DISCLOSURE DOCUMENT

(As per the requirement of Fifth Schedule of Regulation 14 of Securities and Exchange Board of India (Portfolio Managers) Regulation 1993)

KEY INFORMATION AND DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES UNDERTAKEN BY IIFL ASSET MANAGEMENT LIMITED.

This document has been filed with the Board along with a certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

The purpose of the Document is to provide essential information about the portfolio management services in a manner to assist and enable the Investors in making decisions for engaging a Portfolio Manager.

The necessary information about the Portfolio Manager required by an Investor before investing is disclosed in the Disclosure Document and the Investor is advised to retain the document for future reference.

Investors should carefully read the entire document before making a decision and should retain it for future reference. Investors may also like to seek further clarifications or obtain further changes after the date of this document from the service provider.

Following are the details of the Portfolio Manager:

Name of the Portfolio Manager	IIFL Asset Management Limited
SEBI Registration Number	INP000004565
Registered Office Address	IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013
Phone	(+91 - 22) 48765600
Website	www.iiflamc.com

THE NAME, PHONE NO., E-MAIL ADDRESS OF THE PRINCIPAL OFFICER SO DESIGNATED BY THE PORTFOLIO MANAGER IS:

Name of the Principal Officer	**Mr. Prashasta Seth**
Phone	(+91 - 2243411816)
Email	Prashasta@iiflw.com
Website	www.iiflamc.com

Date: October 31, 2019

1. Disclaimer:

This document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and has been filed with the Securities and Exchange Board of India (SEBI). This document has neither been approved nor disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of the contents of this Document.

2. Definitions:

In this Disclosure Document, unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:-

a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992).

b) "Agreement" means agreement between Portfolio Manager and its client and shall include all schedules and annexures attached thereto.

c) "Board" means the Securities and Exchange Board of India.

d) "Body Corporate" shall have the meaning assigned to it in or under clause (11) of Section 2 of Companies Act, 2013.

e) "Client" or "Investor" means any person who registers with the Portfolio Manager and enters into an agreement with the Portfolio Manager for availing the services of Portfolio Management.

f) "Custodian" means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.

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

h) "Depository Account" means any account of the Client or for the Client with an entity registered as a depository participant as per the relevant regulations in which the securities comprising part of the portfolio of the client are kept by the portfolio manager.

i) "Disclosure Document" means this disclosure document dated October 31, 2019 for offering Portfolio Management Services.

j) "Financial year" means the year starting from 1st April and ending on 31st March the following year.

k) "Funds" means the moneys placed by the Client with the Portfolio Manager and any accretions thereto.

l) "Funds managed" means the value of the Portfolio of the Client as on date.

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

n) "PMS / Portfolio Management Services Agreement" includes contract / term sheet entered between the portfolio manager and the client for the management of funds or securities of the client.

o) "Portfolio" means the total holdings of all securities and funds belonging to the client.

p) "Portfolio Manager" means IIFL Asset Management Limited, a company incorporated under the Companies Act, 1956 and having its registered office at IIFL Centre, 6th Floor, Kamala Mill Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013.

q) "Principal Officer" means a person who has been designated as Principal Officer by the Portfolio Manager as required under the SEBI (Portfolio Managers) Regulations, 1993 and he will be responsible for the activities of Portfolio Manager.

r) "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 including rules, guidelines or circulars issued in relation thereto from time to time.

s) **"SEBI"** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.

t) "Securities" means and includes Securities as defined under Securities Contracts (Regulation) Act, 1956

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to the SEBI (Portfolio Managers) Regulation, 1993, SEBI Act, 1992, Securities Contract (Regulation) Act, 1996, Companies Act, 2013. Other terms should be as per their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.

3. Description:

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

IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Ltd.) ("IIFL AMC") was incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at IIFL Centre, 6th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. IIFL AMC provides Investment Manager Services to Schemes of IIFL Mutual Fund, Schemes of Alternative Investment Funds and IIFL Real Estate Investment Trust (Real Estate Investment Trust). IIFL AMC also provides Portfolio Management Services.

(ii) Promoters of the Portfolio Manager, directors and their background.

(a) Promoters of IIFL Asset Management Limited. (IIFL AMC)

IIFL AMC is wholly owned subsidiary of IIFL Wealth Management Ltd (IIFLW). IIFLW is registered with SEBI as Portfolio Manager, Stock Broker, Depository Participant, Research Analyst and Investment Advisor. IIFLW is also registered with AMFI as a distributor of mutual funds. IIFLW provides wealth management services to various HNI / Ultra HNI clients and inter alia distributes various securities and financial products, including mutual funds, alternative investment funds, debentures and structured products. IIFLW acts as the Sponsor to IIFL Mutual Fund and schemes launched as Alternative Investment Funds, managed by group companies;

(b) The Board of Directors of IIFL Asset Management Limited

1) Ms. Homai Daruwalla - Independent Director

Ms. Daruwalla is Chartered Accountant and has an experience of more than three decades in Banking & Financial services sector. She was the Chairperson and Managing Director of Central Bank of India overseeing the entire operations of the Bank from June 2005 to December 2008. She has reached pinnacle of banking career with varied experience of working with three large Public Sector Banks viz. Union Bank of India, Oriental Bank of Commerce and Central Bank of India during last 34 years. Ms. Duruwalla commenced her banking career with Union Bank of India where she handled many important assignments both at corporate office and field level. She was actively associated with a host of Committees constituted in the Bank in area of Corporate Governance, Banking Technology Solutions, Audit, Risk Management, Asset Liability Management, Customer Service, Premises and Property, Computerization including Core Banking etc. She was a Member of Central Sub-Committee on Concurrent Audit of Banks constituted by the Institute of Chartered Accountants of India, as also member of the Committee on Risk Management Practices and risk Based Supervision formed by the India Banks Association.

During her association with Oriental Bank of Commerce, she has provided leadership inputs in the direction of improving work process, strengthening controls and in deriving benefits from Centralised Banking Technology. She has also handled prestigious assignment as Region of India Director on Board of Directors of 'The Institute of Internal Auditors' (IIA), Florida, USA for the term of two years from October 1995 to September 1997.

2) **Mr. Pranab Pattanayak - Independent Director**

Mr. Pattanayak has degree of M.A. in Economics and CAIIB Pt-1. He has rich and varied experience above 39 years in Banking & Fund Management field. He is a member of Rating Committee of Credit Analysis & Research Ltd. (CARE) and Consultant for SRB Consultancy (P) Ltd. Mr. Pattanayak was Managing Director of State Bank of Mysore during the period August 2006 to January 2009. He has held senior positions as Dy. Managing Director in State Bank of India and State Bank of Travancore and has headed various departments such as ranging from Credit, Forex, Treasury and IT. He has been involved in evaluating and financing large

Projects, Commercial and Institutional credit and has also headed domestic and forex treasury and bank's investment portfolio. During his tenure at State Bank of India - Singapore, he has handled funding operations, forex settlements, trade finance, asset liability management and Regulatory Compliance.

3) Mr. Anup Maheshwari- Director

Mr. Maheshwari has over 24 years of work experience in the financial service sector. Prior to joining IIFL Asset Management Limited, he has been associated with DSP Investment Managers Private Limited (formerly known as DSP BlackRock Investment Managers Private Limited) [DSP IM] for over 11 years as an Executive Vice President & Chief Investment Officer. He was also associated with HSBC Asset Management (India) Private Limited & Merrill Lynch India Equities Fund (Mauritius) Limited.

He has done Bachelor of Commerce from Bombay University and Post Graduate Diploma in Management from Indian Institute of Management, Lucknow.

(iii) The top ten group companies of the Portfolio Manager on turnover basis, as per the audited financial statements (FY 2018-2019) are as below:

1. India Infoline Finance Limited
2. IIFL Home Finance Limited
3. IIFL Securities Limited
4. IIFL Wealth Finance Limited
5. IIFL Wealth Management Limited
6. Samasta Microfinance Limited
7. IIFL Asset Management Limited
8. IIFL Finance Limited
9. IIFL Facilities Services Limited
10. IIFL Asset Management (Mauritius) Limited

(iv) Details of the services being offered:

The Portfolio Manager broadly offers Discretionary, Non-Discretionary and Advisory services. The details of the services are given as below.

A) Discretionary service: In case of Discretionary Services, the Portfolio Manager shall independently manage the funds and securities of the client in accordance with the provisions of Portfolio Management service agreement. The choice as well as the timings of the investment decisions rest solely with the Portfolio Manager. The decisions made by Portfolio Manager for the Investment/Disinvestment shall be final and binding on the client. The Portfolio Manager's decision taken in good faith towards deployment of client's account can never be called in question or be open to review at any time during the currency of client's agreement.

