveillance System, handled major investigation cases relating to 1999-2001 Market Manipulations, resulting in various enforcement actions, implemented Accounting Standards through Listing Requirements, cleared more than 200 IPOs as Dealing Division Chief, handled more than 100 investigation cases as Investigating Authority, functioned as quasi-judicial Enquiry/Adjudication Officer, registration of MFs/Market Intermediaries and Inspection of stock exchanges/ Market Intermediaries.</p> <p>He is also a Director on the Board of various companies.</p> |
| Mr. Nitin Mittal<br>(Independent Director) | 48 years / Electronics & Telecommunication engineer from Nagpur University and an executive MBA from IIM Bangalore | <p>Mr. Nitin Mittal is a seasoned specialist in the field of technology with experience of over 26 years, in creating innovative and scalable digital platforms for retail, finance, e-commerce, FMCG, healthcare, insurance, and the e-governance sector.</p> <p>He was earlier leading the technology and data function wing for Zee Entertainment Enterprises as President and Group CTO. His executive responsibilities with the company were to carry out strategic initiatives to embed technology, automation, AI/ML in all parts of the organization.</p> <p>Mr. Mittal was also the founder (Apr 2018 - March 2021) of SOLV which is engaged in providing an open platform for B2B commerce, credit, payment, logistics, and skilled workforce for the SME segment in India.</p> <p>Prior to his entrepreneurial venture, Mr. Mittal played an instrumental role in bringing disruptive technology to the country. He was a technology adviser with NPCI (Aug 2014 - Jul</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Name                                             | Age / Qualification                                                                                                                            | Brief Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  |                                                                                                                                                | <p>2017) and has closely worked with the organization's technology team to build the country's UPI framework.</p> <p>He has also served as the CTO of UIDAI (Oct 2012 - Oct 2014) and played a pivotal role in accelerating Aadhar coverage and launching direct benefit transfer (DBT) services. He has extensively worked with corporate majors like Standard Chartered, IBM, TESCO, BNY Mellon, Wipro and the Future Group.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Mr. Karni Singh Arha<br><br>(Associate Director) | 49 years / MBA from Marriott School of Management in US and is an Economic Graduate from Delhi University                                      | <p>Mr. Karni S Arha is the Managing Director of BFHL. He is a seasoned financial services professional with over 22+ years of wide-ranging experience covering Finance, Operations and Distribution. Mr. Arha has significant experience in Financial Management, Corporate Strategy, Business Acquisitions and Investor Relations. and has held leadership roles within organizations of Bank of Baroda, Reliance Capital, Aviva, and Bharti Financial Services.</p> <p>He started his career in the US with Aetna Inc and Swiss Re in New York and moved to India to be amongst the founding members of Reliance Capital, where he led the launch of the Life Insurance business and Private Equity business. Subsequently, he became the CFO at IndiaFirst Life Insurance with additional responsibility as Head of Operations. Post which, Mr. Arha was CFO &amp; COO at Aviva India, leading their business transformation initiatives. More recently, before joining BFHL, Mr. Arha was the CFO at Bharti Axa General Insurance to drive its merger with ICICI Group.</p> |
| Mr. Atanu Sen<br><br>(Associate Director)        | 70 years / Master of Arts in Economics; Certified Associate of Indian Institute of Banking & Finance (CAIIB); Certificate in Wealth Management | <p>Mr. Atanu Sen is a trusted name in the banking industry with a significant experience of over 47 years with the country's leading financial institutions. He was serving as the non-executive Chairman of the National Pension System (NPS Trust) of PFRDA.</p> <p>Mr. Sen has held several key posts including that of Managing Director and CEO of SBI Life Insurance Company Limited. He has played an instrumental role as Deputy Managing Director and Chief Credit and Risk Officer of the State Bank of India.</p> <p>Post his retirement in 2014 from active service, he took up serving on the Boards of various companies. Mr. Sen has also engaged as a senior advisor for Deloitte Touche Tohmatsu LLP, and the post of non-official Director on behalf of the Ministry of Finance, Government of India for Punjab &amp; Sind Bank.</p>                                                                                                                                                                                                                          |
| Mr. Akash Kedia<br><br>(Associate)               | 34 years / B.Com & Chartered Accountant                                                                                                        | Mr. Akash Kedia is a Vice President at GIC and leads the Asset Management and Technology Services businesses for GIC's Private Equity (PE) business in India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Name                                       | Age / Qualification                                                                                                                       | Brief Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director)                                  |                                                                                                                                           | <p>He has been an integral part of the firm for nearly a decade, during which he has successfully executed several investments and engaged closely with a variety of financial services companies in India.</p> <p>Prior to joining GIC, Mr. Kedia worked as an investment banker for 2 years at Macquarie and Deutsche Bank and spent 3 years in Deloitte's audit department.</p> <p>Mr. Kedia was ranked among the top 50 candidates across all three examination levels in India.</p>                                                                                                                                                                                                                                                                                                                                                                                                 |
| Mr. Ankit Singhal<br>(Associate Director)  | <p>40 years / B-Tech (Hons.) from IIT Kharagpur; MBA from IIM Bangalore. Cleared all levels of CFA (USA based) and CAIA examinations.</p> | <p>Mr. Ankit Singhal is a seasoned financial services expert with over 14 years of experience in Private Equity. He is a Director at ChrysCapital, where his key responsibilities include leading strategic investment decisions in the financial services sector.</p> <p>Mr. Singhal is skilled in private equity deal-making, business and operational strategy.</p> <p>Prior to joining ChrysCapital, Mr. Singhal worked as an Investment Strategist for Whitetail Asia. He also served as Head of M&amp;A at AJ Capital in Singapore (Feb 2018 – May 2020). He led the group's plans for setting up an NBFC in India as well as helping scale its direct investment franchise.</p> <p>He has also worked as an investment professional with GIC Private Equity (Apr 2011 – Dec 2017), where he successfully concluded various investment deals in the financial services sector.</p> |
| Ms. Nandini Dias<br>(Independent Director) | <p>59 years / BSc, Post Graduate Diploma in Advertising and Media</p>                                                                     | <p>Ms. Nandini Dias was the CEO of Lodestar UM and has been ranked by Economic Times among the top 10 influential leaders (and the only woman leader) in the Indian advertising &amp; media industry for three years now.</p> <p>Marking a career close to three decades, she has had the distinction of launching over 400 brands while managing communication strategy and investments for over 250 marquee businesses across diverse sectors. She has piloted and developed several research-based tools that optimize robust media investments today.</p> <p>She also set up and honed specialized practices like Brand Experience, Content, and Celebrity Management, CRM and Data, Digital, which are now centres of excellence and has been a part of a core leadership team tasked with ideating, transforming and</p>                                                           |

| Name | Age / Qualification | Brief Experience                                                                                                                                                                                                                                                                                   |
|------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                     | channelizing the FCB Group's forward journey under a program at Oxford University. She has been awarded 'Media CEO of the year' in 2016, 2017, 2018 and 2021 and 'Gamechanger of the Year' in 2018 by different organizations.<br><br>She also acts as a Director on the Board of another Company. |

**(ii) Promoters of the portfolio manager, directors and their background.**

Bandhan Financial Holdings Limited (BFHL) was incorporated in 2014 and is the promoter of Bandhan Bank Limited ("Bandhan Bank") and is registered with the Reserve Bank of India under the Guidelines for Licensing of New Banks in the Private Sector dated 22 February 2013, as an NBFC categorized, as a Non-Operative Financial Holding Company ("NOFHC"). Presently, BFHL holds ~40% stake in Bandhan Bank.

**Directors of Bandhan Financial Holdings Limited and their background in brief**

| Name                                                                                                       | Brief Profile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. Ashok Kumar Pradhan</b><br><br><b>(Non-Executive Independent Director)</b><br><br><b>(Chairman)</b> | <p>Mr. Ashok Kumar Pradhan is a seasoned Banker having more than 34 years of experience in the Banking Sector only. He is having Masters of Commerce and also Certified Associate of Indian Institute of Banking &amp; Finance (CAIIB) and has started his career as Probationary Officer in the year 1985 with State Bank of Bikaner &amp; Jaipur.</p> <p>Mr. Pradhan was the MD and CEO of the United Bank of India from September 2018 till March 2020 and also was a Director of National Insurance Company Limited from August, 2019 till March 2020.</p> <p>Mr. Pradhan has worked almost in all areas of Banking especially Credit, Forex and Branch Banking across 4 SBI's associate banks namely State Bank of Bikaner &amp; Jaipur, State Bank of Hyderabad, State Bank of Mysore and State Bank of Travancore.</p> <p>Prior to United Bank of India, Mr. Pradhan was Chief General Manager of State Bank of India, Travancore.</p>                                                                                                                                                                                         |
| <b>Mr. Karni Singh Arha</b><br><br><b>(Managing Director)</b>                                              | <p>Mr. Karni S Arha is the Managing Director of BFHL. He is a seasoned financial services professional with over 22+ years of wide-ranging experience covering Finance, Operations and Distribution. He has significant experience in Financial Management, Corporate Strategy, Business Acquisitions and Investor Relations. Mr. Arha has also been part of several Global Joint-Ventures and has extensive experience of interfacing with Regulators and Statutory Authorities.</p> <p>He started his career in US with Aetna Inc and Swiss Re in New York between 1999 to 2005. He moved to India and was amongst the founding members of Reliance Capital between 2006 to 2009, where he led the launch of Life Insurance business, Private Equity business and also Investor Relation responsibilities. Subsequently, he became CFO at IndiaFirst Life with additional responsibility of being Head of Operations, covering various roles of Business Planning &amp; Strategy, Financial Operations &amp; Controls, Branch and Central Operations, Risk Management and Project Management. After IndiaFirst Mr. Arha was the</p> |

| Name                                                                      | Brief Profile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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|                                                                           | <p>CFO &amp; COO at Aviva India where he led numerous transformation initiatives incorporating new business partners, revamping distribution network, cost efficiency projects and productivity improvement initiatives. Before joining BFHL, Mr. Arha was the CFO at BhartiAxa GI where he was part of core team that successfully completed the marquee transaction of merger with ICICI group.</p> <p>Mr. Arha holds an MBA from Marriott School of Management in US and is an Economics Graduate from Delhi University.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Mr. Atanu Sen</b><br><br><b>(Non-Executive Independent Director)</b>   | <p>Mr. Atanu Sen served as Managing Director and Chief Executive Officer of SBI Life Insurance Company Ltd and as the Deputy Managing Director and Chief Credit and Risk Officer of State Bank of India. He was overall in charge of the total credit portfolio of SBI and as the presiding officer of the apex Credit Committee oversaw sanction of high value credit proposals. From September 1977 to August 2012 held various management roles with State Bank of India including foreign assignments. He was also the Chief General Manager of the Banks Mumbai Circle.</p> <p>On superannuation, he was Advisor to the State Bank of India as well as Senior Advisor to Deloitte Touché Tomahatsu (P) Ltd. He had been Non-Official Director of Punjab and Sind Bank Ltd on behalf of Government of India as well as Nominee Director on behalf of SBI in Companies with a stressed balance sheet. Till June 2022 Mr. Atanu Sen was the Chairman of the Board of the NPS Trust of the Pension Fund Regulatory and Development Authority of India (PFRDA). He continues to be an Independent Director in various Companies including Bandhan Financial Holdings Ltd and TATA Pension Management Ltd.</p> <p>Mr. Sen is a Post-Graduate in Economics from Calcutta University and a Certified Associate of the Indian Institute of Bankers. He has also undergone executive training in diverse fields at the Banks training institutes and leading Institutes across the World including Wharton Business School in the USA; Asian Institute of Management, Manila; BPP London, West Deutsche Landes bank Dusseldorf and MDI Gurgaon.</p> |
| <b>Ms. Runa Sarkar</b><br><br><b>(Non-Executive Independent Director)</b> | <p>Ms. Runa Sarkar is a Professor with the Economics Group and Coordinator, Centre for Development and Environment Policy. She served as a Faculty Member on the Board of Governors at the Indian Institute of Management Calcutta till April 2023, and has also been Dean (Academic) and Chairperson (PGPEX) at IIMC. Prior to this, she taught at IIT Kanpur. A chemical engineer from BITS Pilani, Runa pursued her Masters in environmental engineering at the University of North Carolina at Chapel Hill, USA. After spending five years as an environmental consultant in a subsidiary of Tata Steel, Runa completed her doctoral studies from IIM Calcutta.</p> <p>Her interests lie in sustainable development, where business interests are in consonance with environmental and social interests. She is on the board of Basix Consulting and Technology Services and Bandhan Financial Holdings Limited. Runa has been a sustainability assessor for CII. In addition to authoring several journal and conference papers, she has been one of the co-editors of the India Infrastructure Report (IIR) 2010 on Infrastructure Development in a Low Carbon Economy and IIR 2009 on Land – A Critical Resource for Infrastructure, published by the 3i network. She has authored and edited several books as well in the area of Business, Environment and Institutions, and is currently engaged with research in the area of energy transitions.</p>                                                                                                                                                                                |

