DISCLOSURE DOCUMENT

OF

NORTHERN ARC INVESTMENT MANAGERS PRIVATE LIMITED

[NAIMPL]

DISCLOSURE DOCUMENT

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

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

ii) The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making informed decision for engaging Northern Arc Investment Managers Private Limited as a Portfolio Manager.

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

iv) The following are the Details of the Portfolio Manager:

Name of the Portfolio Manager	Northern Arc Investment Managers Private Limited
SEBI Registration Number	INP200007265
Registered Office Address	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai 600113
Phone	+ 91 44 6668 7000
Fax	+91 44 6668 7010
Website	www.northernarcinvestments.com

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

Name of the Principal Officer	Deepak Malik
Phone	+91 022 6668 7500
Email	im.pms@northernarc.com
Registered Office Address	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai 600113
Principal Place of Business- Address	The Capital Tower, Office No 902, B Wing, 9th Floor, Plot No C- 70 Bandra Kurla Complex Bandra (East), Mumbai – 400 051

Date: June 2023

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1) **Disclaimer clause:**

The particulars given in this Document have been prepared in accordance with the Securities Exchange Board of India (SEBI) (Portfolio Managers) Regulations, 2020 as amended till dateand filed with SEBI. This Document has neither been approved nor disapproved by SEBI norhas SEBI certified the accuracy or adequacy of the contents of the document. This documentis not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

2) **Definitions:**

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 the agreement executed between the Portfolio Manager and the Client in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020 issued by the SEBI together with the schedules, annexures which may be executed by the Parties from time to time and includes any amendment thereto made in writing upon mutual consent of the Parties hereto and also includes the account opening form duly filled up by the Client. It is further clarified that a request from the Client via its registered email address regarding change in information submitted by the Client at the time of account opening with Portfolio Manager, fees, top up or redemption that has been accepted by the Portfolio Manager via its registered email address shall be considered as a valid amendment to the Agreement.

(c) "Application" shall mean the duly filled in application form submitted by the Client to the Portfolio Manager for the purpose of availing the services of the Portfolio Manager.

(d) "Assets" means (i) the Portfolio and/or (ii) the Funds and (iii) all accruals thereto, and (iv) expenses due from the Client's portfolio, payable by the Client, as applicable.

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

(f) "Bank Account" means one or more bank accounts opened, maintained and operated by the Portfolio Manager, reference to which could mean (as the context may require) either or all of the account opened in the name of the Client or a common pool account in the name of the Portfolio Manager for the purpose of managing funds on behalf of the Client.

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

(h) "Client" or "Investor" means the person who enters into an agreement with the Portfolio Manager for managing its Portfolio and /or Funds.

(i) "Custodian" means an entity that has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996.

(j) "Depository Account" means one or more omnibus accounts opened, maintained and operated by the Portfolio Manager for the purpose of managing custody of Securities, whether listed or unlisted on behalf of the investors with any Depository or Depository Participant registered under the SEBI (Depositories and Participants) Regulations 1996

(k) “Discretionary Portfolio Management Services” means the portfolio management services rendered to the Client by the Portfolio Manager on the terms and conditions contained in the Agreement, where under the Portfolio Manager exercises any degree of discretion in the investments or management of assets of the Client.

(l) “Disclosure Document” shall mean this disclosure document filed by the Portfolio Manager with SEBI and as may be amended by the Portfolio Manager from to time pursuant to the Regulations.

(m) “Financial Year” means the year starting from April 1 and ending on March 31 of the following year.

(n) “Funds” means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies and securities mentioned in the Application, any further monies and securities placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Portfolio, withdrawals, expenses and accruals so long as the same is managed by the Portfolio Manager in accordance with the provisions of this Agreement .

(o) “Investment Approach” is a broad outlay of the type of securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and securities and includes any of the current investment approach or such investment approach that may be introduced by the Portfolio Manager, from time to time.

(p) “Non-Discretionary Portfolio Management Services” means a portfolio management services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client’s account in any type of security entirely at the Client’s risk andensure that all benefits accrue to the Client’s Portfolio.

(q) “Parties” means the Portfolio Manager and the Client; and “Party” shall be construed accordingly.

(r) “Person” includes an individual, a Hindu Undivided Family, a corporation, Company (as defined in section 2(20) of the Companies Act, 2013), a Body Corporate as defined in section 2 (11) of the Companies Act, 2013, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof .

(s) “Portfolio” means the Securities and cash/bank balances managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes any Securities mentioned in the schedules and any further Securities placed by the Client with the Portfolio Manager for being managed from time to time, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares or otherwise in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.

(t) “Portfolio Manager” means Northern Arc Investment Managers Private Limited, a Company incorporated under the Companies Act, 1956 and registered with the Securities and Exchange Board of India as a Portfolio Manager vide registration certificate no. INP200007265 dated August 27, 2021 under the Securities and Exchange Board of India (Portfolio Managers)

Regulations, 2020.