Notes:

- Investment under Portfolio Management Services will be only as per the applicable SEBI Regulations;
- The un-invested amounts forming part of the Client's Assets may be at the discretion of the Portfolio Manager be held in cash or deployed in Liquid schemes of Mutual Funds, Exchange Traded Index Funds, debt oriented schemes of Mutual Funds, Gilt schemes, Bank deposits and other short term avenues for Investment.
- The Portfolio Manager, with the consent of the Client, may lend the securities through an Approved Intermediary, for interest.
- All of the above strategies are based on client's investment objective(s) and should not be construed as any Scheme promoted by the Company.

B) Non-Discretionary service: Under Non-discretionary services, the Portfolio Manager advises the Client about the various investments options and exit opportunities keeping in view the investment profile of the client etc. The Client ultimately decides on the investments. The Portfolio Manager facilitates the clients in providing research, investments advice, guidance and trade execution at the client's request. The Portfolio Manager shall execute orders only as per the instructions received from clients. The deployment of the client's funds and securities by the Portfolio Manager on the instructions of the client is absolute and final.

C) Advisory service: Apart from Discretionary and Non-Discretionary Portfolio Management Services, the Portfolio Manager also offers Advisory Portfolio Management Services wherein the Portfolio Manager only renders investment advice to the client in respect of securities. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client.

Under the Advisory function, Portfolio Manager advises on the client's portfolio with/without managing the funds/securities on specific or general instructions given by the client, as the case may be. Under the Advisory function, Portfolio Manager advices on Fund Management, Investment Management, Custody of Securities and other support services. Discretion to execute the transactions and responsibility for execution /settlement of the transactions lies solely with the Client.

Presently following portfolio strategies are being offered to the Investors.

Based on the Client's profile, overall investment objective and other relevant factors, the Portfolio of the Clients are at present managed under one or more of the following Investment Strategies:

- **Investment in Customized Discretionary Portfolios:**

The Customized Discretionary portfolios are tailor-made to meet clients' specific objectives. The portfolios have client-specific investment objectives and risk control metrics. Investments may be made across equity and debt schemes and are customized to meet specific liquidity needs. The portfolio under discretionary services can be classified as Customized Equity Portfolio or Customized Debt Portfolio.

- **Investment in Real Estate Companies Portfolio:**

The objective is to participate on behalf of the clients in debt instruments issued by companies into real estate. The aim is to achieve regular interest and/or capital appreciation by investing in debentures of financially sound unlisted/listed real estate companies or funds investing in the securities of real estate companies.

- **Lease Rent Discounting/ Pre-leased Rental Strategy:**

Under this portfolio investment will be made in shares of unlisted companies on private placement basis. These Companies shall invest in the commercial properties which are already given on lease and earning rental income. Risk related to land acquisition and development risk are mitigated through this investment type since the asset is ready and income yielding. An increase in rentals and appreciation in value of property may positively impact the yield of the investment.

- **IIFL Multicap Portfolio:**

The Portfolio Strategy and objective is to generate long term capital appreciation for investors from a portfolio of Large, Mid & Small cap stocks. The investment strategy of the Portfolio will be to invest in companies & sectors that are available at significant discount to their intrinsic value and provide earnings visibility. We look for companies with a Bottom-Up approach which includes Quality management, Strong business model, Consistent growth, Reasonable valuation, etc. The Portfolio will be taking a concentrated position in stocks and sectors and will endeavour to strategically change allocation between sectors depending on changes in the business cycle.

- **IIFL Multicap Advantage Portfolio:**

The Portfolio Strategy and objective is to generate long term capital appreciation for investors from a portfolio of Large, Mid & Small cap stocks. The investment strategy is to invest in companies & sectors that are available at significant discount to their intrinsic value and provide earnings visibility. The strategy takes a concentrated position in stocks and sectors and endeavors to strategically change allocation between sectors depending on changes in the business cycle.

-Equity Investment – up to 100% of corpus

-Put Options – up to 8% of Corpus*

-Liquid schemes of Mutual funds and other securities as per discretion of Portfolio Manager

**In case put options are not available in the suitable lots to hedge the equity investment(s), the Investment Manager may invest in available lots which may result in either hedge exposure (i.e. contract value of put option) exceeding the value of equity investment(s) or hedge exposure being lesser than value of equity investments (upto 10%). The Investment Manager, has discretion to buy Put options across tenors (1-3 years)*

- **IIFL National Development Agenda Portfolio:**

Investment objective of the Portfolio is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities. The investment strategy of the Portfolio will be to invest in equity securities of sectors which would benefit from domestic growth story, manufacturing oriented sectors, banking & financial services (consumer oriented banks and NBFCs) and consumer discretionary sectors.

- **Long Term Value Portfolio:**

Its philosophy is money is made by investing in the long term. The portfolio uses a focused, bottom up approach wherein not more than 15 – 20 stocks are selected. This is value oriented fund with capitalization in large cap funds. This Portfolio is suitable to Investors who like to invest with a Long-term wealth creation view with medium risk and medium returns.

- **Debt Portfolio:**

This Portfolio primarily is a growth oriented Portfolio in debt which will focus on a Universe of available debt and debt investments. The investments would include Government Securities, RBI bonds, PSU bonds, Tax Free Bonds , Corporate Debentures, Bank Bonds , State Guaranteed bonds , money market instruments, commercial paper and Certificate of Deposits, liquid plus schemes and secured NCD's. This Portfolio is suitable to Investors who like to invest in the funds with low volatility and superior risk adjusted returns.

- **IIFL Large Cap Equity Portfolio:**

The Portfolio Strategy and objective is to generate long term capital appreciation for investors from a portfolio of Large cap stocks. The investment strategy of the Portfolio will be to invest in companies & sectors that are available at significant discount to their intrinsic value and provide earnings visibility. We look for companies with a Bottom-Up approach which includes Quality management, Strong business model, Consistent growth, Reasonable valuation, etc. The Portfolio will be taking a concentrated position in stocks and sectors and will endeavour to strategically change allocation between sectors depending on changes in the business cycle.

- **IIFL Emerging Star Portfolio:**

The Portfolio Strategy and objective is to generate long term capital appreciation for investors from a portfolio of Mid & Small cap stocks. The investment strategy of the Portfolio will be to invest in companies & sectors that are available at significant discount to their intrinsic value and provide earnings visibility. We look for companies with a Bottom-Up approach which includes Quality management, Strong business model, Consistent growth, Reasonable valuation, etc. The Portfolio will be taking a concentrated position in stocks and sectors and will endeavour to strategically change allocation between sectors depending on changes in the business cycle.

- **IIFL Focused Equity Strategies:**

The objective behind this fund strategy is to create a focused portfolio of select, high conviction stock ideas. The portfolio constructed will be based on in-depth research leading to bottom-up stock picking. Given this strategy, it is likely that over 2-3 years, these well researched stocks generate an alpha over the benchmark index.

- **IIFL Liquid Strategy:**

The portfolio strategy shall be to invest in debt mutual funds (like Liquid/Money Market /Arbitrage/Overnight /Ultrashort Mutual funds) and money market instruments. The strategy is intended for the investors who are wary of the near-term market volatility but plan to systematically transfer the same to invest in other equity strategies of the Portfolio Manager over a period of time.

- **IIFL MLD – Series:**

The portfolio will invest in debentures/structured products that offer a structured payout linked to equity market while offering capital protection to investors. Structured products allow investors to participate in non-linear pay-offs. Structured products offer a powerful method by which investors can take advantage of a specific view on asset classes while protecting downside in case their view is inaccurate. The portfolio manager will tie up with certain high-quality issuers of market linked debentures to offer the same to its investors. These debentures shall be rated and listed on the stock exchange by the issuer. The pay-off for these debentures will comprise those payoffs that reasonably reflect the portfolio manager's market expectations or that offer attractive risk-reward characteristics at any given point in time. Given the nature of the product, it will be a fixed tenor structure, where the investor returns shall be clearly defined by the issuer if they are held till maturity.

There is a potential for intermediate exit, but the same can happen at the available quote from the market which may be less than the fair value of the debenture. In any case for intermediate exits, the payoff calculation will not be applicable.

- **IIFL Liquid Strategy – Multicap portfolio:**

The Portfolio Strategy and objective is to generate long term capital appreciation for investors from a portfolio of Large, Mid & Small cap stocks. The investment strategy of the Portfolio will be to invest in companies & sectors that are available at significant discount to their intrinsic value and provide earnings visibility. Portfolio manager shall look for companies with a Bottom-Up approach which includes Quality management, Strong business model, Consistent growth, Reasonable valuation, etc. The Portfolio will be taking a concentrated position in stocks and sectors and will endeavour to strategically change allocation between sectors depending on changes in the business cycle. As part of the strategy, the portfolio manager shall also invest in liquid funds at the inception and systematically transfer the same to invest in equities over a period of time.