| Name                                                                                          | Brief Profile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. Avijit Mukerji</b><br><br><b>(Non-Executive Independent Director)</b>                  | <p>Mr. Avijit Mukerji is a Chartered Accountant. He is a former partner of Price Waterhouse, a member of PricewaterhouseCoopers Network Firms in India (PwC India). He held several leadership roles within PwC India, including as a member of the PwC India Board, PwC India Leadership, Managing Partner of the Eastern Region as well and India Assurance Leadership. He is the founder and managing partner of TatvaSutra Solutions LLP, a boutique investment and equity research firm. Before the commencement of his professional career, he had a brilliant academic record, securing ranks both in the Intermediate (AIR 12) and Final (AIR 21) examinations of the Institute of the Chartered Accountants of India. He is a past Chairman of CII West Bengal and was also a member of the executive committees of AMCHAM Eastern Region and the Indian Chamber of Commerce. He is also an Independent Director on the boards of Balaji Telefilms Limited and India Carbon Limited.</p>                                                                                                                                                                                                                                                                                                                                        |
| <b>Dr. Jayanta Choudhury</b><br><br><b>(Non-Executive Non-Independent Director)</b>           | <p>Dr. Jayanta Choudhury has wide experience in teaching and research in Rural Development for last 22 yrs. Dr. Choudhury presently working as Associate Professor, National Institute of Rural Development &amp; Panchayati Raj, North East Regional Centre, Ministry of Rural Development, Government of India. Before joining NIRDPR-NERC, Guwahati, he was Assistant Professor, Department of Rural Studies, Tripura University and State Institute of Public Administration and Rural development (SIPARD), Tripura. He is author of 18 books and numbers of research articles published in National and International journals and in edited volumes.</p> <p>He has led/worked with different research projects in India and Bangladesh funded by World Bank, ILO, UNICEF, IGDC, GTZ, MoTA, MoRD, etc. He is active member of various Civil Society Organisations (CSOs) including North Eastern Financial Inclusion Trust, India; IFRTD, London; Global Forum for Rural Advisory Services (GFRAS), Switzerland; Community of Evaluators, Sri Lanka etc. He is recognized as Expert, Inclusive Policy Lab, UNESCO. He is also board member of Forum for India Development Cooperation (FIDC), Research and Information System for Developing Countries, New Delhi and Founder, Global Forum for Sustainable Rural Development.</p> |
| <b>Mr. Pankaj Sood</b><br><br><b>(Nominee Director of GIC)</b>                                | <p>Mr. Pankaj Sood has a Post Graduate Diploma from IIM Calcutta and a B. Tech Degree from IIT Kharagpur. He has more than 20 years of work experience in Private Equity and Mergers &amp; Acquisitions transactions in India. He has a very strong understanding of financial service sector in India, including banks, through multiple investments in banks and NBFCs. He oversees the direct investments (private equity) business of Government of Singapore Investment Corporation (GIC) in India and Africa.</p> <p>He had earlier worked in the investment banking/advisory businesses of Kotak Investment Bank, Ernst &amp; Young and SBI Capital Markets.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Ms. Hulya Kefeli</b><br><br><b>(Nominee Director of International Finance Corporation)</b> | <p>Ms. Hulya Kefeli graduated from Robert College Istanbul and Istanbul Technical University, Department of Management Engineering. Kefeli started her career in banking at Akbank in 1983 as International Banking Officer followed by various positions at the Bank. Between 2007 and 2015, she served as Assistant General Manager in charge of International Banking. Having assumed Board Member roles at various Akbank subsidiaries, Hulya Kefeli has been a Member of the Board of Directors at Fibabanka, Istanbul since May 15, 2017. Mrs Kefeli joined Board of Bandhan Financial Services Limited, Kolkata in November 2021.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**(iii) Top 10 Group companies/firms of the portfolio manager on turnover basis**

Based on the latest audited financial statements (as on March 31, 2025), the group companies / firms of the Portfolio Manager are as follows:

| <b>Sr. No.</b> | <b>Name of the Companies</b>                           |
|----------------|--------------------------------------------------------|
| 1.             | Bandhan Mutual Fund Trustee Limited                    |
| 2.             | Bandhan Investment Managers (Mauritius) Ltd.           |
| 3.             | Bandhan Bank Limited                                   |
| 4.             | Bandhan Life Insurance Company Limited                 |
| 5.             | Bandhan Financial Holdings Limited                     |
| 6.             | Bandhan Financial Services Limited                     |
| 7.             | Bandhan Konnagar                                       |
| 8.             | Financial Inclusion Trust                              |
| 9.             | North East Financial Inclusion Trust                   |
| 10.            | Quadra Medical Services Pvt. Ltd.                      |
| 11.            | Quadra Hospital and Medical Services Private Ltd       |
| 12.            | Quadra Medical Research & Foundation Pvt. Ltd          |
| 13.            | Gamma Spect – Imaging & Diagnostic Centre Pvt. Ltd     |
| 14.            | Genisys Information Systems (India) Private Limited    |
| 15.            | Lathe Investment Pte. Ltd.                             |
| 16.            | GIC (Ventures Private Limited)                         |
| 17.            | Tangerine Investments Limited                          |
| 18.            | Carolina Investments Limited                           |
| 19.            | ChrysCapital IX, LLC                                   |
| 20.            | Couldiplall Basanta Lala                               |
| 21.            | Infinity Partners                                      |
| 22.            | Constellation Trust                                    |
| 23.            | Kunal Shroff (as trustee of Constellation Trust)       |
| 24.            | Varthana Finance Private Limited                       |
| 25.            | ChrysCapital Advisors LLP                              |
| 26.            | Defati Investments Holding B V                         |
| 27.            | India Chapter of International Advertising Association |
| 28.            | Varnm Global Advisors LLP                              |
| 29.            | Credila Financial Services Limited                     |
| 30.            | Varnm Ventures LLP                                     |
| 31.            | Genisys Software Limited, UK                           |
| 32.            | Genisys Software Limited, US                           |

### **Subsidiaries & Joint Ventures of the Portfolio Manager**

Bandhan AMC Limited has a wholly owned subsidiary – Bandhan Investment Managers (Mauritius) Limited. There are no joint ventures of the Portfolio Manager.

Any changes in the current holding structure of Portfolio Manager will be notified to SEBI and the Investors and the Disclosure Document will be modified appropriately.

#### **(iv) Details of the services being offered: Discretionary/ Non-discretionary / Advisory.**

The Portfolio Manager broadly offers the following kinds of services:

##### **(a) DISCRETIONARY SERVICES**

Under these services, the choice as well as the timing of the investment decisions rest solely with the Portfolio Manager. The Portfolio Manager may at times and at its own discretion, adhere to the views of the Client pertaining to the investment / disinvestment decisions of the Portfolio. The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of security as per the PMS Agreement and 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 PMS Agreement and / or in this Disclosure Document. The Client may give informal guidance to customize in relation to the Portfolio. However, the final decision rests with the Portfolio Manager. The securities invested / disinvested by the Portfolio Manager for Clients may differ from one Client to another Client even if they have the same investment objectives/strategies. The funds of each Client shall be managed individually and independently in accordance with the needs of each Client.

The Portfolio Managers' decision (taken in good faith) in deployment of the Clients' fund / corpus is absolute and final and cannot be called in question or be open to review at any time during the currency of the PMS Agreement or any time thereafter except on the ground of mala fide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant laws, including any Acts, Rules, and Regulations, guidelines and notifications in force from time to time.

Periodical statements in respect of Client's Portfolio shall be sent to the respective Clients in accordance with the Regulations.

The main features of this service are as follows:

- **Investment decision** – The Portfolio Manager will manage the client's portfolio at his complete discretion and in line with the Client's Investment mandate and SEBI guidelines;
- **Size of Portfolio** – The Client would need to invest / start with a minimum Portfolio of Rs 50 lakhs.
- **Bank and Demat accounts** – The Portfolio Manager shall pool all the assets of the clients together in bank account/s and securities account/s opened in the name of the Portfolio Manager for the sake of convenience but maintain separate client-wise accounts. However, the Portfolio Manager shall assist the client to open a demat account in the client's name and operate the same through a Power of Attorney.



The Portfolio Manager shall act in a fiduciary capacity and as a trustee and agent of the clients' account.

#### **(b) NON – DISCRETIONARY PORTFOLIO MANAGEMENT SERVICE**

Under this service the client directs the Portfolio Manager in making the desired investment transactions and the Portfolio Manager manages and executes transactions based on the Clients Directions. The Portfolio Manager executes the investment instructions and follows up with payments, settlements, custody and other back-office functions. The Portfolio Manager will accept funds from the client and provide the client a comprehensive advisory package designed to help the client in his investment decisions.

The following are the characteristics of this service:

- **Investment decision** – The client will have total discretion to handle his own portfolio.
- **Size of Portfolio** – The Client would need to start with a minimum Portfolio of Rs 50 lakhs.
- **Recommendations / proposals** - Recommendations / proposals will be provided to the Client at a frequency as agreed upon between the client and the Portfolio Manager.
- **Bank and Demat account** – The Portfolio Manager shall pool all the assets of the clients together in bank account/s and securities account/s opened in the name of the Portfolio Manager for the sake of convenience but maintain separate client-wise accounts. However, for listed / unlisted securities the Portfolio Manager shall help the client to open a demat account in the client's name and operate the same through a Power of Attorney.
  - The Portfolio Manager will act only on investor's instructions.
  - The Portfolio Manager will also monitor the portfolio and make suggestions.

At present, the Portfolio Manager does not offer any non-discretionary portfolio management services.

#### **(c) INVESTMENT ADVISORY SERVICES**

Under these services, the Portfolio Manager advises Clients on investments in general and any specific advice required by the Clients and agreed upon in the PMS Agreement. For such services, the Portfolio Manager charges the Client a fee for services rendered as spelt out in the PMS Agreement executed with the Client. The advice may be either general or specific in nature and may pertain to a particular portfolio.

The Portfolio Manager will advise the Clients on:

- Restructuring existing portfolio
- Timing of fresh investment
- New investment opportunities
- Any other advisory services permitted by SEBI

The Portfolio Manager retains the right to relax the criteria mentioned above on a case to case basis.

The Portfolio Manager may from time to time formulate and offer specific portfolio services to clients. Key features of such portfolio services shall be made available to clients through an addendum which shall form an integral part of the Disclosure Document.



**(d) DIRECT ON-BOARDING OF CLIENTS:**

Pursuant to para 2.3 of SEBI Master Circular for Portfolio Managers dated July 16, 2025, Clients have an option to enter into PMS agreement with the Portfolio Manager directly, without intermediation of persons engaged in distribution services. At the time of on-boarding of Clients directly, no charges except statutory charges will be levied.



**4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATION FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY.**

- (i) All cases of penalties imposed by the Board or the directions issued by the Board under the Act or rules or regulations made thereunder.  
➔ Nil
- (ii) The nature of the penalty/direction.  
➔ Nil
- (iii) Penalties/fines imposed for any economic offence and/ or for violation of any securities laws.  
➔ Nil
- (iv) Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any.  
➔ Nil
- (v) Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.  
➔ The Clearing Corporation of India Limited, Mumbai imposed a penalty on the AMC under CCIL's Bye – Laws, Rules & Regulation on account of short fall in CCIL securities segment margin. The penalty charged to the AMC amounted to approx. Rs 49,000, which was paid. The AMC has taken adequate steps to ensure that no further breach shall take place. The penalty was imposed and paid on December 20, 2008.
- (vi) Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder.  
➔ Nil



## 5. SERVICES OFFERED

### 1. VEDARTHA NEO EQUITY PORTFOLIO

#### Investment approach, philosophy and objective

The portfolio managers believe that investment management is about to witness a fundamental change with the advent of technology applied to data analysis & research, securities selection and portfolio optimization. Machine learning can play beneficial roles in investment management, especially in applications where there is abundance of data. Pioneering this approach, Bandhan AMC launched Vedartha NEO Equity Portfolio, an all-weather diversified large and midcap portfolio combining machine learning techniques with portfolio manager expertise. The portfolio will consist of large and mid-capitalised stocks from the BSE 250 Large MidCap index stock universe and can constitute the core long only equity exposures for clients.

#### Investment Strategy

In accordance with para 4.6A of SEBI Master circular dated June 7, 2024 for portfolio managers, the portfolio will invest in listed stocks that are constituents of BSE 250 Large MidCap index, Vedartha Neo Equity Portfolio will be tagged to the Strategy 'Equity'.

The portfolio will invest in listed stocks that are constituents of BSE 250 Large MidCap index.

#### a. Investment Framework (Basis of Selection of Securities): SCORE

- **Sourcing:** The portfolio manager sources, screens and analyses multiple datasets to identify factors that influence returns of a stock.
- **Cleaning:** The portfolio manager cleans and curates data for analysis to identify potential sources of alpha.
- **Optimum portfolio:** The BSE 250 LargeMidCap stocks selected by the portfolio manager post application of requisite filters are entered into the machine which is programmed by the manager to analyse the input data. Machine identifies the right mix of attributes in stocks and then selects the optimal one with the best risk-reward balance. Best stocks (as per the machine output) are then algorithmically assigned weights.
- **Risk Management:** Sector and stock level exposure and company specific risks and monitored by the portfolio manager. Ongoing risk management of the portfolio is required to maintain the desired risk-reward balance.
- **Evolution:** The machine continuously learns and keeps evolving to improve its portfolio management ability through improvement in algorithms and including new data.