(u) "Portfolio Management Services" means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services, as the context may require.

(v) "Principal Officer" means an employee of the portfolio manager who has been designated as such by the portfolio manager and is responsible for: -

i. the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and
ii. all other operations of the portfolio manager.

(w) "Regulations" means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended from time to time.

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

1.1. (cc) "Securities" includes:

i. "Securities" as defined under the Securities Contracts (Regulations) Act,1956;
ii. Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other Body Corporate;
iii. derivative;
iv. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
v. 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;
vi. units or any other such instrument issued to the investors under any mutual fund scheme;
vii. any certificate or instrument (by whatever named called), issued to an investor by any issuer being a special purpose 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;
viii. Government securities;
ix. such other instruments as may be declared by the Central Government to be securities;
x. rights or interest in securities;
xi. Exchange Traded Funds; and
xii. Liquid Funds ;

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

3) Description:

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

Northern Arc Investment Managers Private Limited ("NAIMPL or Portfolio Manager") is a company incorporated under the Companies Act, 1956 on 17th February 2014, having its Registered Office at Chennai, Tamil Nadu. NAIMPL is a wholly owned subsidiary of Northern Arc Capital Limited. ("NACL").

NAIMPL is one of the group companies of the reputed Northern Arc (formerly known as

IFMR) group. As a part of the mission to promote financial inclusion, the group companies have played an important role in providing access to funding towards the development of the Indian financial services sector. The group's work in the Indian financial services sector provides NAIMPL with a strategic outlook on the sector and the Trust has been conceived based on this outlook. NAIMPL's sole holding company, Northern Arc Capital Limited (formerly IFMR Capital Finance Limited) (Northern Arc Capital) has been a pioneer in capital market innovations, having been associated with the first ever listing of a securitised paper on the Bombay Stock Exchange. The group generally invests in securitisation transactions, typically taking positions that are subordinated to senior investors, which receives repayments only after the senior investors are fully paid out. In addition to participating in the securitisation transactions, Northern Arc Capital has also taken balance sheet exposures on several financial institutions across the country in the form of term loans, working capital lines and guarantees. Northern Arc Capital's structured finance approach to connect the Indian microfinance sector with capital markets is now a Columbia University case study.

NAIMPL already has experience in advising and managing pools of capital. At present, it is also Sponsor and Investment Manager for the following SEBI Registered Alternative Investment Funds (AIFs):

- IFMR Finance for Freedom Social Venture Fund, a Category I Social Venture AIF, registered with SEBI vide registration number IN/AIF1/14-15/0110
- IFMR Finance for Freedom Fund, a Category II AIF, registered with SEBI vide registration number IN/AIF2/15-16/0192
- IFMR Finance for Freedom Fund III, a Category II AIF, registered with SEBI vide registration number IN/AIF2/16-17/0296
- IFMR Finance for Freedom Fund IV, a Category II AIF, registered with SEBI vide registration number IN/AIF2/16-17/0311
- IFMR Finance for Freedom Fund V, a Category II AIF, registered with SEBI vide registration number IN/AIF2/16-17/0510.
- Northern Arc Money Market Alpha Trust, a Category III AIF, registered with SEBI vide registration number IN/AIF3/18-19/0601
- Northern Arc India Impact Trust a Category II AIF, registered with SEBI vide registration number IN/AIF2/18-19/0661
- Northern Arc Income Builder Trust (Series II), a Category II AIF, registered with SEBI vide registration number IN/AIF2/19-20/0767
- Northern Arc Emerging Corporate Bond Trust, a Category II AIF, registered with SEBI vide registration number IN/AIF2/22-23/1039

NAIMPL as an Investment Manager to SEBI Registered AIFs inter alia carries on the business of management, advisory activities, consultation, counselling, planning and facilities of every description in investment related activities to alternative investment funds, social venture funds, venture capital funds, private equity funds, institutional investors, investment funds, hedge funds, High Networth Individuals or any other investor (whether private or public and whether local or offshore), for the purpose of investing funds from time to time in various forms of investments.

The directors and key investment team of the Investment Manager have vast experience in advising or managing pools of capital or in fund or asset or wealth or portfolio management or in the business of buying, selling & dealing of securities or other financial assets.

Promoters of the Portfolio Manager, Directors and their background:

Promoter:

Northern Arc Investment Managers Private Limited is a wholly owned subsidiary of Northern Arc Capital Limited ("NACL").

"Northern Arc Capital Limited ("NACL") is a public limited company whose debt securities are listed on the BSE.