- **IIFL Liquid Strategy – Multicap advantage portfolio:**

The Portfolio Strategy and objective is to generate long term capital appreciation for investors from a portfolio of Large, Mid & Small cap stocks. The investment strategy of the Portfolio will be to invest in companies & sectors that are available at significant discount to their intrinsic value and provide earnings visibility. Portfolio manager shall look for companies with a Bottom-Up approach which includes Quality management, Strong business model, Consistent growth, Reasonable valuation, etc. The Portfolio will be taking a concentrated position in stocks and sectors and will endeavour to strategically change allocation between sectors depending on changes in the business cycle. The portfolio manager shall also periodically hedge the portfolio through investment in Nifty 50 put options. As part of the strategy, the portfolio manager shall also invest in liquid funds at the inception and systematically transfer the same to invest in equities over a period of time

- **IIFL Income Opportunities PMS:**

The strategy will invest in non-convertible debentures issued by certain high-quality issuers engaged in various sectors like education, healthcare, finance among others. These debentures shall be secured, rated and listed on the stock exchange by the issuer. The pay-off for these debentures will comprise those payoffs that reasonably reflect the portfolio manager's market expectations or that offer attractive risk-reward characteristics at any given point in time. There is a potential for intermediate exit, but the same can happen at the available quote from the market which may be less than the fair value of the debenture. In any case for intermediate exits, the payoff calculation will not be applicable. The issuers may offer put/ call option(s) along with the debentures issued.

Policy for Investment in 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 arms length basis and at mutually agreed terms and conditions and to the extent permitted under SEBI Regulations after evaluation of the competitiveness of the pricing offered and the services to be provided by them.

The Portfolio Manager may invest in shares, units of mutual funds, alternative investment funds, debt, deposits and other financial instruments issued or managed by the portfolio manager or any of the group / associate companies of the Portfolio Manager to the extent permitted under the SEBI Regulations.

Type of Securities where investments may be made by the Portfolio Manager under any of the above mentioned Services

(i) shares, scrips, stocks, bonds, debentures, debentures stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;

(ii) derivative(s);

(iii) units or any other instrument issued by any collective investment scheme;

(iv) security receipt as defined in clause (zg) of section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(v) Government securities;

(vi) units or any other such instrument issued to the investors under any scheme of mutual fund, alternative investment fund, venture capital fund;

(vii) Any certificate or instrument (by whatever name called), issued to any investor by any issuer being a special purposes distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;

(viii) such other instruments as may be declared by the Central Government to be securities;

(ix) Rights or interest in securities;

The above mentioned securities are illustrative in nature. Investments can be made in various equity and equity related securities including convertible/non-convertible and/or cumulative/non-cumulative preference shares, convertible and/or cumulative/non-cumulative debentures, bonds and warrants carrying the right to obtain equity shares, units of mutual funds, units of alternative investment funds, ETFs and other eligible modes of investment as may permitted by the Regulations from time to time. The Portfolio Manager may from time to time invest the idle cash balance in units of Liquid Schemes of Mutual Funds. Investments can be made in listed, unlisted, convertible, non-convertible, secured, unsecured, rated or unrated or of any maturity, and acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., Initial Public Offers (IPOs), other public offers, bilateral offers, placements, rights, offers, negotiated deals, etc. The debt category will include all types of debt securities including but not limited to Securitised Debt, Pass Through Certificates, Debentures (fixed, floating, Variable Coupon, and equity index /stocks /stocks basket linked), Bonds, Government securities issued or guaranteed by Central or State Government, non-convertible part of partially convertible securities, corporate debt of both public and private sector undertakings, securities issued by banks (both public and private sector) and development financial institutions, bank fixed deposits, commercial papers, certificate of deposit, trade bills, treasury bills and other money market instruments, units of mutual funds, units of SEBI registered alternative investment funds & Venture Capital Funds, floating rate debt securities and fixed income derivatives like interest rate swaps, forward rate agreements etc. as may be permitted by the Act, Rules and/or Regulations, guidelines and notifications in force from time to time.

Asset Classes for investment will always be subject to the scope of investments as may be agreed upon between the Portfolio Manager and the Client by way of any agreement, explicit or implied including this disclosure document, addenda thereof, other documents and communications in writing and emails duly authenticated and exchanged between the client and IIFL AMC.

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

i	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Regulations made there under	Nil
ii.	The nature of the penalty/direction.	N.A.
iii.	Penalties 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.	Nil
vi.	Any enquiry/ adjudication proceedings initiated by the Board or any regulatory agency 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 Regulations	Refer Annexure A

No penalties / directions have been issued by the SEBI under the SEBI Act or Regulations made there against the Company. There are no pending material litigations or legal proceedings, findings of inspections or investigations for which action has been taken or initiated by any regulatory authority against the Portfolio Manager or its Directors, principal officers or employees or any person directly or indirectly connected with the Portfolio Manager under the SEBI Act and Regulations made there under relating to Portfolio Management Services.

The associated/ group companies of IIFL AMC are engaged in providing various financial services including Stock Broking, Depository Business, NBFC etc. In the normal course of its Broking and Depository business there arise arbitration matters/ client / Exchange proceedings before respective Exchange / Depository / Forums, most of which get rectified / disposed-off in the normal course.

5. Details of Services offered by the Portfolio Manager:

The Portfolio Manager broadly offers Discretionary portfolio management, Non-Discretionary portfolio management and Advisory services as described hereinabove in clause 3 (iv).

Under Discretionary and Non-Discretionary service, the Portfolio-Manager may invest in various portfolios with different terms and conditions from time to time. Discretionary and Non-discretionary services are being offered under various strategies with various terms and conditions.

Risk Factors:

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

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

(c) The performance of the portfolio may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.

(d) The performance in the equity portfolios may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro-economic factors.

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

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

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

(h) The Portfolio Manager may invest in non-publicly offered debt securities and unlisted equities. This may expose the client's portfolio to liquidity risks.

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

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

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

(l) Investment decisions made by the Portfolio Manager may not always be profitable.

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

(n) The arrangement of pooling of funds from various clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.

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

(p) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.

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

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

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

- **Market Trading Risks**
  Absence of Prior Active Market: Although securities are listed on the Exchange(s), there can be no assurance that an active secondary market will develop or be maintained.

  Lack of Market Liquidity:
  Trading in securities on the exchange(s) may be halted because of market conditions or for reasons that in the view of the exchange Authorities or SEBI, trading in particular security is not advisable. In addition, trading in securities is subject to trading halts caused by extra ordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of securities will continue to be met or will remain unchanged.

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

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

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

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

- **Interest Rate Risk**
  Changes in interest rates may affect the returns/ NAV of the liquid/debt scheme of Mutual Fund in which the portfolio manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/ debt funds.

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

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

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

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

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

  (c) **Model Risk** is the risk of mis-pricing or improper valuation of derivatives.

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

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

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

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

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

Risk Factors associated with investments in Liquid Funds:

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

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

Specific Risk factors & Disclosures pertinent to Structured Notes & Securitised debt instruments

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

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

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

d. The Issuer of equity index linked securities or any of its Agents, from time to time may have long or short positions or make markets including in NIFTY indices, futures and options (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the securities, and they may engage in other public and private financial transactions (including the purchase of privately placed investments or securities or other assets). The foregoing activities of 'The Issuer of index linked securities" or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the securities. In particular, the value of the securities could be adversely impacted by a movement in the Reference Assets, or activities in related markets, including by any acts or inactions of 'The Issuer of index linked securities" or any of its Agents;

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

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

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

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

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

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

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

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

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

7. Client Representation:

(i) Details of clientele and funds managed

As on September 30, 2019 **(Rupees in Crore)**

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
Others			
Individual	2756	1352.71	0
Corporate	192	771.29	0
Total	**2948**	**2124.05**	**0**

As on March 31, 2019 **(Rupees in Crore)**

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
Others			
Individual	1217	951.1320	0
Corporate	145	653.1512	0
Total	**1362**	**1604.2832**	**0**

As on September 30, 2018 **(Rupees in Crore)**

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
Others			
Individual	781	643.4487	0
Corporate	126	544.7589	34.9720

Total	**907**	**1,188.2076**	**34.9720**

As on March 31, 2018

(Rupees in Crore)

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
Others			
Individual	597	629.4184	0
Corporate	116	556.8709	40.6061
Total	**713**	**1186.2893**	**40.6061**

As on September 30, 2017 **(Rupees in Crore)**

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
Others			
Individual	307	530.5530	0
Corporate	103	509.3882	40.8770
Total	**410**	**1039.9412**	**40.8770**