#### b. Investment Universe and allocation across type of securities:

- **Long-only equities:** The portfolio will take long-only exposures of select BSE 250 stocks. The portfolio is agnostic to any one specific theme or investment style. Long-only equity exposure can go upto 100% of the portfolio value.
- **Units of Mutual Fund Schemes, Money Market Instruments, Fixed Deposits, Cash and Cash Equivalents:** The Portfolio Manager may invest corpus in units of mutual fund schemes, money market instruments, fixed deposits or cash and cash equivalents to meet liquidity and expense requirements. The portfolio intends to keep minimal cash. Cash calls in the portfolios are function of



the portfolio manager's macro view and factor model. The allocation to units of mutual fund schemes and money market instruments may range from 0% to 20% but can go beyond 20% basis market conditions and as found suitable by the portfolio manager.

It must be clearly understood that the investment allocation is only indicative and not absolute and that it can vary substantially depending upon the perception of the Portfolio Manager, the intention being at all times to seek to protect the interests of the Clients.

**c. Investment tenure / rebalancing:**

The portfolio is rebalanced to best capture changes made by the model at a frequency as may deem appropriate by the portfolio manager in the interest of the investors based on the prevailing market conditions. Ideally this will happen when:

- data that is used by the algorithm changes,
- market volatility picks up,
- earnings are reported,
- a company specific event takes place like a lawsuit or warning etc. where risk must be managed in the portfolio.

**d. Benchmark: NIFTY 50 TRI**

In line with the requirement of the para 4.6A of SEBI Master circular, the portfolio will be benchmarked to Nifty 50 TRI. The NIFTY 50 is a diversified 50 stock index accounting for 13 sectors of the economy.

Availability and quality of data is fundamental to machine learning base investment management. While the portfolio universe is represented by the constituents in BSE 250 LargeMidCap among the 3 benchmarks prescribed, the NIFTY 50 is a better representation of the portfolio universe as it consists of companies, data of which is easily available and reliable, and which are widely covered by research analysts.

The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to the use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.

**e. Indicative Investment Horizon:**

This portfolio / strategy may be suitable for investors with an investment horizon of 3 to 5 years.

**f. Risk factors associated with Investment Approach:**

Vedantha NEO Equity Portfolio mainly intends to invest in equity securities. Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the Funds in a prudent manner in such instruments, 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. For more details on risks associated with investing in Portfolio Management Services, please refer to section on 'Risk Factors' provided later in this document.



## **2. VEDARTHA FLEXI-CASH STRATEGY**

### **Investment approach and philosophy**

The Investment approach would be identified as “Vedarthartha Flexi-Cash Strategy”. The Strategy is a liquidity management solution designed for short-term cash management. This strategy prioritizes higher -quality, short-tenor instruments to deliver low-volatility returns.

The Strategy seeks to offer an investment avenue for short term savings by looking to generate returns commensurate with a low to moderate risk strategy from a portfolio that is invested in debt and money market securities.

### **Investment Strategy**

Vedarthartha Flexi-cash Strategy will be tagged to the Strategy ‘Debt’.

### **Investment objective**

The Strategy will predominantly invest in fixed income securities and money market instruments with the aim of generating returns commensurate with a low to moderate risk strategy.

The Portfolio Manager aims to allocate the portfolio's assets across various fixed income instruments (debt/money market) with the objective of optimizing returns based on the risk-reward profile. The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

The strategy will be benchmarked against the return of the NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix).

Though every endeavour will be made to achieve the objective of the strategy, the Portfolio Manager does not guarantee that the investment objective of the strategy will be achieved. No guaranteed returns are being offered under the strategy.

### **Description of types of securities**

Fixed Income - Debt Securities (including G-Sec and securitized debt) and Money Market Instruments and Units of Mutual Funds.

The strategy being Fixed Income Strategy will invest the corpus of the portfolio in debt and money market instruments. Subject to the Regulations, the corpus of the portfolio can be invested in any (but not exclusively) of the following securities:

- Securities issued, created, guaranteed or supported by the Central Government or a State Government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills / cash management bills)
- Debt instruments (including non convertible portion of convertible instruments) issued by Companies / institutions promoted / owned / controlled by the Central or State Governments,

domestic government agencies, quasi-government or local / statutory bodies, which may or may not carry a Central/State Government guarantee.

- Debt securities (including non convertible portion of convertible instruments) issued by companies, banks, financial institutions and other bodies corporate (both public and private sector undertakings) including Bonds (coupon bearing / zero coupon), Debentures, Notes, Strips, etc.
- Obligations of banks (both public and private sector) and financial institutions.
- Certificate of Deposits (CDs), Commercial Paper (CPs), Bills Rediscounting, TREPS, Repo/Reverse repo, money at call or notice and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
- Securitised Debt, Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
- Units of mutual fund schemes / ETF's
- The non-convertible part of convertible securities.
- Permitted foreign securities (except foreign securitised debt)
- Any other debt and money market instruments as may be permitted by SEBI/ RBI from time to time, subject to regulatory approvals if any.

#### **Basis of selection of such types of securities as part of the investment approach**

The selection of fixed income instruments will be based on a comprehensive evaluation of the macro-economic environment, including factors such as prevailing interest rates, inflation trends, market conditions etc. Additionally, general liquidity in the financial markets and the portfolio manager's outlook play a key role in shaping the investment approach. By considering these elements, the portfolio manager aims to optimize the portfolio to achieve risk-adjusted returns while aligning with the broader economic landscape and investment objectives.

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

The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

| <b>Asset Class Allocation</b>                                                       | <b>Indicative Allocation</b> |
|-------------------------------------------------------------------------------------|------------------------------|
| Debt Securities (including G-Sec and securitized debt) and Money Market Instruments | 0-100%                       |
| Units of Mutual Funds                                                               | 0-100%                       |

**Benchmark** - NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix)

**Indicative tenure or investment horizon** - This portfolio/strategy may be suitable for investors with an investment horizon of 3 to 6 months.

#### **Risks associated with the investment approach**

Risk Associated with Investing in Debt / Money Market Instruments –

- Price-Risk or Interest-Rate Risk: Fixed-income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of



existing fixed-income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

- **Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Basis Risk (Interest - rate movement):** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.
- **Liquidity Risk:** Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.
- **Other Risk:** In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the portfolio has invested in Government Securities, there is no credit risk to that extent. Different types of securities in which the portfolio would invest carry different levels and types of risk. Accordingly, the portfolio's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- **Short-selling of Securities:** Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house
- **Securities Lending:** Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the portfolio and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Portfolio Manager may not be able to sell such lent securities and this can lead to temporary illiquidity.

For more details on risks associated with investing in Portfolio Management Services, please refer to section on 'Risk Factors' provided later in this document.



### **3. VEDARTHA MONEY MARKET EDGE STRATEGY**

#### **Investment approach and philosophy**

The Investment approach would be identified as “Vedarthartha Money Market Edge Strategy”. The Strategy is a refined investment approach to short-term investments, balancing safety and returns through a mix of high-rated and moderate-rated instruments. It serves as a versatile investment solution for investors looking to optimize returns while maintaining moderate risk.

The Strategy seeks to offer an investment avenue for short term savings by looking to generate returns commensurate with a moderate risk strategy from a portfolio that is invested in debt and money market securities.

#### **Investment Strategy**

Vedarthartha Money Market Edge Strategy will be tagged to the Strategy ‘Debt’.

#### **Investment objective**

The Strategy will predominantly invest in a diversified set of debt and money market securities with the aim of generating optimal returns over short term, commensurate with a low to moderate risk strategy.

The Portfolio Manager aims to allocate the portfolio's assets across various fixed income instruments (debt/money market) with the objective of optimizing returns based on the risk-reward profile. The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

The Strategy will be benchmarked against the return of the NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix).

Though every endeavour will be made to achieve the objective of the strategy, the Portfolio Manager does not guarantee that the investment objective of the strategy will be achieved. No guaranteed returns are being offered under the strategy.

#### **Description of types of securities**

Fixed Income - Debt Securities (including G-Sec and securitized debt) and Money Market Instruments and Units of Mutual Funds.

The strategy being Fixed Income Strategy will invest the corpus of the portfolio in debt and money market instruments. Subject to the Regulations, the corpus of the portfolio can be invested in any (but not exclusively) of the following securities:

- Securities issued, created, guaranteed or supported by the Central Government or a State Government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills / cash management bills)
- Debt instruments (including non convertible portion of convertible instruments) issued by Companies / institutions promoted / owned / controlled by the Central or State Governments,



domestic government agencies, quasi-government or local / statutory bodies, which may or may not carry a Central/State Government guarantee.

- Debt securities (including non convertible portion of convertible instruments) issued by companies, banks, financial institutions and other bodies corporate (both public and private sector undertakings) including Bonds (coupon bearing / zero coupon), Debentures, Notes, Strips, etc.
- Obligations of banks (both public and private sector) and financial institutions.
- Certificate of Deposits (CDs), Commercial Paper (CPs), Bills Rediscounting, TREPS, Repo/Reverse repo, money at call or notice and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
- Securitised Debt, Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
- Units of mutual fund schemes / ETFs.
- The non-convertible part of convertible securities.
- Permitted foreign securities (except foreign securitised debt).
- Any other debt and money market instruments as may be permitted. by SEBI/ RBI from time to time, subject to regulatory approvals if any.

#### **Basis of selection of such types of securities as part of the investment approach**

The selection of fixed income instruments will be based on a comprehensive evaluation of the macro-economic environment, including factors such as prevailing interest rates, inflation trends, market conditions etc. Additionally, general liquidity in the financial markets and the portfolio manager's outlook play a key role in shaping the investment approach. By considering these elements, the portfolio manager aims to optimize the portfolio to achieve risk-adjusted returns while aligning with the broader economic landscape and investment objectives.

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

The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

| <b>Asset Class Allocation</b>                                                       | <b>Indicative Allocation</b> |
|-------------------------------------------------------------------------------------|------------------------------|
| Debt Securities (including G-Sec and securitized debt) and Money Market Instruments | 0-100%                       |
| Units of Mutual Funds                                                               | 0-100%                       |

**Benchmark** - NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix)

**Indicative tenure or investment horizon** - This portfolio/strategy may be suitable for investors with an investment horizon of 9 to 12 months.

#### **Risks associated with the investment approach**

Risk Associated with Investing in Debt / Money Market Instruments –

- Price-Risk or Interest-Rate Risk: Fixed-income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed-income securities fall and when interest rates drop, such prices increase. The extent

of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

- **Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Basis Risk (Interest - rate movement):** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.
- **Liquidity Risk:** Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.
- **Other Risk:** In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the portfolio has invested in Government Securities, there is no credit risk to that extent. Different types of securities in which the portfolio would invest carry different levels and types of risk. Accordingly, the portfolio's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- **Short-selling of Securities:** Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house
- **Securities Lending:** Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the portfolio and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Portfolio Manager may not be able to sell such lent securities and this can lead to temporary illiquidity.

For more details on risks associated with investing in Portfolio Management Services, please refer to section on 'Risk Factors' provided later in this document.

#### **4. VEDARTHA M2M BOND OPTIMIZER STRATEGY**

##### **Investment approach and philosophy**

The Investment approach would be identified as “Vedartha M2M Bond Optimizer Strategy”. The Strategy combines accrual income with tactical capital gains by exploiting mark-to-market opportunities based on client’s defined risk thresholds. It is tailored for investors with an appetite for active management & low to moderate risk.

The strategy seeks to generate optimal returns by active management of the portfolio by investing in debt and money market instruments across maturities.

##### **Investment Strategy**

Vedartha M2M Bond Optimizer Strategy will be tagged to the Strategy ‘Debt’.

##### **Investment objective**

The Strategy proposes to generate optimal returns by focusing on capital gains and accrual income through active management across maturities / segments. It aims to balance medium-term stability with the potential for superior returns.

The Portfolio Manager aims to allocate the portfolio's assets across various fixed income instruments (debt/money market), REITs/ InvITs with the objective of optimizing returns based on the risk-reward profile. The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

The Strategy will be benchmarked against the return of the NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix).

Though every endeavour will be made to achieve the objective of the strategy, the Portfolio Manager does not guarantee that the investment objective of the strategy will be achieved. No guaranteed returns are being offered under the strategy.

##### **Description of types of securities**

Fixed Income - Debt Securities (including G-Sec and securitized debt), REITs/ InvITs, Money Market Instruments and Units of Mutual Funds.

The strategy being Fixed Income Strategy will invest the corpus of the portfolio in debt and money market instruments. Subject to the Regulations, the corpus of the portfolio can be invested in any (but not exclusively) of the following securities:

- Securities issued, created, guaranteed or supported by the Central Government or a State Government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills / cash management bills)
- Debt instruments (including non convertible portion of convertible instruments) issued by Companies / institutions promoted / owned / controlled by the Central or State Governments, domestic



government agencies, quasi-government or local / statutory bodies, which may or may not carry a Central/State Government guarantee.

- Debt securities (including non convertible portion of convertible instruments) issued by companies, banks, financial institutions and other bodies corporate (both public and private sector undertakings) including Bonds (coupon bearing / zero coupon), Debentures, Notes, Strips, etc.
- Obligations of banks (both public and private sector) and financial institutions.
- Certificate of Deposits (CDs), Commercial Paper (CPs), Bills Rediscounting, TREPS, Repo/Reverse repo, money at call or notice and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
- Securitised Debt, Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
- Units of mutual fund schemes / ETF's
- The non-convertible part of convertible securities.
- Permitted foreign securities (except foreign securitised debt)
- Any other debt and money market instruments as may be permitted by SEBI/ RBI from time to time, subject to regulatory approvals if any.
- REITs/InvITs

#### **Basis of selection of such types of securities as part of the investment approach**

The selection of fixed income instruments will be based on a comprehensive evaluation of the macro-economic environment, including factors such as prevailing interest rates, inflation trends, market conditions etc. Additionally, general liquidity in the financial markets and the portfolio manager's outlook play a key role in shaping the investment approach. By considering these elements, the portfolio manager aims to optimize the portfolio to achieve risk-adjusted returns while aligning with the broader economic landscape and investment objectives.