The details of shareholding of the Company are provided below:

Sr. No.	Name of Shareholder	% of Shareholding
1.	Northern Arc Capital Limited (formerly IFMR Capital Finance Limited) along with its nominees	100

Directors and their background:

Profile of the directors of the Sponsor including their professional qualification:

Name	Qualification	Brief Experience
Dr. Kshama Fernandes	M.B.A, Ph.d in Finance, Bachelor's degree in Mathematics and certified Financial Risk Manager	Dr. Fernandes is a Whole Time Director (designated as Executive Chairperson) of Northern Arc Investment Managers Private Limited. She has been associated with Northern Arc Capital Limited (formerly IFMR Capital Finance Limited) ("Northern Arc Capital") since its inception in 2008 and is currently its Non-Executive Vice Chairperson. She has extensive experience in capital markets, and has been previously involved in financial advisory, consulting and academia. Prior to joining Northern Arc Capital, she was a Professor and Head of Finance at the Goa Institute of Management. She has worked on consulting assignments for the World Bank, the Chicago Mercantile Exchange, the Government of India (Ministry of Finance), and NSE.IT, and was a core committee member of the Percy Mistry Committee on 'Making Mumbai an International Financial Centre'. She has also developed the SEBI mandated certification programme for derivatives for the National Stock Exchange and NCDEX.

Mr. Chaitanya Pande	Bachelor of Science (Mathematics) and Post Graduate Diploma in Business Management	Mr. Pande is a Non-Executive Director of Northern Arc Investment Managers Private Limited. He is the founder of Polymath Capital Advisors and has over 18 years of experience in Investment management with specialization in Fixed Income and Structured Products as well as valuation and portfolio risk management. He started his career with Jardine Fleming before joining ICICI Prudential AMC, where he had an award-winning stint of 10 years as CIO & Head of Fixed Income. His efficiency in fund management also won him the title India's Most Astute Bond Investor by Asset Magazine for the year 2007 and the coveted Business Standard Fund Manager of the Year (Debt) – 2011 in addition to several other fund awards.
Mr. Theodoor Brouwers	Master Degree in Financial Economics and Masters in Financial Planning	Mr. Brouwers is an Independent Director of Northern Arc Investment Managers Private Limited. He is also a Director at Actiam Impact Investing, the development investment arm of Vivat Insurance, investing in the areas of Microfinance, SMEs and Agriculture in developing countries across the world. With AUM of over EUR 800 million, Actiam is one of the largest microfinance investors globally, and one the very largest institutions working solely for institutional investors. Theo is also the chairman of the investment committee of three of Actiam's microfinance funds with investments in over 100 microfinance institutions across 45 countries. Prior to Actiam, Theo has been associated with a number of other leading organisations such as SNS Asset Management (Director & Board Member) and ING Bank Netherlands (Director, Sustainable Investing)
Mr. Nicholas Anthony Moon	Bachelor of Arts in English language and literature at the University of Wales, Nick earned an Executive MBA including distinction from Imperial College London	Mr. Moon is a Non-Executive Director of Northern Arc Investments Pvt. Ltd. He was formerly with Leapfrog Investments, leading their investor relations, co-investments and strategic partnerships globally. During his stint with Leapfrog, he oversaw the raising of LeapFrog's record-breaking and oversubscribed USD744 million third fund, its USD 400 million oversubscribed second fund, and its USD350 million separate account with Prudential Inc. He also supported international capital raising for portfolio company Northern Arc Capital (formerly IFMR Capital) – one of India's largest credit platforms – and led a multi-LP co-investment in Reliance Capital, Indonesia's leading diversified financial services company. In more than 15 years of private equity and business-building experience, he has raised more than $2 billion of institutional capital across a series of successful funds. Prior to Leapfrog, he was director of strategy and communications at the FW Group, the UK's largest SME focused fund manager, where he was head of new business ventures and investor relations and co-founded FW Capital, the Group's growth private equity arm. He was a founding member of the GPCA Investor Relations & Marketing Community

Mr. Ashish Mehrotra	Bachelor's degree in business management and MBA from IMS, DAVV, Indore	Mr. Mehrotra is a Non-Executive Director of Northern Arc Investments Pvt. Ltd. He is also the Managing Director and Chief Executive Officer of our holding company i.e. Northern Arc Capital Limited and serves as the Non-Executive Chairperson of Pragati Finserv, rural finance arm of Northern Arc Group. Ashish has over 25 years of experience across Retail & Commercial Banking, Wealth Management and Insurance. In his last role, he was the MD & CEO of Niva Bupa Health Insurance (previously known as Max Bupa Health Insurance). Before that, Ashish spent over 20 years at Citibank. He was previously a Managing Director and also the Retail Bank Head for Citibank India. Ashish holds a Master of Business Administration Degree.

ii) <u>Group company information (i.e. information related to top 10 Group Companies / firms of the Portfolio Manager on turnover basis) (as per the audited financial statements for the year ended March 2023:</u>