As on March 31, 2017 **(Rupees in Crore)**

Category of clients	No. of Accounts	Funds managed (Rs. Crores) In Discretionary Services	Funds managed (Rs. Crores) In Non-Discretionary Services
Associates/group companies	0	0	0
Others			
Individual	301	654.34	0.6220
Corporate	122	591.09	37.8980
Total	**423**	**1245.43**	**38.52**

As on September 30, 2016 **(Rupees in Crore)**

Category of clients	**No. of Accounts**	**Funds managed (Rs. Crores) In Discretionary Services**	**Funds managed (Rs. Crores) In Non-Discretionary Services**
Associates/group companies	0	0	0
Others			
Individual	256	1131.4537	18.3325
Corporate	116	538.7731	66.6809
Total	**372**	**1670.2268**	**85.0134**

As on March 31, 2016 **(Rupees in Crore)**

Category of clients	**No. of Accounts**	**Funds managed (Rs. Crore) In Discretionary Services**	**Funds managed (Rs. Crore) In Non-Discretionary Services**
Associates/group companies	0	0	0
Others			
Individuals	243	614.8149	18.8907
Corporate	112	482.7706	**126.4836**
Total	**355**	**1,097.5855**	**145.3743**

(ii) Disclosure in respect of transactions with related parties pertaining by the Portfolio Manager as per audited Balance sheet as on March 31, 2019

(a) List of Related Parties:

Nature of relationship	**Name of party**
Director/ Key Managerial Personel	Ms. Homai Daruwalla, Independent Director
	Mr. Pranab Pattanayak, Independent Director
	Mr. Amit Shah, Director (resigned w.e.f. January 24, 2019)
	Mr. Anup Maheshwari, Whole-Time Director and Joint Chief Executive Officer (appointed as Whole Time Director w.e.f. November 14, 2018 and as CEO w.e.f August 27, 2018)
	Mr. Prashasta Seth, Chief Executive Officer
Holding Company	IIFL Wealth Management Limited
Other Related Parties * (Ultimate Holding Company)	IIFL Holdings Limited
Fellow Subsidiaries	IIFL Wealth Finance Limited
	IIFL Investment Adviser and Trustee Services Limited
	IIFL Trustee Limited
	IIFL Alternate Asset Advisors Limited

	IIFL Distribution Services Limited
	IIFL Wealth Securities IFSC Limited (w.e.f June 22, 2018)
	IIFL Wealth Advisors (India) Limited (w.e.f November 22, 2018)
	IIFL Altiore Advisors Private Limited (w.e.f November 05, 2018)
	IIFL Wealth Employee Benefit Trust (upto March 31, 2018)
	IIFL Wealth Employee Welfare benefit Trust (w.e.f August 01, 2018)
	IIFL Private Wealth Management (Dubai) Limited
	IIFL (Asia) Pte. Limited
	IIFL Inc.
	IIFL Private Wealth Hong Kong Limited
	IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth (Mauritius) Ltd)
	IIFL Private Wealth (Suisse) SA (upto Feb 28, 2019)
	IIFL Securities Pte. Limited
	IIFL Capital (Canada) Limited
	IIFL Capital Pte. Limited
Other Related Parties * (Group Companies)	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	India Infoline Finance Limited
	IIFL Home Finance Limited
	IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)
	IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)
	IIFL Wealth (UK) Limited
	IIFL Capital Inc.
	IIFL Facilities Services Limited (Formerly known as IIFL Real Estate Limited)
	Clara Developers Private Limited
	Samasta Microfinance Limited (w.e.f March 01, 2017)
	IIFL Asset Reconstruction Limited (w.e.f May 09, 2017)
Other related Parties	Mr. Karan Bhagat
	Mr. Yatin Shah
	Mr. Nirmal Jain
	Mr. Venkataraman Rajamani

	General Atlantic Singapore Fund Pte Limited
	Ms. Shilpa Bhagat (Spouse of Mr. Karan Bhagat)
	Ms. Madhu Jain (Spouse of Mr. Nirmal Jain)
	Mr. Prakashchandra Shah (Relative of Mr. Yatin Shah)
	India Infoline Foundation
	Kyrush Investments
	Kyrush Realty Private Limited
	Naykia Realty Private Limited
	India Alternatives Investment Advisors Private Limited (Fellow Subsidiary Upto March 31, 2017)
	Yatin Investment
	Orpheous Trading Private Limited
	Ardent Impex Private Limited
	5paisa Capital Limited
	5paisa P2P Limited
	5paisa Insurance Brokers Limited
	MNJ Consultants Private Limited
	Sunder Bhawar Ventures Private Limited
	Sunder Bhanwar Holiday Home Private Limited (Upto Mar 04, 2018)
	Khimji Kunverji & Co (Chartered Accountant Firm of Mr. Nilesh Vikamsey)
	Yatin Prakash Shah (HUF)
	Nirmal Madhu Family Private Trust
	Kalki Family Private Trust
	Kush Family Private Trust
	Kyra Family Private Trust
	Bhagat Family Private Trust
	Kyrush Family Private Trust
	Naykia Family Private Trust
	Prakash Shah Family Private Trust
	Naysa Shah Family Private Trust
	Kiaah Shah Family Private Trust

I) Date of Demerger – 1 April 2017 being the appointed date in terms of the Composite Scheme of Arrangement amongst India Infoline Finance Limited ("IIFL Finance"), IIFL Holdings Limited ("IIFL Holdings"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth") and IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") approved by the Board of Directors of the Holding Company at its meeting held on January 31, 2018, and approved by the National Company Law Tribunal Bench at Mumbai (Tribunal) on March 07, 2019 under the applicable provisions of the Companies Act, 2013.

(b) Significant Transactions with Related Parties as per Balance Sheet dated March 31, 2019:

(Amount in Rs. Mn)

Nature of Transaction	Key Managerial Person	Holding Company	Fellow Subsidiaries	Other Related Parties * (Group Companies)	Other Related Parties	Total
ICD Given						
IIFL Wealth Mangement Limited	-	2,870.00	-	-	-	2,870.00
	-	(6,624.50)	-	-	-	(6,624.50)
IIFL Securities Limited	-	-	-	-	-	-
	-	-	-	-	-	-
IIFL Alternate Asset Advisors Limited	-	-	3,473.40	-	-	3,473.40
	-	-	(1,110.00)	-	-	(1,110.00)
IIFL Wealth Finance Limited	-	-	268.30	-	-	268.30
	-	-	(464.00)	-	-	(464.00)
ICD Received back						
IIFL Wealth Mangement Limited	-	1,483.80	-	-	-	1,483.80
	-	(6,624.50)	-	-	-	(6,624.50)
IIFL Alternate Asset Advisors Limited	-	-	4,583.40	-	-	4,583.40
	-	-	-	-	-	-

IIFL Wealth Finance Limited	-	-	268.30	-	-	268.30
	-	-	(464.00)	-	-	(464.00)
<u>ICD Taken</u>						
IIFL Wealth Mangement Limited	-	224.10	-	-	-	224.10
	-	(2,474.14)	-	-	-	(2,474.14)
IIFL Wealth Finance Limited	-	-	190.00	-	-	190.00
	-	-	(2,112.99)	-	-	(2,112.99)
<u>ICD Repaid</u>						-
IIFL Wealth Mangement Limited	-	249.10	-	-	-	249.10
	-	(2,449.14)	-	-	-	(2,449.14)
IIFL Wealth Finance Limited	-	-	340.00	-	-	340.00
	-	-	(1,962.99)	-	-	(1,962.99)
<u>Interest Income</u>						
IIFL Wealth Management Limited	-	24.64	-	-	-	24.64
	-	(59.12)	-	-	-	(59.12)
IIFL Alternate Asset advisors Limited	-	-	100.81	-	-	100.81
	-	-	(0.84)	-	-	(0.84)
IIFL Wealth Finance Limited	-	-	0.08	-	-	0.08
	-	-	(0.24)	-	-	(0.24)
<u>Interest Expenses</u>						
IIFL Wealth Management Limited	-	0.70	-	-	-	0.70

	-	(4.09)	-	-	-	(4.09)
IIFL Wealth Finance Limited	-	-	0.49	-	-	0.49
	-	-	(0.93)	-	-	(0.93)
Fees/Expenses incurred/Reimbursed For Services Procured						
IIFL Securities Limited	-	-	-	54.34	-	54.34
	-	-	-	(30.98)	-	(30.98)
5 Paisa Capital Limited	-	-	-	0.00#	-	0.00#
	-	-	-	(0.10)	-	(0.10)
IIFL Wealth Management Limited	-	-	-	-	-	-
	-	(10.70)	-	-	-	(10.70)
IIFL Distributions Services Limited	-	-	62.31	-	-	62.31
	-	-	(47.93)	-	-	(47.93)
IIFL Facilities Services Limited	-	-	-	14.09	-	14.09
	-	-	-	(14.04)	-	(14.04)
Corporate Social Responsibility (CSR)						
India Infoline Foundation Limited	-	-	-	-	1.34	1.34
	-	-	-	-	(4.24)	(4.24)
Remuneration to KMP's						-
Prashastha Seth	-	-	-	-	-	-
	(7.77)	-	-	-	-	(7.77)