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

The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

| <b>Asset Class Allocation</b>                                                                      | <b>Indicative Allocation</b> |
|----------------------------------------------------------------------------------------------------|------------------------------|
| Debt Securities (including G-Sec and securitized debt), REITs/ InvITs and Money Market Instruments | 0-100%                       |
| Units of Mutual Funds                                                                              | 0-100%                       |

**Benchmark** - NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix)

**Indicative tenure or investment horizon** - This portfolio/strategy may be suitable for investors with an investment horizon 1 to 3 years.

#### **Risks associated with the investment approach**

Risk Associated with Investing in Debt / Money Market Instruments –

- **Price-Risk or Interest-Rate Risk:** Fixed-income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed-income securities fall and when interest rates drop, such prices increase. The extent

of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

- **Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Basis Risk (Interest - rate movement):** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.
- **Liquidity Risk:** Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.
- **Other Risk:** In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the portfolio has invested in Government Securities, there is no credit risk to that extent. Different types of securities in which the portfolio would invest carry different levels and types of risk. Accordingly, the portfolio's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- **Short-selling of Securities:** Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house
- **Securities Lending:** Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the portfolio and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Portfolio Manager may not be able to sell such lent securities and this can lead to temporary illiquidity.

For more details on risks associated with investing in Portfolio Management Services, please refer to section on 'Risk Factors' provided later in this document.



## **5. VEDARTHA CORE-ALPHA ACCRUAL STRATEGY**

### **Investment approach and philosophy**

The Investment approach would be identified as “Vedartha Core-Alpha Accrual Strategy”. The Strategy offers an income-focused solution, providing accrual-based returns for Short to medium term investors.

The Strategy seeks to generate accrual-based returns and caters to moderate risk investors seeking steady income with low turnover.

### **Investment Strategy**

Vedartha Core-Alpha Accrual Strategy will be tagged to the Strategy ‘Debt’.

### **Investment objective**

The Strategy proposes to generate optimal returns by focusing on a blend of high-rated and moderate-rated bonds with medium-term maturities to ensure a steady accrual base.

The Portfolio Manager aims to allocate the portfolio's assets across various fixed income instruments (debt/money market), REITs/ InvITs with the objective of optimizing returns based on the risk-reward profile. The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

The strategy will be benchmarked against the return of the NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix).

Though every endeavour will be made to achieve the objective of the strategy, the Portfolio Manager does not guarantee that the investment objective of the strategy will be achieved. No guaranteed returns are being offered under the strategy.

### **Description of types of securities**

Fixed Income - Debt Securities (including G-Sec and securitized debt), REITs/ InvITs, Money Market Instruments and Units of Mutual Funds.

The strategy being Fixed Income Strategy will invest the corpus of the portfolio in debt and money market instruments. Subject to the Regulations, the corpus of the portfolio can be invested in any (but not exclusively) of the following securities:

- Securities issued, created, guaranteed or supported by the Central Government or a State Government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills / cash management bills)
- Debt instruments (including non convertible portion of convertible instruments) issued by Companies / institutions promoted / owned / controlled by the Central or State Governments, domestic government agencies, quasi-government or local / statutory bodies, which may or may not carry a Central/State Government guarantee.



- Debt securities (including non convertible portion of convertible instruments) issued by companies, banks, financial institutions and other bodies corporate (both public and private sector undertakings) including Bonds (coupon bearing / zero coupon), Debentures, Notes, Strips, etc.
- Obligations of banks (both public and private sector) and financial institutions.
- Certificate of Deposits (CDs), Commercial Paper (CPs), Bills Rediscounting, TREPS, Repo/Reverse repo, money at call or notice and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
- Securitised Debt, Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
- Units of mutual fund schemes / ETF's
- The non-convertible part of convertible securities.
- Permitted foreign securities (except foreign securitised debt)
- Any other debt and money market instruments as may be permitted by SEBI/ RBI from time to time, subject to regulatory approvals if any.
- REITs/ InvITs

#### **Basis of selection of such types of securities as part of the investment approach**

The selection of fixed income instruments will be based on a comprehensive evaluation of the macro-economic environment, including factors such as prevailing interest rates, inflation trends, market conditions etc. Additionally, general liquidity in the financial markets and the portfolio manager's outlook play a key role in shaping the investment approach. By considering these elements, the portfolio manager aims to optimize the portfolio to achieve risk-adjusted returns while aligning with the broader economic landscape and investment objectives.

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

The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

| <b>Asset Class Allocation</b>                                                                      | <b>Indicative Allocation</b> |
|----------------------------------------------------------------------------------------------------|------------------------------|
| Debt Securities (including G-Sec and securitized debt), REITs/ InvITs and Money Market Instruments | 0-100%                       |
| Units of Mutual Funds                                                                              | 0-100%                       |

**Benchmark** - NIFTY Medium to Long Duration Debt Index (Primary Benchmark as per APMI Matrix)

**Indicative tenure or investment horizon** - This portfolio/strategy may be suitable for investors with an investment horizon 1 to 3 years.

**Investment tenure / rebalancing** - The portfolio will be rebalanced as may deem appropriate by the portfolio manager in the interest of the investors based on the prevailing market conditions.

#### **Risks associated with the investment approach**

Risk Associated with Investing in Debt / Money Market Instruments –

- Price-Risk or Interest-Rate Risk: Fixed-income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed-income securities fall and when interest rates drop, such prices increase. The extent

of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

- **Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Basis Risk (Interest - rate movement):** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.
- **Liquidity Risk:** Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.
- **Other Risk:** In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the portfolio has invested in Government Securities, there is no credit risk to that extent. Different types of securities in which the portfolio would invest carry different levels and types of risk. Accordingly, the portfolio's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- **Short-selling of Securities:** Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house.
- **Securities Lending:** Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the portfolio and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The portfolio manager may not be able to sell such lent securities and this can lead to temporary illiquidity.

For more details on risks associated with investing in Portfolio Management Services, please refer to section on 'Risk Factors' provided later in this document.



## **6. VEDARTHA TRUST INVESTMENT SOLUTIONS STRATEGY**

### **Investment approach and philosophy**

The Investment approach would be identified as “Vedarthartha Trust Investment Solutions Strategy”. The Strategy is a bespoke offering tailored for retiral trusts, charitable trusts, and autonomous bodies. This Strategy follows an investment approach in line with the applicable investment pattern and regulations.

### **Investment Strategy**

Vedarthartha Trust Investment Solutions Strategy will be tagged to the Strategy ‘Hybrid’.

### **Investment objective**

The Strategy seeks to follow conservative asset allocation and in line with applicable investment pattern with disciplined governance for trusts and similar entities.

Primarily invests in high-rated instruments and bonds based on trust-specific mandates and to match cash flow requirements.

The Portfolio Manager aims to allocate the portfolio's assets across various fixed income instruments (debt/money market), REITs/ InvITs with the objective of optimizing returns based on the risk-reward profile. The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

The Strategy will be benchmarked against the return of the NIFTY 50 Hybrid Composite Debt 50:50 Index (Primary Benchmark as per APMI Matrix).

Though every endeavour will be made to achieve the objective of the strategy, the Portfolio Manager does not guarantee that the investment objective of the strategy will be achieved. No guaranteed returns are being offered under the strategy.

### **Description of types of securities**

Debt Securities (including G-Sec and securitized debt), REITs/ InvITs, Money Market Instruments, Units of Mutual Funds and Equities / ETFs.

The strategy being Hybrid Strategy will invest the corpus of the portfolio in debt and money market instruments, REITs/ InvITs, Units of Mutual Funds and Equities/ ETFs. Subject to the Regulations, the corpus of the portfolio can be invested in any (but not exclusively) of the following securities:

- Securities issued, created, guaranteed or supported by the Central Government or a State Government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills / cash management bills)
- Debt instruments (including non convertible portion of convertible instruments) issued by Companies / institutions promoted / owned / controlled by the Central or State Governments, domestic government agencies, quasi-government or local / statutory bodies, which may or may not carry a Central/State Government guarantee.

- Debt securities (including non convertible portion of convertible instruments) issued by companies, banks, financial institutions and other bodies corporate (both public and private sector undertakings) including Bonds (coupon bearing / zero coupon), Debentures, Notes, Strips, etc.
- Obligations of banks (both public and private sector) and financial institutions.
- Certificate of Deposits (CDs), Commercial Paper (CPs), Bills Rediscounting, TREPS, Repo/Reverse repo, money at call or notice and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
- Securitised Debt, Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
- Units of mutual fund schemes / ETF's
- The non-convertible part of convertible securities.
- Permitted foreign securities (except foreign securitised debt)
- Any other debt and money market instruments as may be permitted by SEBI/ RBI from time to time, subject to regulatory approvals if any.
- REITs/ InvITs
- Equities/ ETFs

#### **Basis of selection of such types of securities as part of the investment approach**

The selection of fixed income instruments will be based on a comprehensive evaluation of the macro-economic environment, including factors such as prevailing interest rates, inflation trends, market conditions etc. Additionally, general liquidity in the financial markets and the portfolio manager's outlook play a key role in shaping the investment approach. By considering these elements, the portfolio manager aims to optimize the portfolio to achieve risk-adjusted returns while aligning with the broader economic landscape and investment objectives.

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

The actual percentage of investment in various fixed income instruments from time to time will be decided basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and portfolio manager views.

| <b>Asset Class Allocation</b>                                                                      | <b>Indicative Allocation</b> |
|----------------------------------------------------------------------------------------------------|------------------------------|
| Debt Securities (including G-Sec and securitized debt), REITs/ InvITs and Money Market Instruments | 0-100%                       |
| Units of Mutual Funds                                                                              | 0-100%                       |
| Equities / ETFs                                                                                    | 0-15%                        |

**Benchmark** - NIFTY 50 Hybrid Composite Debt 50:50 Index (Primary Benchmark as per APMI Matrix)

**Indicative tenure or investment horizon** - This portfolio/strategy may be suitable for investors with an investment horizon 3+ years.

**Investment tenure / rebalancing** - The portfolio will be rebalanced as may deem appropriate by the portfolio manager in the interest of the investors based on the prevailing market conditions.



## **Risks associated with the investment approach**

### **Risk Associated with Investing in Debt / Money Market Instruments –**

- **Price-Risk or Interest-Rate Risk:** Fixed-income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed-income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- **Re-investment Risk:** Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Basis Risk (Interest - rate movement):** During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
- **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.
- **Liquidity Risk:** Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.
- **Other Risk:** In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the portfolio has invested in Government Securities, there is no credit risk to that extent. Different types of securities in which the portfolio would invest carry different levels and types of risk. Accordingly, the portfolio's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- **Short-selling of Securities:** Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house
- **Securities Lending:** Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the portfolio and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the

possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The portfolio manager may not be able to sell such lent securities and this can lead to temporary illiquidity.

**Risk Associated with Investing in Equity & Equity related Instruments –**

- The portfolio will be subject to overall risks arising from investments in equity and equity-related securities.
- Due to variations in liquidity within the capital market segment, trades in this segment may not be executed immediately. Consequently, the liquidity of the portfolio's investments is inherently limited by trading volumes and settlement periods.
- The portfolio may have a higher concentration in a particular stock or sector at any given time. Any change in government policy or other adverse developments related to such a stock or sector may negatively impact the value of the portfolio.
- The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds, which will be subject to interest rate risk due to fluctuations in key interest rates in the economy.

For more details on risks associated with investing in Portfolio Management Services, please refer to section on 'Risk Factors' provided later in this document.



## **7. VEDARTHA LONG ONLY EQUITIES PMS**

### **Investment approach and philosophy**

The Investment approach would be identified as “Vedartha Long Only Equities PMS”. The investment objective of the strategy is to generate returns for its Beneficiaries through long-term capital appreciation. The primary objective of the Strategy is to generate returns from an investment strategy that mainly invests in listed equities or equity related securities across market capitalisation and sectors. It aims to invest bottom up by identifying quality companies with competitive advantage.

Disclaimer: There is no assurance or guarantee that the strategy’s objectives will be realised.

### **Investment Strategy**

Vedartha Long Only Equities PMS will be tagged to the Strategy ‘Equity’.

### **Investment Objective**

This strategy will invest predominantly in equity and equity-related securities with active allocation between sectors and stocks based on strategy advisor’s view. The strategy will be actively managed and flexible, allowing investments across market caps and sectors, with a focus on generating alpha over the long term.

The investment decision would be based on an evaluation consisting of strong data and rationale. The strategy strives to take a distinct and diverse strategy, which includes - a) Fundamental research-driven bottom-up company selection, b) Buy-hold and sizing portfolio with a long-term investment horizon, c) Financial and operational due diligence, d) Sensitivity and DCF analysis, e) Risk assessment etc.

This is sector and market cap agnostic and therefore can diversify its investments across a range of sectors falling within the investment strategy.

The strategy will keep evaluating the portfolio based on continuous assessment of the macroeconomic environment and subsequent investment approach. The strategy will follow a top-down and bottom-up approach based on factors like macroeconomic indicators (global economic growth, monetary policy, liquidity, geopolitics), domestic economic outlook (monetary and fiscal policies, credit cycles, rural and urban economies), government reforms (production incentives, digitization, tax policies), private consumption and capital expenditure trends.