Anup Maheshwari	13.34	-	-	-	-	13.34
	-	-	-	-	-	-
Sitting Fees/Commission To Directors						
Homai A. Daruwalla	1.45	-	-	-	-	1.45
	(1.42)	-	-	-	-	(1.42)
Pranab Pattanaik	1.38	-	-	-	-	1.38
	(1.29)	-	-	-	-	(1.29)
Allocation / Reimbursement of expenses Paid						
IIFL Wealth Mangement Limited	-	36.27	-	-	-	36.27
	-	(19.88)	-	-	-	(19.88)
IIFL Securities Limited	-	-	-	0.00#	-	0.00#
	-	-	-	(0.04)	-	(0.04)
IIFL Distribution Services Limited	-	-	0.24	-	-	0.24
	-	-	(0.48)	-	-	(0.48)
IIFL Facilities Services Limited	-	-	-	0.01	-	0.01
	-	-	-	-	-	-
India Infoline Commodities Limited	-	-	-	-	-	-
	-	-	-	(0.18)	-	(0.18)
IIFL Management Services Limited	-	-	-	-	-	-
	-	-	-	(1.23)	-	(1.23)

Nature of Transaction	Key Managerial Person	Holding Company	Fellow Subsidiaries	Other Related Parties * (Group Companies)	Other Related Parties	Total
Other funds received						-
IIFL Management Services Limited	-	-	-	0.46	-	0.46
	-	-	-	(0.01)	-	(0.01)
IIFL Wealth Mangement Limited	-	0.21	-	-	-	0.21
	-	(0.22)	-	-	-	(0.22)
IIFL Distributions Services Limited	-	-	0.61	-	-	0.61
	-	-	(0.18)	-	-	(0.18)
IIFL Alternate Asset Advisors Limited	-	-	-	-	-	-
	-	-	(0.05)	-	-	(0.05)
IIFL Investment Adviser and Trustee Services Limited	-	-	0.05	-	-	0.05
	-	-	(0.01)	-	-	(0.01)
Other funds Paid						
IIFL Wealth Mangement Limited	-	5.84	-	-	-	5.84
	-	(6.89)	-	-	-	(6.89)
IIFL Distributions Services Limited	-	-	0.32	-	-	0.32
	-	-	(0.50)	-	-	(0.50)
IIFL Securities Limited	-	-	-	0.00#	-	0.00#
	-	-	-	(0.22)	-	(0.22)
IIFL Alternate Asset Advisors Limited	-	-	0.33	-	-	0.33

	-	-	-	-	-	-
IIFL Wealth Finance Limited	-	-	-	-	-	-
	-	-	(0.07)	-	-	(0.07)

Amount less than ` 10,000.

(c) Amount due to / from related parties (Closing Balances):

Nature of Transaction	Key Managerial Person	Holding Company	Fellow Subsidiaries	Other Related Parties * (Group Companies)	Other Related Parties	Total
Sundry Payables						
IIFL Securities Limited	-	-	-	9.16	-	9.16
	-	-	-	-	-	-
IIFL Wealth Management Limited	-	19.63	-	-	-	19.63
	-	(6.92)	-	-	-	(6.92)
IIFL Distribution Services Limited	-	-	-	-	-	-
	-	-	(5.83)	-	-	(5.83)
IIFL Wealth Finance Limited	-	-	-	-	-	-
	-	-	(0.11)	-	-	(0.11)
Sundry Receivables :						
IIFL Management Services Limited	-	-	-	2.30	-	2.30
	-	-	-	-	-	-
IIFL Distribution Services Limited	-	-	1.82	-	-	1.82
	-	-	-	-	-	-

IIFL Alternate Asset Advisors Limited	-	-	-	-	-	-
	-	-	(0.25)	-	-	(0.25)
ICD Given:						
IIFL Alternate Asset Advisors Limited	-	-	-	-	-	-
	-	-	(1,110.00)	-	-	(1,110.00)
IIFL Wealth Management Limited	-	1,386.20	-	-	-	1,386.20
	-			-		-
ICD Taken:						
IIFL Wealth Management Limited	-	-	-	-	-	-
	-	(25.00)	-	-	-	(25.00)
IIFL Wealth Finance Limited	-	-	-	-	-	-
	-	-	(150.00)	-	-	(150.00)

8. **FINANCIAL PERFORMANCE OF PORTFOLIO MANAGER BASED ON AUDITED STATEMENT FOR THE YEAR ENDED MARCH 31, 2019:**

Financial Highlight of IIFL Asset Management Limited.

Particulars	**Amt (Rs. in Million)**
Revenue from Operations	1422.84
Profit before tax	726.70
Less: Tax Expenses	131.71
Profit/(Loss) after tax	594.99

9. Portfolio Management Performance:

Portfolio Management Services commenced in the month of December 2014. Please find enclosed as Annexure B the Portfolio Performance for the period ended September 30, 2019:

*Performance calculated based on XIRR method.

Non-Discretionary Services - In the non-discretionary services, the final decision of investment rests with the client. The clients determine which securities to invest into as well as the asset allocation within the overall investment amount under the PMS. The performance of the Portfolio Managers does not depend merely on the Portfolio Manager but also on the decision by the client in this regard. Considering the nature of services, the performance record of the Portfolio Manager has not been computed.

10. NATURE OF COSTS AND EXPENSES FOR CLIENTS:

The following are indicative types of costs and expenses for clients availing the Portfolio Management services. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

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

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

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

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

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

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

g. **Other charges:** As may be mutually agreed between client and Portfolio Manager.

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

1. Taxation:

Income Tax

1. General

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

2. Tax Rates

The rates specified in this section pertain to the financial year ('FY') 2019-20 as provided by the Finance Act (No. 2), 2019. The Government of India has promulgated the Taxation Law (Amendment) Ordinance 2019 ('Ordinance 2019') which has provided for concessional rate of tax for domestic companies (subject to satisfaction of certain conditions). The rates are exclusive of surcharge and health and education cess, if any, as leviable.

2.1. Tax rates for specific type of assessees are as below:

Assessee	% of Income Tax
Individuals, Hindu Undivided Family ('HUF'), Association of Persons ('AOP'), Body of Individuals ('BOI')	Applicable slab rates
Domestic Company having turnover/gross receipt not exceeding Rs. 400 crores in FY 2017-18	25%
Partnership Firm [including Limited Liability Partnership ('LLP')] and Domestic Company having turnover/gross receipt exceeding Rs. 400 crores in FY 2017-18	30%
Foreign Company	40%

[1]**Note 1:** As per the Ordinance 2019, any domestic company has the option to pay tax at the rate of 22%, subject to the following conditions:

i. The total income is computed without claiming prescribed deductions or set-off of loss.
ii. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Act for assessment year ('AY') 2020-21 or subsequent AYs.
iii. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

[2]**Note 2:** As per the Ordinance 2019, any domestic manufacturing company has an option to pay tax at the rate of 15%, subject to the following conditions:

i. The total income is computed without claiming prescribed deductions or set-off of loss.
ii. Such company is incorporated on or after 1 October 2019 and commences production on or before 31 March 2023.
iii. Such company is not formed by splitting up or reconstruction of business already in existence.
iv. Such company does not use plant and machinery previously used for any purpose in India and no depreciation has been claimed on the same (relaxation upto 20% allowed).
v. Such company does not use any building previously used as a hotel or convention centre.
vi. Such company is not engaged in any business other than the manufacture or production of an article or thing and research in relation to or distribution of such article or thing manufactured or produced by it.
vii. The option needs to be exercised before the due date as per section 139(1) of the Act for furnishing the first of the return of income for any previous year starting from AY 2020-21 or subsequent AYs.
viii. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

Note 3: Companies exercising the above options (under section 115BAA or 115BAB) have been excluded from the applicability of MAT.

2.2. The slab rates for individuals / HUF / AOP / BOI are as follows

Total Income (please refer to notes (a) to (d) below)	Tax rates (c)
Up to Rs. 2,50,000	Nil
From Rs. 2,50,001 to Rs. 5,00,000	5%
From Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 and above	30%

[1] Newly inserted section 115BAA
[2] Newly inserted section 115BAB

a) The Central Government *vide* the Finance (No. 2) Act, 2019, has provided for a rebate on tax on total income of upto INR 5,00,000 for individual assessee.
b) In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR. 3,00,000.
c) In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR. 5,00,000.
d) surcharge on income-tax is applicable as stated in para 2.3 below. Additionally, health and education Cess, at the rate of 4% is leviable on the aggregate of income-tax and surcharge.

2.3. Surcharge rates are provided below:

Type of Investor	**Surcharge* rate as a % of income-tax**				
	If income is less than INR 50 lakhs	**If income is more than 50 lakhs but less than INR 1 Crores**	**If income exceeds INR 1 Crores but less than INR 2 Crores**	**If income exceeds INR 2 Crores but less than INR 5 Crores**	**If income exceeds INR 5 crores**
Individual, HUF, AOP, BOI (Resident & foreign)	Nil	10%	15%	25%	37%

Type of Investor	**Surcharge* rate as a % of income-tax**		
	If income does not exceed 1 crore	**If income exceeds INR 1 but less than INR 10 crore**	**If income exceeds INR 10 crore**
Partnership firm (Domestic & foreign)	Nil	12%	12%
Domestic Company	Nil	7%	12%
Foreign Company	Nil	2%	5%

Note 1: The enhanced surcharge rate of 25%/ 37% introduced by the Finance (No.2) Act, 2019, shall not apply to capital gains arising on sale of equity share in a company or a unit of an equity-oriented fund or unit of business trust referred to in sections 111A or 112A of the Act.

Note 2: The enhanced surcharge rate of 25%/ 37% shall also not apply to the income in the nature of short-term capital gains or long-term capital gains earned by foreign institutional investors from certain specified securities.

Note 3: As per the Ordinance 2019 the applicable surcharge rate on income chargeable to tax under sections 115BAA or 115BAB of the Act shall be 10% irrespective of income threshold

3. Tax deduction at source

If any tax is required to be withheld on account of any present or future legislation, the Portfolio Manager will be obliged to act in this regard.

The income tax provisions provide that where a recipient of income (which is subject to withholding tax) does not have a Permanent Account Number, then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the IT Act, or rates in force or at 20%. However, this provision of the IT Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset to a non-resident, subject to furnishing of certain details and documents.

4. Advance tax instalment obligations

It will be the responsibility of the client to meet the advance tax obligation instalments payable on the due dates prescribed under the IT Act.

5. Tax implications for the Investors:

The following are the various income streams that can arise from securities held under the PMS –

- Dividend income on shares;
- Income distributed by Mutual Funds;
- Interest income on debt securities; and
- Gains on sale of securities; or
- Buy-back of securities held in companies.

5.1. Dividend income on shares

Dividend on shares (referred to in section 115-O of the IT Act) shall be exempt under the IT Act in the hands of the investors. However, as per section 115BBDA of the IT Act, in case of a specified assessee (defined below) being resident in India, if the dividend income (from a domestic company) exceeds Rs. 10 lakhs, then such dividend income is taxable at 10% (plus applicable surcharge and health and education cess) on gross basis.
As per Explanation (b) to section 115BBDA of the IT Act, 'specified assessee' means a person other than-

I. a domestic company; or
II. a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or
III. a trust or institution registered under section 12A or section 12AA.

The Investee Companies would be liable to pay Dividend Distribution Tax ('DDT') on the dividend declared, distributed or paid at the rate of 15% (plus applicable surcharge and health and education cess) on a grossed-up basis.

5.2. Income distributed by Mutual Funds.

The dividend received from Mutual funds should be exempt from tax in the hands of the Investors. However, the Mutual fund would be liable to pay tax on income distributed as follows:

- In case of mutual funds (other than equity-oriented mutual funds):
  - at the rate of 25% (plus surcharge at the rate of 12 percent and health and education cess at the rate of 4 percent) on income distributed to individuals and HUFs; and
  - at the rate of 30% (plus surcharge at the rate of 12 percent and health and education cess at the rate of 4 percent) on income distributed to persons other than individuals and HUFs.
- In case of equity oriented mutual funds:

- at the rate of 10% (plus surcharge at the rate of 12 percent and health and education cess at the rate of 4 percent) on income distributed to any person.

As per section 115R(2A) of the IT Act, additional income-tax on the income distributed to unit-holders should be levied on the amount of income to be distributed including such additional tax (i.e. grossing-up), as against levy on only the amount of income to be distributed. This may result in a higher effective tax rate.

5.3. Interest income on debt securities

Interest income arising on securities could be characterised as 'Income from Other Sources' or 'business income' depending on facts of the case. In either case, interest income should be subject to tax as per the rates mentioned in para 2.1 & 2.2 above.

Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

5.4. Gains on sale of securities

Income arising from the purchase and sale of securities can give rise to either capital gains or business income in the hands of the investor. The issue of characterisation of income is relevant as the income tax computation and rates differ in the two situations.

The characterisation is essentially a question of fact and depends on whether the shares are held as business/ trading assets or as capital assets.

The Central Board of Direct Taxes ('CBDT') has issued a circular[3] which deals with listed shares/ securities which states that:

- Where the assessee opts to treat the listed shares/ securities as stock-in-trade, the income arising from the transfer of such listed shares/ securities would be treated as business income.
- If the assessee desires to treat the gains arising from transfer of listed shares/ securities held for a period of more than 12 months as capital gains, the same shall not be put to dispute by the Assessing Officer.

The aforementioned circular shall not apply in a case where the genuineness of the transaction itself is questionable.

The CBDT has issued a letter[4] on characterisation of income from transfer of unlisted shares. As per the letter, income arising from transfer of unlisted shares would be taxable under the head 'Capital Gains', irrespective of the period of holding. However, it would not be necessarily applied in the situations where:

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

Investors may also refer to CBDT instruction no. 1827 dated 31 August 1989 read with CBDT Circular no. 4 dated 15 June 2007 for further guidance on this matter.

5.4.1. Gains characterised as capital gains

The IT Act provides for a specific mechanism for computation of capital gains. Capital gains are computed by deducting from the sale consideration, the cost of acquisition and certain other expenses. The tax payable on capital gains would depend on whether the capital gains are long-term or short-term in nature.

[3] Circular no. 6/ 2016 dated 29 February 2016
[4] Letter F.No.225/12/2016/ITA.II dated 2 May 2016

Depending on the period for which the securities are held, capital gains earned by the Investors would be treated as short term or long term capital gains. The taxability of capital gains is discussed below:

Type of instrument	Period of holding	Characterization
Listed Securities (other than units) and units of equity-oriented mutual funds	More than twelve (12) months	Long-term Capital Asset
	Twelve (12) months or less	Short-term Capital Asset
Unlisted shares of a company	More than twenty four (24) months	Long-term Capital Asset
	Twenty four (24) or less	Short-term Capital Asset
Other securities	More than thirty six (36) months	Long-term Capital Asset
	Thirty six (36) months or less	Short-term Capital Asset

Taxability of capital gains under the IT Act (without considering the benefits under the tax treaties for non-resident investors) should be as follows:

Sr. No	Particulars	Resident investors	Non-resident investors [Note 1]	Foreign Portfolio investors ('FPI')
		Tax rate (%) excluding applicable surcharge and health and education cess		
1	Short-term capital gains on transfer of listed equity shares, to be listed shares sold through offer for sale and units of an equity oriented mutual fund on which securities transaction tax ('STT') has been paid	15%	15%	15%
2	Any other short-term capital gains	30% [Note 2]	30% (in case firms/LLP/foreign non-corporates) / 40% (in case of foreign company)	30% [Note 3]
3	Long-term capital gains on transfer of: (i) listed equity shares on which STT has been paid both at the time of acquisition and sale of such shares; or (ii) units of equity oriented mutual fund on which STT has been paid on transfer [Note 4]	10% [Note 5] [on income in excess of INR 1 lakh]	10% [Note 5] [on income in excess of INR 1 lakh]	10% [Note 5] [on income in excess of INR 1 lakh]
4	Long term capital gains on sale of listed bonds or listed debentures	10% (without indexation) [Note 6]	10% (without indexation) [Note 6]	10% [Note 5]
5	Long-term capital gains on transfer of listed mutual fund units (other than equity oriented fund)	20% (with indexation)	20% (with indexation)	10% [Note 5]

7	Long-term capital gains on transfer of unlisted bonds or unlisted debentures	20% (without indexation)	10% [Note 5 and 6]	10% [Note 5]
8	Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures) [refer note 7]	20% (with indexation)	10% [Note 5 and 6]	10% [Note 5]

Note 1:

In case, the investments are made by Non-resident Indians ('NRI'), then such investors are entitled to be governed by the special tax provisions under Chapter XII-A of the IT Act and if such investors opt to be governed by these provisions, any long-term capital gains should be taxable at the rate of 10% (plus applicable surcharge and health and education Cess) without considering the indexation benefit.

Note 2:

Assuming highest slab rates for resident individual investors. In case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the FY 2017-18 (AY 2018-19), the tax rate would be 25% (plus surcharge and health and Education cess). Also, as per the Ordinance 2019, domestic companies have the option to pay tax on total income at the rate of 15% or 22% (plus applicable surcharge and health and Education cess).