The strategy will be benchmarked against the return of the BSE 500 (Total Return Index).

Though every endeavour will be made to achieve the objective of the strategy, the Portfolio Manager does not guarantee that the investment objective of the strategy will be achieved. No guaranteed returns are being offered under the strategy.

### **Description of types of securities**

Equity - Consistent with the investment objective and strategy, and subject to applicable laws and regulations, the corpus under the Portfolio will be invested in any of (but not exclusively) the following securities:

- Securities listed or traded on a recognized stock exchange
- Money market instruments including Commercial paper, trade bill, treasury bills, certificate of deposits and usance bills



- Units of Mutual Funds through Direct Plan
- Any other securities as specified by SEBI from time to time

Subject to Regulations, the investment pattern may change from time to time, keeping in view market conditions, opportunities and political & economic factors.

It must be clearly understood that the investment patterns are only indicative and not absolute and that they can vary substantially depending upon the perception of the Portfolio Manager, the intention being at all times to seek to protect the interests of the Clients.

#### **Basis of selection of such types of securities as part of the investment approach**

Investments will be decided based on an evaluation consisting of strong data and rationale and continuous assessment of the macroeconomic environment and subsequent investment approach. The strategy will follow a top-down and bottom-up approach based on factors like macroeconomic indicators (global economic growth, monetary policy, liquidity, geopolitics), domestic economic outlook (monetary and fiscal policies, credit cycles, rural and urban economies), government reforms (production incentives, digitization, tax policies), private consumption and capital expenditure trends.

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

This strategy will invest predominantly in equity and equity-related securities with active allocation between sectors and stocks based on strategy advisor's view.

| <b>Asset Class Allocation</b>                   | <b>Indicative Allocation</b> |
|-------------------------------------------------|------------------------------|
| Equity & Equity related Securities              | 0-100%                       |
| Debt & Money Market instruments                 | 0-100%                       |
| Derivatives (Hedging and portfolio rebalancing) | 0-50%                        |
| Units of Mutual Funds                           | 0-100%                       |

**Benchmark - BSE 500 TRI**

**Indicative tenure or investment horizon** -This portfolio/strategy may be suitable for investors with an investment horizon 3 to 5 years.

#### **Risks associated with the investment approach**

- The portfolio will be subject to overall risks arising from investments in equity and equity-related securities.
- Due to variations in liquidity within the capital market segment, trades in this segment may not be executed immediately. Consequently, the liquidity of the portfolio's investments is inherently limited by trading volumes and settlement periods.
- The portfolio may have a higher concentration in a particular stock or sector at any given time. Any change in government policy or other adverse developments related to such a stock or sector may negatively impact the value of the portfolio.
- The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds, which will be subject to interest rate risk due to fluctuations in key interest rates in the economy.

For more details on risks associated with investing in Portfolio Management Services, please refer to section on 'Risk Factors' provided later in this document.



## **DEBT INVESTMENT PHILOSOPHY**

Debt Investment decisions made by the Portfolio Manager on behalf of its Clients would be based on the following factors:

- Active views on the interest rates and yield curves
- Active duration management
- Credit quality of the Portfolio
- Liquidity of the security
- Any other view taken by the Portfolio Manager from time to time

The Portfolio Manager would endeavour to maintain consistent performance in the Portfolio by maintaining a balance between safety, liquidity and profitability aspects of the Portfolio. They would also endeavour to develop a well-diversified quality Portfolio in order to minimize the credit and liquidity risk. The duration of the debt portfolio would primarily be managed with a view to generate coupon income with minimum interest rate risk. The Portfolio Manager would endeavour to mitigate the risk associated with debt securities by diversification and effective use of hedging techniques.

As per the Regulations, the Portfolio Manager shall not deploy the Clients' Funds in bill discounting, badla financing or for the purpose of lending or placement with corporate or non-corporate bodies.

## **TRADING IN DERIVATIVES**

The Portfolio Manager may invest in derivatives or any other instrument as may be permitted by SEBI/ RBI / such other regulatory authority from time to time.

## **RESTRICTIONS IMPOSED BY CLIENT**

The Portfolio Manager shall not invest any part of the Portfolio in Securities of companies or bodies corporate in which the Client has specifically restricted investments in terms of the PMS Agreement.

## **RISK MANAGEMENT**

The Portfolio Manager shall not trade on margin or on a speculative basis on behalf of the Client. All transaction shall be on delivery basis. The Portfolio shall be structured so as to keep risk at acceptable levels. This shall be done through various measures including –

1. Broad diversification of Portfolio.
2. Ongoing review of relevant market, industry, sector and economic parameters.
3. Investing in companies, which have been covered by research

Besides, the asset allocation by the Portfolio Manager would be done keeping in view the investment objective, risk profile and investment horizon of the Client.



**Investments in the securities of related parties or associates of the Portfolio Manager**

The Portfolio Manager may, at its discretion, make investments in the securities of its related parties or its associates upto a maximum of 30% of the Client's portfolio (as a percentage of the Client's assets under management) in compliance with the prudential limits on investment as prescribed by SEBI from time to time.

Such investment in the securities of related parties or associates shall be made only after obtaining the prior consent of the Client as per the format prescribed. The Client shall have an option to:

- (i) to specify a limit on investments in the securities of associates/related parties of the Portfolio Manager below the prescribed ceiling.
- (ii) to indicate dissent in case the Client does not want to undertake any investment in the securities of associates/related parties of the Portfolio Manager.

With respect to investments in debt and hybrid securities, the Portfolio Manager shall:

- (i) not invest the Client's monies in unrated securities of its related parties or associates.

The term "associate" shall mean—

- (a) a body corporate in which a director or partner of the portfolio manager holds, either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or
  - (b) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the portfolio manager.
- (ii) not invest the Client's monies in below investment grade securities of its related parties or its associates;
  - (iii) invest the Clients' monies on the basis of the credit rating of securities

**Utilizing services of Group / Associate Companies**

The Portfolio Manager may utilize the services of the sponsor, group companies and / or any other subsidiary or associate company of the sponsor established or to be established at a later date, in case such a company is in a position to provide requisite services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on an arm's length basis and at mutually agreed terms and conditions and to the extent permitted under all applicable laws after evaluating the competitiveness of the pricing offered and the services to be provided by them. While entering into such transactions, in accordance with obligations under the Regulations, the Client's interests shall always be paramount.

Subject to applicable laws and regulations from time to time, the Portfolio Manager may invest in permissible securities and instruments issued and distributed by its group / associates / subsidiaries / holding companies including but not limited to units of mutual fund schemes launched by Bandhan Mutual Fund and fixed deposits of Bandhan Bank Limited. Such investments generally will not exceed 30% of each investment approach (portfolio) stated earlier in this document.



## **6. RISK FACTORS**

### **A. General Risks Factors**

- (1) Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.
- (2) The Portfolio Manager does not assure that the objectives of any of the Investment Approach will be achieved and investors are not being offered any guaranteed returns. The investments may not be suitable to all the investors.
- (3) Past performance of the Portfolio Manager does not indicate the future performance of the same or any other Investment Approach in future or any other future Investment Approach of the Portfolio Manager.
- (4) The names of the Investment Approach do not in any manner indicate their prospects or returns.
- (5) Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.
- (6) When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.
- (7) Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.
- (8) The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- (9) The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.

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

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

the Client's Portfolio may be adversely affected.

- (11) Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.
- (12) Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.

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

(13) Interest Rate Risk

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

(14) Liquidity or Marketability Risk

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

(15) Credit Risk

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

(16) Reinvestment Risk

This refers to the interest rate risk at which the intermediate cash flows received from the Securities in the Portfolio including maturity proceeds are reinvested. Investments in fixed income Securities

may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

**D. Risk associated with derivatives instruments**

- (17) The use of derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.
- (18) Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include settlement risk, risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price.

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

- (19) Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.
- (20) As with any securities investment, the NAV of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.
- (21) Past performance of the sponsors, asset management company (AMC)/fund does not indicate the future performance of the schemes of the fund.
- (22) The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the schemes.
- (23) The Portfolio Manager shall not responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/scheme information document(s) of the scheme(s), which may vary substantially

depending on the market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.

- (24) The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC/the fund.
- (25) While it would be the endeavor of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.
- (26) The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.

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

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

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

- (28) All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio.
- (29) The Portfolio Manager may utilize the services of its group companies or associates for managing the portfolios of the client. In such scenarios, the Portfolio Manager shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates by ensuring that such dealings are at arm's length basis.
- (30) The Portfolios may invest in its Associates/ Related Parties relating to portfolio management services and thus conflict of interest may arise while investing in securities of the Associates/Related Parties of the Portfolio Manager. Portfolio Manager shall ensure that such transactions shall be purely on arms' length basis and to the extent and limits permitted under the Regulations. Accordingly, all market risk and investment risk as applicable to securities may also be applicable while investing in securities of the Associates/Related Parties of the Portfolio Manager.



## **7. NATURE OF EXPENSES**

- (i) **One Time Fee / Upfront Fee:** No up-front fee shall be charged to the Client by the Portfolio Manager.

- (ii) **Investment management and advisory fees.**

**Ongoing Management Fee:** An Ongoing management fee up to 7% per annum (including distributor commission/fees) of the value of the Portfolio. Additional applicable taxes shall be charged on the amount of fees.

- (iii) **Custodian/ Accounting fee.**

The Portfolio Manager may appoint suitable custodian-cum-clearing agents, fund accountants, and depository participants for custody of securities and settlement of trades.

HDFC Bank, Kotak Mahindra Bank and Deutsche Bank are the custodians for the portfolios managed by the Portfolio Manager. Further, Kotak Mahindra Bank and Deutsche Bank also act as Fund Accountants for portfolios managed by the Portfolio Manager.

In the event the Client opts to maintain separate accounts, then in such events account opening charges and other associated expenses shall be charged to the Client's account. It is clarified that the aforesaid head is inapplicable to Clients who have availed only Advisory Portfolio Management Services.

- (iv) **Registrar and transfer agent fee.**

As may be negotiated by the Portfolio Manager with suitable registrar and transfer agents. Currently these services are provided by Computer Age Management Services Ltd (CAMS). It is clarified that the aforesaid head is inapplicable to Clients who have availed only Advisory Portfolio Management Services.

- (v) **Brokerage and transaction cost.**

These will be incurred on purchase and sale of Securities. It is clarified that the purchase and sale prices of Securities will be inclusive of the market rates of the Securities, the brokerage charges and related transaction costs, including stamp fees, if any. Brokerage at actuals shall be charged to clients as expense. It is clarified that the aforesaid head is inapplicable to Clients who have availed only Advisory Portfolio Management Services.

- (vi) **Bank Charges**

As may be applicable. It is clarified that the aforesaid head is inapplicable to Clients who have availed only Advisory Portfolio Management Services.

- (vii) **Stamp duty**

As may be applicable



(viii) **Legal costs and professional fees**

Costs incurred for instituting or defending legal suits, audit fees and other similar charges.

(ix) **Out-of pocket/ incidental expenses**

As may be incurred at actuals by the Portfolio Manager on behalf of the Client.

(x) **Operating expenses**

Operating expenses excluding brokerage, over and above the fees charged for portfolio management service shall not exceed 0.50% per annum of the client's average daily Assets Under Management. Further, Charges for all transactions in a financial year (Broking, Demat, custody etc.) through self or associates shall be capped at 20% by value per associate (including self) per service. Any charges to self/associate shall not be at rates more than that paid to the non-associates providing the same service.

(xi) **Performance Linked Fee:** Performance Linked fees charged as a percentage of returns above the hurdle rate of return on portfolio. Additional applicable taxes shall be charged on the amount of fees.

Performance fee shall be computed on the basis of high water mark principle over the life of the investment.

**High Water Mark Principle:** High Water Mark shall be the highest value that the portfolio/account has reached. 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 shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

(xii) **Withdrawal Fees:** In case the funds brought in by the Client is redeemed in partial or in full, a withdrawal fee may be charged and recovered from the client as under:

- a. In the first year of investment, maximum of 3% of the amount redeemed;
- b. In the second year of investment, maximum of 2% of the amount redeemed;
- c. In the third year of investment, maximum of 1% of the amount redeemed;
- d. After a period of three years from the date of investment, no exit load.

Additional applicable taxes shall be charged on the amount of fees.

(xiii) Any other fee permissible under the Regulation and agreed between the Parties from time to time.

(xiv) Any other taxes, duties and fees which may be levied by the Portfolio Manager from time to time for providing the aforesaid services.

The aforesaid fees and structures 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.



## **8. Taxation**

### **A. General**

The following information is based on the tax laws in force in India as of the date of this Disclosure Document and reflects the Portfolio Manager's understanding of applicable provisions. The tax implications for each Client may vary significantly based on residential status and individual circumstances. As the information provided is generic in nature, Clients are advised to seek guidance from their own tax advisors or consultants regarding the tax treatment of their income, losses, and expenses related to investments in the portfolio management services. The Client is responsible for meeting advance tax obligations as per applicable laws.

### **B. Tax deducted at source**

In the case of resident clients, the income arising by way of dividend, interest on securities, income from units of mutual fund, etc. from investments made in India are subject to the provisions of tax deduction at source (TDS). Residents without Permanent Account Number (PAN) are subjected to a higher rate of TDS.

In the case of non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the IT Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard. Non-residents without PAN or tax residency certificate (TRC) of the country of his residence are currently subjected to a higher rate of TDS.