Note 3:

Without considering foreign exchange fluctuation benefit.

Note 4:

The cost of acquisition of equity shares or units of an equity oriented mutual funds acquired before 1 February 2018, shall be higher of:

- the actual cost of acquisition; and
- Lower of:
  - Fair market value as on 31 January 2018, determined in the prescribed manner; and
  - Value of consideration received or accruing upon transfer.

The CBDT issued a notification dated 1 October 2018, wherein the list of transactions have been specified in respect of which the provision of sub-clause (a) of clause (iii) of sub-section (1) of section 112A of the IT Act shall not apply.

Note 5:

Without considering indexation and foreign exchange fluctuation benefit

Note 6:

The revenue may seek to apply a higher tax rate of 20% considering the judicial precedent.

Note 7:

As per section 50CA of the IT Act, where the consideration received or accruing on account of transfer of unlisted shares is less than the fair market value of such share, determined in the prescribed manner, the fair value as determined should be deemed to be the full value of consideration for the purpose of computing capital gains.

5.4.2. Gains are characterised as 'business income'

If the gains are characterised as business income then the same should be taxable on net income basis at the rate of 30% (plus applicable surcharge and health and education cess) for resident investors. The Finance (No. 2) Act, 2019, has however proposed to reduce the tax rate to 25% in case of domestic companies having a total turnover or gross receipts not exceeding 400 crores in the FY 2017-18 (AY 2018-19). Kindly note, we have assumed highest rate for resident individual investors. Also, as per the Ordinance 2019, domestic companies have the option to pay tax on total income at the rate of 15% or 22% (plus applicable surcharge and health and education cess).

If the gains are characterised as business income, then the same should be taxable on net income basis at 40% (plus applicable surcharge and health and education cess) for foreign company if it has a business connection/ permanent establishment in India, and such income is attributable to the business connection/ permanent establishment of the non-resident in India. Further, for non-resident investors (other than a foreign company) a tax rate of 30% should be levied.

5.4.3. Proceeds on buy-back of shares by company

As per the Section 10(34A) of the IT Act, gains arising on buy-back of shares (not being shares listed on a recognised stock exchange) are exempt in the hands of investors. However, as per section 115QA of the IT Act, a distribution tax at the rate of 20% (plus applicable surcharge and health and education cess) is payable by an Indian company on distribution of income by way of buy-back of its shares if the buy-back is in accordance with the provisions of the Companies Act. Such distribution tax is payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian company at the time of issue of such shares, determined in the manner prescribed. In this regard, Rule 40BB of IT Rules provide for mechanism for determining the amount received by the Indian company in respect of issue of shares.

As per the Finance (No. 2) Act, 2019, any buy back of listed shares, on or after 5th July 2019, shall also attract buy-back tax under section 115QA of the IT Act. Accordingly, exemption under section 10(34A) of the IT Act is also extended on such buy-back transactions. However, as per the Ordinance 2019, there shall be no buy-back tax w.r.t those shares for which public announcement of buy-back was made before 5 July 2019.

6. Other tax considerations

6.1. Foreign Portfolio Investors ('FPI')

As per section 2(14) of the IT Act, any investment in securities made by FPIs in accordance with the regulations made under the Securities and Exchange Board of India is treated as a capital asset. Consequently, any income arising from transfer of securities by FPIs are to be treated as capital gains.
Under section 115AD of the IT Act, long-term capital gains arising from transfer of securities shall be taxable at the rates mentioned in paragraph 5.4.1 above.

As per section 196D of the IT Act, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to FPI.

Under section 115AD of the IT Act, interest income received by FPIs should be taxable at 20% plus applicable surcharge and health and education cess. However, interest referred to in section 194LD of the IT Act should be taxable at 5% plus applicable surcharge and health and education cess, subject to fulfilment of conditions.

As per the Ordinance 2019, the enhanced surcharge rate of 25%/ 37% shall not apply to short-term capital gains or long-term capital gains earned by FPIs from securities referred to in section 115AD of the Act.

6.2. Non-resident investors (including FPI):

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

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

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

The CBDT had *vide* its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company. The CBDT had *vide* circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than or equal to INR 50 crores during the Financial Year.

As per section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ('Treaty') between India and the country of residence of the non-resident investor (subject to GAAR provisions discussed below). However, no assurance can be provided that the Treaty benefits will be available to the non-resident investor or the terms of the Treaty will not be subject to amendment or reinterpretation in the future. The taxability of such income of the non-resident investor, in the absence of Treaty benefits or where the non-resident investor is from a country with which India has no Treaty, would be as per the provisions of the IT Act.

In order to claim Treaty benefits, the non-resident investor has to furnish the Tax Residency Certificate ('TRC') issued by the foreign tax authorities. Further, the non-resident investor shall be required to furnish such other information or document as may be prescribed. In this connection, the CBDT *vide* its notification dated August 1, 2013 has prescribed certain information in Form No. 10F to be produced along with the TRC, if the same does not form part of the TRC.

The tax authorities may grant Treaty benefit (after verifying the TRC) based on the facts of each case.

6.3. STT:

STT is applicable on various transactions as follows:

(a) 0.10% on the purchase of equity shares in a company on a recognised stock exchange in India where the contract for purchase is settled by the actual delivery or transfer of shares;
(b) 0.10% on the sale of equity shares in a company on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of shares;
(c) 0.001% on the sale of units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of units
(d) 0.025% on the sale of equity shares in a company or units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;

(e) 0.01% on the sale of futures in securities;
(f) 0.05% on the sale of options in securities;
(g) 0.125% on the purchase of options in securities, where options are exercised;
(h) 0.001% on the sale of units of equity oriented fund to the Mutual Fund.
(i) 0.2% on sale of unlisted equity shares under an offer for sale

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

Section 56(2)(x), provides that if any assesse receives any property (including shares and securities) without consideration or for inadequate consideration in excess of INR 50,000 as compared to the fair market value, fair market value in excess of such consideration shall be taxable in the hands of the recipient as Income from Other Sources. The above rates would be subject to availability of benefits under the tax treaty, if any in case of non-resident assessee.

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

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

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

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

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

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

6.6. General Anti Avoidance Rules (‘GAAR’):

GAAR may be invoked by the 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 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 recharacterise 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 IT Rules. The IT Rules 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.

6.7. <u>FATCA Guidelines</u>

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

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

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

6.8. <u>Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting</u>

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ('MLI'). The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. The MLI has also expanded the scope of permanent establishment to include agent (excluding an independent agent) playing principal role, leading to routine conclusion of contracts without material modification. For this purpose, an agent is not considered independent if it acts exclusively or almost exclusively on behalf of one or more closely related enterprises. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs.

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

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

6.9. Minimum Alternate Tax

The IT Act provides for levy of Minimum Alternate Tax ('MAT') on corporates if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and health and education cess) of the book profits, as the case may be, is higher than the tax amount calculated under the normal provisions of the IT Act. However, the tax rate under section 115JB of the Act has been reduced from 18.5% to 15% by the Ordinance 2019.

Further, as per the Ordinance 2019, companies exercising the option under sections 115BAA or 115BAB of the Act have been excluded from the applicability of MAT.

If MAT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund shall also be included to determine the MAT.

The MAT provisions are not applicable to a non-resident if, (a) the assessee is a resident of a country with which India has DTAA and the assessee does not have a permanent establishment in India; or (b) the assessee is a resident of a country with which India does not have a Tax Treaty and is not required to seek registration under the Indian corporate law.

6.10. Alternate Minimum Tax

The IT Act provides for levy of Alternate Minimum Tax ('AMT') on non-corporate tax payers if the tax amount calculated at the rate of 18.5% (plus applicable surcharge and health and education cess) of the adjusted total income, as the case may be, is higher than the regular income-tax payable under the normal provisions of the IT Act.

If AMT is held to be applicable to the Investors, then income receivable by such Investors from their investment in the Fund shall also be included to determine the AMT.

6.11. Dividend stripping

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

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

As per the provisions of section 14A of the IT Act read with rule 8D of the IT Rules, if any income of the investors does not form part of the total income or is exempt under the provisions of the IT Act then any expenditure incurred by the Investor, directly or indirectly, in relation to such income will not be allowed as deduction for the purpose of calculating the total taxable income of the Investor.