The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

### **C. Long term capital gains**

Where investment under portfolio management services is treated as investment, the gain or loss from transfer of Securities shall be taxed as capital gains under section 45 of the IT Act.



## Period of Holding

The details of period of holding for different capital assets for the purpose of determining long term or short term capital gains are explained hereunder:

| Securities                                                                                                                                               | Position upto 22 July 2024<br>Period of Holding | Position on or after 23 July 2024<br>Period of Holding | Characterization         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------|--------------------------|
| Listed Securities (other than unit) and unit of equity oriented mutual funds, unit of UTI, zero coupon bonds                                             | More than twelve (12) months                    | More than twelve (12) months                           | Long-term capital asset  |
|                                                                                                                                                          | Twelve (12) months or less                      | Twelve (12) months or less                             | Short-term capital asset |
| Unlisted shares of a company                                                                                                                             | More than twenty-four (24) months               | More than twenty-four (24) months                      | Long-term capital asset  |
|                                                                                                                                                          | Twenty-four (24) or less                        | Twenty-four (24) or less                               | Short-term capital asset |
| Other Securities (other than Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023; or unlisted bond or unlisted debenture) | More than Thirty-six (36) months                | More than twenty-four (24) months                      | Long-term capital asset  |
|                                                                                                                                                          | Thirty-six (36) months or less                  | Twenty-four (24) or less                               | Short-term capital asset |
| Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023                                                                       | Any period                                      | Any period                                             | Short-term capital asset |
| Unlisted bond or unlisted debenture                                                                                                                      | More than 36 months                             |                                                        | Long-term capital asset  |
|                                                                                                                                                          | 36 months or less                               | Any period                                             | Short-term capital asset |

- Definition of Specified Mutual Fund:**

Before 1st April 2025:

***“Specified Mutual Fund”*** means a Mutual Fund by whatever name called, where not more than thirty-five per cent of its total proceeds is invested in the equity shares of domestic companies.

On and after 1st April 2025:

***“Specified Mutual Fund”*** means, —

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



- **Definition of debt and money market instruments:**

*“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.*

- **Definition of Market Linked Debenture:**

*“Market Linked Debenture” 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 the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by SEBI.*

- **For listed equity shares in a domestic company or units of equity oriented fund or business trust**

The Finance Act 2018 changed the method of taxation of long-term capital gains from transfer of listed equity shares and units of equity oriented fund or business trust.

As per section 112A of the IT Act, long term capital gains exceeding INR 1 lakh arising on transfer of listed equity shares in a company or units of equity oriented fund or units of a business trust is taxable at 10%, provided such transfer is chargeable to STT. This exemption limit has been increased from INR 1 lakh to INR 1.25 lakh and tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition of listed equity shares, unless the listed equity shares have been acquired through any of the notified modes not requiring to fulfil the pre-condition of chargeability to STT.

Long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or payable in foreign currency, where STT is not chargeable, is also taxed at a rate of 10%. This benefit is available to all assesseees. This tax rate is increased from 10% to 12.5%.

The long term capital gains arising from the transfer of such Securities shall be calculated without indexation. In computing long term capital gains, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued upto 31 January 2018, a mechanism has been provided to “step up” the COA of Securities. Under this mechanism, COA is substituted with FMV, where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA.

Specifically in case of long term capital gains arising on sale of shares or units acquired originally as unlisted shares/units upto 31 January 2018, COA is substituted with the “indexed COA” (instead of FMV) where sale consideration is higher than the indexed COA. Where sale value is higher than the COA but not higher than the indexed COA, the sale value is deemed as the COA. This benefit is available only in the case where the shares or units, not listed on a recognised stock exchange as on the 31 January 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31 January 2018 by way of transaction not regarded as transfer under section 47 (e.g. amalgamation, demerger), 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.

The CBDT has clarified that 10% withholding tax will be applicable only on dividend income distributed by mutual funds and not on gain arising out of redemption of units.

No deduction under Chapter VI-A or rebated under Section 87A will be allowed from the above long term capital gains.

- **For other capital assets (securities and units) in the hands of resident of India**

Long-term capital gains in respect of capital asset (all securities and units other than listed shares and units of equity oriented mutual funds and business trust) is chargeable to tax at the rate of 20% plus applicable surcharge and education cess, as applicable. The capital gains are computed after taking into account cost of acquisition as adjusted by cost inflation index notified by the Central Government and expenditure incurred wholly and exclusively in connection with such transfer. This tax rate is reduced from 20% to 12.5%; but no indexation benefit will be available with effect from 23 July 2024.

As per Finance Act, 2017, the base year for indexation purpose has been shifted from 1981 to 2001 to calculate the cost of acquisition or to take Fair Market Value of the asset as on that date. Further, it provides that cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as Fair Market Value as on 1 April 2001.

- **For capital assets in the hands of Foreign Portfolio Investors (FPIs)**

Long term capital gains, arising on sale of debt Securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by offshore funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the IT Act. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

Long term capital gains, arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 10% as mentioned in para 12.10.2 above. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

- **For other capital asset in the hands of non-resident Indians**

Under section 115E of the IT Act, any income from investment or income from long-term capital gains of an asset other than specified asset as defined in Section 115C (specified assets include shares of Indian company, debentures and deposits in an Indian company which is not a private company and Securities issued by Central Government or such other Securities as notified by Central Government) is chargeable at the rate of 20%. Income by way long-term capital gains of the specified asset is, however, chargeable at the rate of 10% plus applicable surcharge and cess (without benefit of indexation and foreign currency fluctuation). This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.



**D. Short term capital gains**

Section 111A of the IT Act provides that short-term capital gains arising on sale of listed equity shares of a company or units of equity oriented fund or units of a business trust are chargeable to income tax at a concessional rate of 15% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to Securities Transaction Tax (STT). This tax rate has been increased from 15% to 20% with effect from 23 July 2024. However, the above shall not be applicable to transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

Short term capital gains in respect of other capital assets (other than listed equity shares of a company or units of equity oriented fund or units of a business trust) are chargeable to tax as per the relevant slab rates or fixed rate, as the case may be.

The Specified Mutual Funds or Market Linked Debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the IT Act. The unlisted bonds and unlisted debentures have been brought within the ambit of Section 50AA of the IT Act with effect from 23 July 2024.

**E. Profits and gains of business or profession**

If the Securities under the portfolio management services are regarded as business/trading asset, then any gain/loss arising from sale of such Securities would be taxed under the head “Profits and Gains of Business or Profession” under section 28 of the IT Act. The gain/ loss is to be computed under the head “Profits and Gains of Business or Profession” after allowing normal business expenses (inclusive of the expenses incurred on transfer) according to the provisions of the IT Act.

Interest income arising on Securities could be characterized as ‘Income from other sources’ or ‘business income’ depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

**F. Losses under the head capital gains/business income**

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

Business loss is allowed to be carried forward for 8 assessment years and the same can be set off against any business income.

**G. General Anti Avoidance Rules (GAAR)**

GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be



impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (four) below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- It results in directly / indirectly misuse or abuse of the IT Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterize or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Recharacterising equity into debt, capital into revenue, etc.

The GAAR provisions would override the provisions of a treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the Income-tax Rules, 1962. The Income-tax Rules, 1962 provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

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

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause (LOB) in a tax treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crores cannot be read in respect of a single taxpayer only.

#### **H. FATCA Guidelines**

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



year by 31 May. The reporting financial institution is expected to maintain and report the following information with respect to each reportable account:

- (a) the name, address, taxpayer identification number and date and place of birth;
- (b) where an entity has one or more controlling persons that are reportable persons:
  - (i) the name and address of the entity, TIN assigned to the entity by the country of its residence; and
  - (ii) the name, address, date of birth, place of birth of each such controlling person and TIN assigned to such controlling person by the country of his residence.
- (c) account number (or functional equivalent in the absence of an account number);
- (d) account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and
- (e) the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

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

**I. Goods and Services Tax on services provided by the portfolio manager**

Goods and Services Tax (GST) will be applicable on services provided by the Portfolio Manager to its Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards portfolio management fee.



## 9. ACCOUNTING POLICIES

The Valuation and Accounting Policy of the Portfolio Manager is as under:

|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Objective</b>                                                                    | To ensure fair treatment for all investments and investors, i.e. existing investors and investors seeking to subscribe or redeem their portfolio. The valuation shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures.                                                                                                                                                                                                                                                                                                                           |
| <b>Scope</b>                                                                        | <p>The valuation policy shall cover following:</p> <ul style="list-style-type: none"> <li>• Valuation methodologies for all permitted security types</li> <li>• Periodicity of review</li> <li>• Conflict management</li> <li>• Record Keeping</li> <li>• Exceptional circumstances</li> </ul>                                                                                                                                                                                                                                                                                                             |
| <b>Policy Owner</b>                                                                 | Valuation Committee of Bandhan AMC Limited (Bandhan AMC/the AMC/the Company) of the PMS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Composition of PMS Valuation Committee</b>                                       | <p>Valuation Committee shall comprise of the following members:</p> <ol style="list-style-type: none"> <li>a. Chief Executive Officer (CEO)</li> <li>b. Head – Operations and Information Technology Head - Legal &amp; Compliance</li> <li>c. Head - PMS &amp; Alternative- Fixed Income</li> <li>d. Head- PMS &amp; Alternative- (Listed Equities)</li> </ol> <p>The quorum of the Committee meetings shall be a simple majority of the members subject to atleast 3 committee members being present. The meetings may be convened at periodic/shorter frequencies subject to business requirements.</p> |
| <b>Roles and Responsibilities of PMS Valuation Committee</b>                        | <p>The Committee shall function under the following framework laid down by the Board of Directors of AMC. The Committee is entrusted with the following responsibilities:</p> <ul style="list-style-type: none"> <li>• Reviewing the systems, policies and practices of valuation of securities and exception if any, shall be reported to the Board of AMC at its periodic meetings.</li> <li>• Monitoring of exceptional events and recommending appropriate valuation methods with due guidance from Board of AMC.</li> </ul>                                                                           |
| <b>Valuation methodologies</b>                                                      | The methodologies for valuing each and every type of security permitted for investment by the AMC as per its Disclosure Documents and applicable regulatory norms is as per Annexure A. Investment in any new security shall be made only after determining an appropriate valuation methodology and the Board shall be kept informed.                                                                                                                                                                                                                                                                     |
| <b>Accounting methodologies</b>                                                     | The methodologies for accounting different assets / liabilities adopted by the PMS as per its Disclosure Document requirements and applicable regulatory norms is as per <b>Annexure B</b> .                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Conflict management while valuing securities of associates / related parties</b> | The valuation of securities of associates / related parties of the Portfolio Manager shall be strictly carried out in line with principles of fair valuation and the methodologies prescribed under this policy.                                                                                                                                                                                                                                                                                                                                                                                           |

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| <b>Periodicity of review</b>     | The valuation policy shall be reviewed annually by the AMC and internal auditors and the same shall be noted by the Board of Directors of the AMC.                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Record keeping</b>            | This policy shall be updated in the Disclosure Document and other documents as prescribed by the SEBI (Portfolio Managers) Regulations. These records shall be preserved in accordance with the SEBI (Portfolio Managers) Regulations.                                                                                                                                                                                                                                                                                                 |
| <b>Exceptional circumstances</b> | <p>Following events could be considered (list is indicative and not exhaustive) as exceptional events where current market information may not be available / sufficient for valuation of securities:</p> <ul style="list-style-type: none"> <li>• Force Majeure events that force markets to close abruptly</li> <li>• Major policy announcements by Government, Regulator or Central Bank</li> <li>• Absence of trading in a specific security or similar securities</li> <li>• Significant volatility in capital markets</li> </ul> |

#### Annexure A:

The undermentioned are the valuation and accounting methodologies that shall be followed for valuing the securities forming part of the listed Portfolios managed by Bandhan AMC.

| <b>Security</b>                         | <b>Methodology</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>Listed and Traded Securities</b>     | Investments in listed equity instruments/ REITs/INVITs will be valued at the closing market prices on the National Stock Exchange (" <b>NSE</b> "). If the Securities are not traded on the NSE on the valuation day, the closing price of the Security on the Bombay Stock Exchange will be used for valuation of Securities. In case of the securities that are not traded on the valuation date, the last available traded price shall be used for the valuation of securities, provided such closing price is not exceeding a period of 30 calendar days. If the security is not traded beyond 30 calendar days, it will be valued like a non-traded security. Notwithstanding the above, the Portfolio Manager may, at its discretion, consider fair valuation methodologies for arriving at the value of securities, if it is of the opinion that events such as open offers, takeovers, mergers, impairment of assets due to default in principal / interest liabilities of the Issuer company, significant rating downgrades etc. may have occurred since the publication of the last market price of the security. |
| <b>Listed and Non-Traded Securities</b> | <p>When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE /BSE will be used provided such closing price is not exceeding a period of 30 calendar days.</p> <p>In all other cases:</p> <p>a) Equity shares: Non-Traded equity shares of a company shall be valued 'in-good faith' by the Portfolio Manager on the basis of appropriate valuation methods. Based on the latest available Balance Sheet, net worth shall be calculated. Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&amp;L A/c] Divided by No. of Paid up Shares. Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per</p>                                                                                               |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|  | <p>share of the latest audited annual accounts will be considered for this purpose. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.</p> <p>b) Preference shares: The non-traded Preference Shares, shall be fair valued as per the methodology approved by the Valuation Committee.</p> <p>c) Equity rights /Equity Warrants/ Rights Entitlement / Partly paid up Rights shares: Valuation price shall be arrived, after reducing the exercise price / issuance price from the closing price of the underlying cash equity security.</p> <p>In case the rights offer/exercise/issuance price is greater than the ex-rights/closing price of the underlying cash security, the value of the rights share will be considered as zero.</p> <p>d) Merger/Demerger: Valuation of merged entity shall be arrived at based on the previous day's last closing price of the respective companies prior to merger as approved by the Valuation Committee.</p> <p>In case the demerged company is not immediately listed, valuation price shall be worked out by using previous day's last closing price before demerger reduced for last quoted closing price of the listed company.</p> <p>In case none of demerged companies are immediately listed, the shares of new companies shall be valued by allocating combined valuation existing as on date of the corporate action to the new companies after taking into consideration the pro-rata shares allotted and other relevant factors.</p> <p>If in an exceptional situation, the value of the share of demerged company is equal or in excess of the value of the pre-demerger share, then the non-traded share shall be referred to Valuation Committee.</p> <p>Illiquidity discount shall be applied as approved by the Valuation Committee on case to case basis.</p> <p>In case of any other scenario/(s) the same shall be fair valued as approved by the Valuation Committee.</p> <p>e) Securities under the process of delisting: Securities, whose traded prices are not available pending completion of delisting process, shall be valued at the last available closing price or the offer price whichever is lower.</p> <p>f) REITs/ InvITs - The valuation of such securities shall be arrived as per the principles of fair valuation as approved by the Valuation Committee.</p> |
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|                                                                  | <p>g) Securities under lock-in period/pending listing: Valuation shall be done on the last available closing price of security, after applying suitable discount for illiquidity.</p> <p>h) Securities under suspension: In case trading of a security is suspended upto 30 days, then the last quoted closing price shall be considered for valuation of the security. If an equity security is suspended for more than 30 days, the said security shall be valued as per the norms stipulated for Non-traded equity shares. The Valuation Committee shall decide on the illiquidity discount to be applied, on a case to case basis.</p> <p>Valuation as mentioned above shall be approved by the Valuation Committee comprising of CEO, Head – PMS &amp; Alternatives Fixed Income, Head- PMS &amp; Alternatives Equities, Head – Operations &amp; IT and Head – Legal &amp; Compliance. In case any of the approving authority are not available, all present and available approving authority shall provide their approval.</p> <p>In case of any scenario/(s) not covered above, the valuation of such security shall be arrived as per the principles of fair valuation as approved by the Valuation Committee.</p> |
| <b>Debt, Government Securities &amp; Money Market Securities</b> | <p>Valuation of debt and money market securities shall be carried out in accordance with standardized valuation prescribed by APMI vide its circular no. APMI/2022-23/01 dated March 23, 2023. The AMC shall mandatory use valuation services only from one or more of APMI empanelled valuation agencies for the purpose of valuation of debt securities and money market securities. Currently, APMI has below valuation agencies empanelled with it in pursuance of SEBI Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16,2022:</p> <ol style="list-style-type: none"> <li>NSE Indices Limited</li> <li>ICRA Analytics Limited</li> <li>CRISIL Limited</li> </ol> <p>New securities purchased for which Valuation price is not provided by the external agencies on the date of purchase/allotment, would be valued at the purchase yield on the date of purchase/allotment (weighted average yield in case of multiple of trades).</p>                                                                                                                                                                                                                                                               |
| <b>Mutual Fund Units</b>                                         | <p>Investments in units of mutual funds shall be valued at the NAV of the previous day or at the last available NAV declared for the relevant Scheme on the date of the valuation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Unlisted equity securities</b>                                | <p>Valuation of unlisted equity securities shall be carried out in accordance with International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines). IPEV guidelines specify that the independent valuer appointed uses one or more of following methodology to value the securities:</p> <ol style="list-style-type: none"> <li>Market Approach, <ul style="list-style-type: none"> <li>Multiple of earnings or revenue</li> <li>Industry Valuation Benchmarks</li> <li>Market Prices available for instruments quoted on an active market</li> </ul> </li> <li>Income Approach, based on Discounted Cash Flows</li> <li>Replacement Cost Approach, based on Net Asset Valuation techniques.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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|                                     | <b><u>Selection of Independent Valuer</u></b><br>Independent valuers to satisfy ALL of the following conditions:<br>A. The valuer registered with Insolvency & Bankruptcy Board of India (IBB);<br>B. The valuer has membership of a professional institute established by an Act of Parliament enacted for the purpose of regulation of profession such as ICAI, Institute of Company Secretaries of India, Institute of Cost Accountants of India, etc. or has a charter CFA from CFA Institute;<br>C. The valuer has at least 3 years of experience in valuation of Unlisted Equities; and<br>D. The valuer is not an associate/related party of the portfolio manager.                 |
| <b>Exchange Traded Funds (ETFs)</b> | The closing price of the units of ETFs on the Stock Exchange/(s) shall be used for valuation of investment in ETFs.<br>In case of ETF's passively tracking an underlying index of Bombay Stock Exchange (BSE) and listed on the same exchange, the closing price of units on BSE shall be considered for valuation, whereas in case of ETF's passively tracking an underlying index of National Stock Exchange (NSE) and listed on the same exchange, the closing price of units on NSE shall be considered for valuation.<br>If units are not traded on respective listed stock exchange/(s) on a valuation day, then the latest published NAV per unit will be considered for valuation. |
| <b>Market linked debentures</b>     | The valuation shall be obtained from the Issuer of Market Linked Debentures who shall get the valuation carried out by an agency appointed by AMFI for the purpose of carrying out valuation in line with SEBI Circular No. SEBI/HO/DDHS/CIR/P/2020/120 dated July 13, 2020.                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Other Securities</b>             | The same shall be valued as per the Standard Valuation norms applicable to mutual funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

### Annexure B

The undermentioned are the accounting methodologies that shall be followed for accounting under PMS Portfolios managed by Bandhan AMC:

| <b>Description</b>        | <b>Accounting Methodology</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Client Accounting</b>  | The Portfolio Manager shall maintain a separate Portfolio record in the name of the Client in its book for accounting the assets of the Client and any receipt, income in connection therewith as provided under Regulations. Books of accounts of the clients shall be maintained on historical cost basis. Proper records, documents shall be maintained to explain transactions and disclose the financial position of the Client's Portfolio at any time.                                                                                                                                                                                                                                                                                             |
| <b>Dividend on Shares</b> | Dividends on shares will be accounted on ex-dividend date and dividends on units in mutual funds will be accounted on receipt of information from the mutual fund house and interest, stock lending fees earned etc., will be accounted on accrual basis. The interest on debt instruments will be accounted on accrual basis.<br>Interest on investments will be accounted on an accrual basis. Interest on an investment which is past due for three months is accrued and a full provision will be made against all outstanding interest on that investment. The interest is recognized on receipt basis.<br>Discounts/Premiums to redemption value on fixed income securities are amortized on a straight-line basis over the period upto redemption. |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <b>Corporate Actions</b>                 | <p>Bonus entitlements are recognized as investments on ex-bonus date.<br/>Right entitlements are recognized as investments on ex-right date</p> <p>Other Corporate Action entitlement shall be calculated and accounted based on the end of the day ('EOD') position prevailing before the ex-date. For other investments, which are not quoted on NSE or BSE, dividend income shall be recognized on the date of receipt.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Cost of Investment</b>                | <p>The cost of investments acquired or purchased will include brokerage, stamp duty charges and any charge customarily included in the broker's note and CCIL charges within the limits specified by SEBI (Mutual Funds) Regulations. Broken period interest paid and received is not included in the cost of purchase and sale proceeds respectively.</p> <p>In respect of privately placed debt instruments, front end discount, if any, is reduced from the cost of the instrument.<br/>Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of mutual fund.</p> <p>As per new SEBI guidelines, Brokerage &amp; Securities Transaction tax at actuals are charged to clients as expense. This will be incurred on purchase and sale of Securities.</p> <p>As per Income Tax Act 1961, for the purpose of capital gain/loss calculation, the cost of investment will include brokerage charges and related transaction costs, including any stamp duty fees.</p> <p>Securities Transaction Tax ('STT') and any other charge customarily shall not be included in the cost of investments and shall be debited to the client's Income &amp; Expenditure Account.<br/>The transaction fee on unsettled trades is accounted for as and when debited by the custodian.</p> |
| <b>Calculation of Gains &amp; Losses</b> | <p>(a) Realised gains/losses will be calculated by applying the First In First Out principle.<br/>(b) Unrealized gains/losses are the differences, between the current market value/Net Asset Value and the historical cost of the Securities.<br/>(c) For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Investment Transactions</b>           | <p>Transactions for purchase or sale of investments will be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold. Trades will be accounted on trade date (T) accounting basis. Sale of security can be from only settled stock.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Capital form of securities</b>        | <p>The cost of acquisition in case of listed securities which are introduced as part of the corpus would be accounted at the previous day's closing price on NSE.<br/>The securities withdrawn as corpus are valued and accounted at the closing rate of NSE on the date of withdrawal.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|                                     | In case closing rate of NSE as mentioned above is not available on the transaction date, the latest available price on the BSE is considered.                                                                                                                               |
| <b>Expenses</b>                     | All expenses including Management Fee, Performance Fee, Other Expenses would be accounted on due or payment basis, whichever is earlier.                                                                                                                                    |
| <b>Tax Deducted at Source (NRI)</b> | Tax deducted at source on sale of shares/mutual funds, interest or any other income on which tax is liable to be deducted is accounted as corpus out as and when the same is deducted since such amounts are not available to the Portfolio Manager for investment purpose. |

The Investor may contact the customer services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or change in the market practice followed for valuation of similar Securities. However, such changes would be in conformity with the Regulations.



## 10. INVESTORS SERVICES

- (i) **Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints.**

**MR. ANIL PARANJAPE**

**BANDHAN AMC LIMITED**

6<sup>th</sup> Floor, Tower 1C, One World Centre,

Senapati Bapat Marg,

Prabhadevi (West), Mumbai 400013

Tel: +91 22 66289999 (Board Line)

Email: [investor.services@bandhanamc.com](mailto:investor.services@bandhanamc.com)

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is invested with the necessary authority, independence and the wherewithal to handle investor complaints.

In case the grievances or complaints are not resolved, the investors can follow the below matrix to raise/escalate their grievances about our products/services:

- SEBI SCORES portal i.e. [www.scores.gov.in](http://www.scores.gov.in).
- SMART ODR Portal (Securities Market Approach for Resolution through ODR Portal) - <https://smartodr.in/login>

- (ii) **Grievance redressal and dispute settlement mechanism.**

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the Investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the Investor and the Portfolio Manager shall abide by the following mechanisms.

Any dispute amongst the Portfolio Manager and the Client during the subsistence of the PMS Agreement or thereafter, arising out of or in connection with the PMS Agreement, including without limitation in relation to the validity, interpretation, implementation or alleged material breach of any provision of the PMS Agreement or regarding a question in relation to the PMS Agreement, including without limitation the question as to whether the termination of the PMS Agreement by one of the Portfolio Manager and the Client hereto has been legitimate, the Portfolio Manager and the Client shall endeavour to settle such dispute amicably within fifteen (15) working days.

If the Portfolio Manager and the Client fail to resolve the dispute in the manner set out above within fifteen (15) working days from the date of commencement of negotiations, the dispute shall be referred to arbitration of a sole arbitrator to be appointed by the Portfolio Manager and the Client and in case the Portfolio Manager and the Client are unable to agree upon the appointment of the sole arbitrator for a period of fifteen (15) days from days of closure of negotiation to a panel of three (3) arbitrators with each of the Portfolio Manager and the Client nominating one (1) arbitrator (and notifying the other within fifteen (15) days of such appointment) and the arbitrators so appointed appointing one (1) arbitrator. The place of



Arbitration shall be Mumbai. The arbitration proceeding shall be governed by the Arbitration and Conciliation Act, 1996 and shall be in English language. The arbitrator /arbitral panel shall also decide on the costs of the arbitration proceedings. The courts of Mumbai, India shall have exclusive jurisdiction in respect of the arbitration.

The arbitrator's/arbitral panel's award shall be substantiated in writing and the Portfolio Manager and the Client shall submit to the arbitrator's/arbitral panel's award which shall be enforceable in any competent court of law. The arbitral award shall be final and binding on the Portfolio Manager and the Client, and the Portfolio Manager and the Client agree to be bound thereby and to act accordingly.



## **11. DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER**

Associate companies & related parties shall deem to have the same meaning as assigned under the SEBI (Portfolio Managers) Regulations, 2020 and SEBI Circulars issued thereafter as amended from time to time and/or Disclosure Document.

The Portfolio Manager may invest corpus in securities listed or traded on a recognized stock exchange, money market instruments, units of mutual fund schemes and other securities as specified by SEBI from time to time. Money market instruments would include commercial paper, trade bill, treasury bills, certificate of deposits, usance bills and any other security permitted by SEBI from time to time. The portfolio intends to keep minimal cash. Cash calls in the portfolios are function of the portfolio manager's macro view and factor model.