6.13. Bonus stripping

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

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

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

6.15. Issue of shares at premium by a private company

As per the provisions of section 56(2)(viib) of the Act, where a privately held company issues its shares to a resident assessee at a premium (i.e. over and above the face value of such shares), then the consideration received by the company for such issue of shares in excess of the fair market value ('FMV') of the shares is required to be taxed in the hands of the company. In this regard, rule 11U and 11UA provide mechanism for computation of FMV for the purpose of section 56(2)(viib) of the IT Act. An exemption is provided for receipt of consideration by a venture capital undertaking from a venture capital company or a venture capital fund and receipt of consideration by a company from specified class of persons. As per the Finance (No. 2) Act, 2019, exemption is also available for shares issued by a venture capital undertaking either to a Category I or Category II AIF.

6.16. Proposed change in the India tax regime

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

6.17. 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.

12. Accounting Policy / Valuations:

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

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

(b) Unlisted Securities/investments will be valued at cost till the same are priced at Fair Market Value. Such fair value may be determined by an agency appointed by the Portfolio Manager, on periodic basis (once in a year).

(c) Realised gains/losses will be calculated by applying the First In First Out principle.

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

(e) 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.

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

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

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

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

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

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

(l) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investments or accounting the same as may be mutually agreed between them on a case to case basis.

(m) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.

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

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

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

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

13. Investor Services:

a. Contact Information

Name, address and telephone number of the Investor relations officer who shall attend to the Investor queries and complaints.

Name: Ms. Dipali Trivedi
Email: investordesk@iiflw.com
Address: IIFL Asset management Limited., 6th Floor, IIFL Centre, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, India,
Tel: +91 22 4876 5600

The official mentioned above will ensure prompt Investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and the wherewithal to handle Investor complaints.
You may register your grievances/complaints on SEBI Complaints Redress System (http://scores.gov.in/)

b. Grievance Redressal and dispute settlement mechanism

The Portfolio Manager has in place a dedicated system for addressing 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.

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

14. ADDITIONAL DISCLOSURES:

IIFL AMC may avail/s the below mentioned services from IIFL Group for consideration, under normal course of business;

With respect to services offered by IIFL AMC under the portfolio management services or securities recommended, advised or acquired under PMS or in respect of services of any intermediary recommended by IIFL AMC, the Client may note the following;

(a) IIFL AMC and its group and associate companies are engaged in providing various financial services and for the said services (including the service for acquiring and sourcing the securities acquired/advised under PMS) the said companies may charge fees or remuneration in form of arranger fees, distribution fees, referral fees, advisory fees, management fees, trustee fees, commission, brokerage, transaction charges, underwriting charges, issue management fees and other fees.

(b) IIFL AMC acts as an Investment Manager to Scheme(s) of Mutual Fund, Alternative Investment Funds and Real Estate Investment Trust (in which Portfolio Manager may invest) and accordingly earn management and trustee fees, for the same. Its associate companies act as Investment Manager and Trustee to Scheme(s) of Mutual Fund, Alternative Investment Funds and Real Estate Investment Trust.

(c) PMS trades may be done through IIFL Wealth Management Limited /IIFL Securities Limited as stock brokers.

(d) Apart from above, investment may be made in securities of associates & group companies, investment transaction may be done with IIFL AMC, its associates and group companies as counterparties and IIFL AMC including its subsidiaries and associates may receive various forms of remuneration linked to the PMS or Advisory services offered to the Client.

The transactions with IIFL AMC, associates or group companies will be done at arm's length and under normal course of investment transactions;

General:

The Portfolio Manager and the client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement.

Signatures:
For IIFL Asset Management Limited

Name of Signatories	Signature
Homai Daruwalla Director	Sd/-
Anup Maheshwari Director	Sd/-
Kavita Khatri Compliance Officer	Sd/-

Date: October 31, 2019
Place: Mumbai

FORM C

SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS, 1993
(Regulation 14)

Dear Investor,

We confirm that:

I. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time;

II. The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Services;

III. The Disclosure Document has been duly certified by M. P. Chitale & Co., Chartered Accountants having office at 1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 25 and having registration No: 101851W on November 01, 2019.

The copy of the Chartered Accountant's certificate is enclosed.

For **IIFL Asset Management Limited**

Sd/-
Prashasta Seth
Principal Officer
Email: Prashasta@iiflw.com
Phone No: (+91-22) 43411816

Date: November 01, 2019
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 • Fax : 43474304

The Board of Directors,
IIFL Asset Management Limited,
IIFL Centre, Kamala City,
Senapati Bapat Marg, Lower Parel (W),
Mumbai – 400 013.

We have examined the Disclosure Document dated October 31, 2019, for Portfolio Management prepared in accordance with Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993 by IIFL Asset Management Limited, having its office at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013.

Based on our examination of attached Disclosure Document, audited annual accounts of IIFL Asset Management Limited and its other group companies 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 representations given by the management about the penalties or litigations against the Portfolio Manager mentioned in the disclosure document. We are unable to comment on the same.

This certificate has been issued for submission 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

Vidya Barje
Partner
M. No. 104994
Mumbai, November 01, 2019
UDIN: 19104994AAABBM7781

Annexure B

Portfolio Name	Particulars	April 2019 to September 2019		April 2018 to March 2019		April 2017 to March 2018		April 2016 to March 2017	
		Individual	Corporate	Individual	Corporate	Individual	Corporate	Individual	Corporate
IIFL Multicap PMS	Portfolio	2.75%	6.08%	16.07%	20.48%	-0.80%	0.70%	30.00%	29.76%
	BSE200	-1.53%	-1.53%	12.45%	12.14%	7.05%	8.73%	22.51%	19.33%
IIFL Multicap Advantage PMS	Portfolio	2.99%	3.42%	9.93%	8.21%	-31.96%	-29.77%	-	-
	BSE200	-1.53%	-1.53%	13.10%	12.36%	-21.83%	-28.65%	-	-
IIFL Pre-Leased/Rental Strategy	Portfolio	-0.01%	-0.02%	-5.75%	0	-0.01%	-0.01%	5.62%	0.00%
	S-IBEX	0.02%	0.02%	8.47%	7.98%	6.14%	6.14%	8.38%	8.38%
IIFL Real Estate PMS 1	Portfolio	0.38%	0.11%	7.68%	7.40%	16.06%	19.75%	17.39%	17.27%
	S-IBEX	0.02%	0.02%	7.80%	7.76%	6.05%	6.02%	8.49%	8.48%
Customized Discretionary Portfolio	Portfolio	-7.96%	44.26%	-5.04%	5.38%	8.97%	7.89%	14.95%	17.42%
	NIFTY	-1.29%	-1.29%	17.10%	15.16%	11.10%	9.36%	19.32%	20.05%
Customized Disc Portfolio Debt	Portfolio	-	3.82%	-	6.33%	-	-	-	-
	CRISILBONDFIX	-	0.00%	-	2.05%	-	-	-	-
IIFL Long Term Growth PMS	Portfolio	-0.20%	5.39%	16.49%	17.20%	12.76%	2.79%	28.49%	29.48%
	NIFTY	-1.29%	-1.29%	15.27%	14.99%	12.11%	10.31%	19.05%	19.02%
Long Term Value Portfolio	Portfolio	-	-	-	-	-	-	17.70%	-
	NIFTY	-	-	-	-	-	-	19.13%	-
Customized Large Cap Equity	Portfolio	-	-	-	-	10.16%	-	23.94%	-
	NIFTY	-	-	-	-	13.78%	-	19.11%	-
IIFL Emerging Star Portfolio	Portfolio	5.03%	2.54%	18.16%	19.72%	15.40%	-0.67%	37.42%	22.11%
	NIFTY	-1.29%	-1.29%	14.99%	14.99%	10.31%	9.86%	47.63%	10.28%
IIFL Focused Equity Portfolio - Series I	Portfolio	27.83%	11.07%	-13.50%	4.52%	22.48%	27.12%	-	-10.62%
	Nifty	-1.29%	-1.29%	14.22%	7.83%	8.14%	3.24%		57.20%
	Portfolio	9.70%	-	-	-1.77%	26.09%	-	-	-

IIFL FOCUSED EQUITY STRATEGY - SERIES I	NIFTY	-1.29%	-	-	15.01%	7.74%	-	-	-
IIFL Income Opp. PMS	Portfolio	6.63%	6.78%	-1.33%	-1.54%				
	CRISIL-BOND	6.41%	6.41%	0.18%	0.17%	-	-	-	-
IIFL LIQUID STRATEGY PMS	Portfolio	-	-	1.91%	1.06%	-	-	-	-
	ARBI-CRISIL	-	-	1.59%	1.02%	-	-	-	-

*Performance calculated based on XIRR method.

Non-Discretionary Services - In the non-discretionary services, the final decision of investment rests with the client. The clients determine which securities to invest into as well as the asset allocation within the overall investment amount under the PMS. The performance of the Portfolio Managers does not depend merely on the Portfolio Manager but also on the decision by the client in this regard. Considering the nature of services, the performance record of the Portfolio Manager has not been computed.

@IIFL Multicap Advantage PMS was launched on December 01, 2017