## PART-II- DYNAMIC SECTION

### 12. CLIENT REPRESENTATION

(i)

| Category of clients                      | No. of clients | Funds managed<br>(Rs. Cr.) | Discretionary |
|------------------------------------------|----------------|----------------------------|---------------|
| <b>FY 2022 - 2023</b>                    |                |                            |               |
| Associates / group companies             | 1              | 4.88                       | 1             |
| Others                                   | 76             | 43.30                      | 76            |
| <b>Total</b>                             | <b>77</b>      | <b>48.19</b>               | <b>77</b>     |
| <b>FY 2023 – 2024</b>                    |                |                            |               |
| Associates / group companies             | 1              | 6.63                       | 1             |
| Others                                   | 51             | 37.06                      | 51            |
| <b>Total</b>                             | <b>52</b>      | <b>43.69</b>               | <b>52</b>     |
| <b>FY 2024 – 2025</b>                    |                |                            |               |
| Associates / group companies             | 1              | 6.97                       | 1             |
| Others                                   | 33             | 25.25                      | 33            |
| <b>Total</b>                             | <b>34</b>      | <b>32.22</b>               | <b>34</b>     |
| <b>1 April 2025 to 30 September 2025</b> |                |                            |               |
| Associates / group companies             | 0              | 0                          | 0             |
| Others                                   | 1              | 0.42                       | 1             |
| <b>Total</b>                             | <b>1</b>       | <b>0.42</b>                | <b>1</b>      |

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

a) Relationships as on March 31, 2025 as per Standalone Financial Statement

**Ultimate Holding Company**

Bandhan Financial Services Limited

**Holding Company**

Bandhan Financial Holdings Limited

**Subsidiaries**

Bandhan Investment Managers (Mauritius) Limited (formerly known as IDFC Investment Managers (Mauritius) Limited)

**Fellow Subsidiaries**

Bandhan Mutual Fund Trustee Limited (formerly known as IDFC AMC Trustee Company Limited)

**Entity forming part of Promoter Group**

Bandhan Konnagar



**Post employment benefits plan**

Bandhan AMC Limited Employees Group Gratuity Scheme

**Key Management Personnel:**

Mr. Vishal Kapoor - Chief Executive Officer

Mr. Nirav Sanghavi – Company Secretary

**Directors:**

1. Mr. Karni Singh Arha - Associate Director
2. Mr. Bhaskar Sen – Independent Director
3. Mr. S. Ravindaran - Independent Director
4. Mr. Nitin Mittal - Independent Director
5. Mr. Atanu Sen - Associate Director
6. Mr. Akash Kedia - Associate Director
7. Mr. Ankit Singhal - Associate Director
8. Ms. Nandini Dias – Independent Director

| Name of the related party and nature of relationship                                                    | Particulars                                          | Year ended March 31, 2025 | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| IDFC Limited (upto January 31, 2023)                                                                    | Reimbursement of expenses                            | -                         | -                         | 0.01                      |
|                                                                                                         | Recovery of expenses                                 | -                         | -                         | 0.09                      |
| IDFC Financial Holding Company Limited (upto January 31, 2023)                                          | Payment of Dividend                                  | -                         | -                         | 173.06                    |
| IDFC IEH Conservative Fund (upto October 6, 2022)                                                       | Revenue from management fees                         | -                         | -                         | 0.20                      |
|                                                                                                         | Recovery of other expenses (net)                     | -                         | -                         | 0.04                      |
| Bandhan Financial Services Limited                                                                      | Purchase of Domain                                   | 0.02                      | -                         | -                         |
| Bandhan Investment Managers (Mauritius) Limited (formerly IDFC Investment Managers (Mauritius) Limited) | Purchase of Equity shares                            | 0.92                      | 0.76                      | 0.68                      |
| Bandhan Mutual Fund Trustee Limited (formerly known as IDFC AMC Trustee Company Limited)                | Recovery of expenses                                 | 0.12                      | 0.1                       | 0.03                      |
|                                                                                                         | Reimbursement of expenses                            | 0.05                      | 0.01                      | -                         |
| Bandhan Konnagar                                                                                        | Contribution towards Corporate Social Responsibility | 0.40                      | 0.30                      | -                         |

**Outstanding balances:**

(Rs. in crores)

| Name of the related party and nature of relationship                                                    | Particulars                                                | Year ended March 31, 2025 | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| Bandhan Investment Managers (Mauritius) Limited (formerly IDFC Investment Managers (Mauritius) Limited) | Outstanding investments as at year end (net of impairment) | 0.72                      | 0.38                      | 0.44                      |

**Key Management Personnel**

(Rs. In Crores)

| Name of the related party | Particulars                 | Year ended March 31, 2025 | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Mr. Vishal Kapoor         | Short-term employee benefit | 6.37                      | 12.87                     | 21.29                     |
|                           | Long-term employee benefit  | 0.44                      | 0.44                      | 0.42                      |
| Directors                 | Sitting Fees                | 0.57                      | 0.58                      | 0.27                      |



### 13. FINANCIAL PERFORMANCE

The Financial Performance of the portfolio manager based on audited standalone financial statements and in terms of procedure specified by the Board for assessing the performance.

| <b>Summarized Standalone Financial Statement Balance Sheet</b>                              | <b>As at March 31, 2025</b> | <b>As at March 31, 2024</b> | <b>As at March 31, 2023</b> |
|---------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                                                               |                             |                             |                             |
| <b>Financial assets</b>                                                                     |                             |                             |                             |
| Cash and cash equivalents                                                                   | 3.38                        | 1.13                        | 1.75                        |
| Bank balances other than cash and cash equivalents above                                    | 0.66                        | 2.67                        | 5.09                        |
| Receivables                                                                                 |                             |                             |                             |
| (I) Trade receivables                                                                       | 17.90                       | 25.20                       | 19.51                       |
| Investments                                                                                 | 504.57                      | 376.34                      | 217.74                      |
| Other financial assets                                                                      | 9.01                        | 8.09                        | 7.19                        |
| <b>Non-financial assets</b>                                                                 |                             |                             |                             |
| Income tax assets (net)                                                                     | 22.13                       | 25.15                       | 18.67                       |
| Property, plant and equipment                                                               | 19.91                       | 15.26                       | 9.83                        |
| Intangible assets                                                                           | 5.59                        | 1.19                        | 1.24                        |
| Capital Work-In-Progress                                                                    | 2.93                        | -                           | -                           |
| Right-of-use assets                                                                         | 36.43                       | 35.91                       | 31.46                       |
| Deferred tax assets (net)                                                                   | 4.82                        | 4.68                        | 4.41                        |
| Other non-financial assets                                                                  | 16.67                       | 14.38                       | 12.78                       |
| <b>TOTAL</b>                                                                                | <b>644.00</b>               | <b>510.00</b>               | <b>329.67</b>               |
| <b>LIABILITIES</b>                                                                          |                             |                             |                             |
| <b>Financial liabilities</b>                                                                |                             |                             |                             |
| <b>Payables</b>                                                                             |                             |                             |                             |
| (I) Trade payables                                                                          |                             |                             |                             |
| (i) total outstanding dues of micro enterprises and small enterprises                       | 0.43                        | 2.44                        | 0.58                        |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 17.09                       | 22.42                       | 12.06                       |
| (II) Other payables                                                                         |                             |                             |                             |
| (i) total outstanding dues of micro enterprises and small enterprises                       | -                           | -                           | -                           |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | -                           | 0.48                        | 3.13                        |
| Lease liabilities                                                                           | 43.15                       | 42.36                       | 36.94                       |
| Other financial liabilities                                                                 | 64.97                       | 41.34                       | 49.53                       |
| <b>Non-financial liabilities</b>                                                            |                             |                             |                             |
| Income tax liabilities (net)                                                                | 22.15                       | 30.68                       | 12.95                       |
| Provisions                                                                                  | 7.19                        | 3.62                        | 0.95                        |
| Deferred tax liabilities (net)                                                              | 12.68                       | 10.25                       | 1.70                        |



| <b>Summarized Standalone Financial Statement Balance Sheet</b> | <b>As at<br/>March 31, 2025</b> | <b>As at<br/>March 31, 2024</b> | <b>As at<br/>March 31, 2023</b> |
|----------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Other non-financial liabilities                                | 8.54                            | 6.05                            | 9.10                            |
| <b>EQUITY</b>                                                  |                                 |                                 |                                 |
| Equity share capital                                           | 33.18                           | 33.18                           | 33.18                           |
| Other equity                                                   | 434.62                          | 317.18                          | 169.55                          |
| <b>TOTAL</b>                                                   | <b>644.00</b>                   | <b>510</b>                      | <b>329.67</b>                   |

| <b>Summarized Standalone Financial Statement Profit &amp; Loss A/c</b> | <b>Year ended<br/>March 31, 2025</b> | <b>Year ended<br/>March 31, 2024</b> | <b>Year ended<br/>March 31, 2023</b> |
|------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Total Income                                                           | 510.16                               | 465.32                               | 374.80                               |
| Total Expenses before Depreciation and Tax                             | 350.82                               | 272.50                               | 242.69                               |
| Profit / (Loss) before Depreciation and Tax                            | 159.34                               | 192.82                               | 132.11                               |
| Depreciation                                                           | 19.29                                | 14.30                                | 14.28                                |
| Profit / (Loss) Before Tax                                             | 140.05                               | 178.53                               | 117.83                               |
| Provision for Tax                                                      | 31.73                                | 36.78                                | 29.91                                |
| Profit/(Loss) After Tax- Prior Period Adjustment                       | 108.32                               | 141.75                               | 87.92                                |
| Other comprehensive income                                             | -1.80                                | -0.28                                | 1.66                                 |
| Total comprehensive income for the year                                | 106.52                               | 141.47                               | 89.58                                |



#### 14. PERFORMANCE OF PORTFOLIO MANAGER

| Strategy Name                        | April 01, 2025<br>– September<br>30, 2025 | FY 2024 –<br>2025 | FY 2023 -<br>2024 | FY 2022 -<br>2023 | FY 2021 -<br>2022 |
|--------------------------------------|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                      |                                           | %Return p.a.      |                   |                   |                   |
| <b>Vedantha Neo Equity Portfolio</b> | 5.31%                                     | -0.66%            | 36.73%            | -2.97%            | 17.29%            |
| <b>Benchmark – Nifty 50 TRI</b>      | 5.53%                                     | 6.65%             | 30.08%            | 0.59%             | 20.26%            |



**15. AUDIT OBSERVATIONS**

No adverse material adverse observations from Auditors.



**16. DETAILS OF INVESTMENTS IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER**

| Sr. No. | Investment Approach, if any | Name of the associate/ related party | Investment amount (cost of investment) as on 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 |
|---------|-----------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| 1       | Nil                         |                                      |                                                                                                        |                                                                                     |                                                                         |

**For Bandhan AMC Limited**

**Sd/-  
Director**

**Sd/-  
Director**

Date: October 29, 2025

Place: Mumbai



# **M. P. Chitale & Co.**

## **Chartered Accountants**

1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 25 • Tel.: 43474301-03

### **The Board of Directors,**

#### **BANDHAN AMC LIMITED**

Tower 1, 6<sup>th</sup> Floor, One World Centre  
841 Jupiter Mills Compound  
Senapati Bapat Marg,  
Mumbai 400013

We have examined the Disclosure Document dated **30<sup>th</sup>October 2025** for Portfolio Management services prepared in accordance with Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 and subsequent circulars issued by SEBI in this regard, by BANDHAN AMC LIMITED, (Registration Number INP000008534) and having its office at Tower 1, 6<sup>th</sup> Floor, One World Centre, 841 Jupiter Mills Compound, Senapati Bapat Marg, Mumbai 400013.

Based on our examination of attached Disclosure Document, latest available audited annual accounts of Bandhan AMC Limited and other relevant records and information furnished by Management, 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.

We have relied on the representation given by the management about the applicability of Income Tax provisions and the penalties or litigations against the Portfolio Manager mentioned in the disclosure document.

This certificate has been issued to the Securities and Exchange Board of India for the sole purpose of certifying the contents of the Disclosure Document for Portfolio Management and should not be used or referred to for any other purpose without our prior written consent.

**For M. P. Chitale & Co.**

**Chartered Accountants**

**Firm Reg. No. 101851W**



**Santosh More**

**Partner**

**M. No. 114236**

**Mumbai, October 30, 2025**

**UDIN: 25114236BMLSBJ1540**

**FORM C**

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

**BANDHAN AMC LIMITED**

Tower 1, 6<sup>th</sup> Floor, One World Centre, Jupiter Mills Compound,  
841 Senapati Bapat Marg, Prabhadevi, Mumbai 400013

Tel: +91 22 43422944

Email: bhupendra.meel@bandhanamc.com

We confirm that:

1. 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.
2. 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 Manager.
3. the Disclosure Document has been duly certified by M/s M.P. Chitale & Co., Chartered Accountants (registration no. 101851W), an independent chartered accountant, having office at 1/11, Prabhadevi Ind. Estate, 1st Floor, Opposite Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025 Phone: - 022-43474301/03. Enclosed is a copy of the chartered accountants' certificate dated October 30, 2025 to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision.

**For Bandhan AMC Limited**

  
**Bhupendra Meel**  
Principal Officer

Date: November 03, 2025

Place: Mumbai

**Bandhan AMC Limited**

**Regd. Office Address:** 6th Floor, Tower 1C, One World Centre, Senapati Bapat Marg, Prabhadevi (W), Mumbai - 400013

**Website:** www.bandhanmutual.com, www.bandhanamc.com

**Email:** investormf@bandhanamc.com **Phone:** 91 22 66289999 **Fax:** 91 22-24215051 **CIN:** U65993MH1999PLC123191