S. No	Group Companies of the Applicant	Registered With	Category	Registration reference
1	Northern Arc Capital Limited (erstwhile IFMR Capital Finance Limited).	Reserve Bank of India	Non-Banking Financial Company (NBFC)	B-07.00430
2	Northern Arc Investment Adviser Services Private Limited (formerly IFMR Investment Adviser Services Private Limited)	SEBI	Investment Adviser	INA200000019
3	Northern Arc Securities Private Limited	MCA	Private limited Company	U66120TN2023PTC158583
4	Pragati Finserv Private Limited	MCA	Private limited Company	U65990TG2021PTC148992
5	Northern Arc Foundation	MCA	Section 8 Company	U80904TN2019NPL127426

iii) <u>Details of the services being offered:</u>

The Portfolio Manager intends to offer services of discretionary portfolio management, non-discretionary portfolio management and that of investment advisory as set out in the details provided below.

a) <u>Discretionary Services:</u>

Under these services, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities to be invested / disinvested bythe Portfolio Manager for Clients may differ from Client to Client. The portfolio managers' decision (taken in good faith) in deployment of the Clients' account is absolute and final and cannot be called in question or be open to review at time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client.

b) **Non - Discretionary Services:**

Under the Non-Discretionary Portfolio Management Services, the portfolio of the Client shall be managed in consultation with the Client. Under this service, the Assets will be managed as per express prior instructions issued by the Client from time to time. The Client will have complete discretion to decide on the investment (Stock Quantity and Price or amount). The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporatebenefits, valuation and reporting aspects on behalf of the Client entirely at the Client's risk.

c) **Advisory Services:**

Under these services, the Portfolio Manager advises the Client on investments in general or anyspecific advice required by the Clients and agreed upon in the Client agreement. The Portfolio Manager will render the best possible advice to the client having regard to the client's needs andthe environment, and his own professional skills. The same can be binding or non - binding in nature or in such terms as mentioned in the Client agreement. For such services, the Portfolio Manager charges the Client a fee for services rendered mentioned in the Client agreement. Theadvice may be either general or specific in nature and may pertain to a particular portfolio. Entry/ exit timing, execution and settlement are solely the Client's responsibility.

4) **Penalties, pending litigation or proceedings, findings of inspection or investigations for whichaction may have been taken or initiated by any regulatory authority:**

1. All cases of penalties imposed by the Board or the directions issued by the Board under the Actor Regulations made there under relating to Portfolio Management Services.

   None

2. The nature of the penalty/direction.

   None

3. Penalties imposed for any economic offence and/or for violation of any securities laws relating to Portfolio Management Services.

   None

4. Any pending material litigation/legal proceedings against the Portfolio Manager/key personnelwith separate disclosure regarding pending criminal cases, if any.

   None

5. Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency in relation to Portfolio Management Services for which action may have been taken or initiated.

   None

6. Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Regulations made thereunder relating to Portfolio Management Services.

   None

5) <u>Services offered:</u>

A) DISCRETIONARY PORTFOLIO:

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

Investment Approaches:

Here, the portfolio manager shall have sole and absolute discretion to invest on behalf of the client as per the executed agreement and make such changes in investments and invest some or all of the funds in such manner and in such markets as it deems fit. The portfolio manager's decision (taken in good faith) in deployment of the client's fund is absolute and final. The following are the investment approaches offered:

Strategy	Investment Approach	Benchmark
Debt	Northern Arc Income Builder Series A	Crisil Credit Index
Debt	Northern Arc Income Builder Series B	Crisil Credit Index
Debt	Northern Arc Credit Opportunities	Crisil Credit Index

I. Northern Arc Income Builder Series A

Name of the Portfolio	Northern Arc Income Builder Series A
Investment Objective	The broad objective/purpose of the Scheme is to earn higher risk-adjusted returns with lower tax incidence by investing in a diversified pool of securities of institutions such as microfinance institutions, affordable housing finance companies, small business loans finance companies, vehicle finance companies, corporate finance companies and agri-business finance companies that provide credit to financially underserved end-customers.
Basis of selection of such types of securities as part of the investment approach	The portfolio will predominantly invest in Listed MLDs, which will fill the existing gap in the capital structure of originators in identified sectors and may comprise of moderate to high yield debt, which will be senior secured, which may be rated A- and above -by credit rating agencies.

Type of Securities	-Listed MLDs, Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents	
Allocation of portfolio across types of securities	Type of security	Allocation in portfolio
	Senior Secured Listed Principal Protected MLDs, rated A- and above by credit rating agencies	80% to 100%
	Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents	0% to 20%
Benchmark & Basis of Benchmark Section	CRISIL Credit Index	
Indicative tenure or investment horizon	Medium Term	
Risks associated with the investment approach	The debt investments and other fixed income securities involved in the strategy may be subject to interest rate risk, liquidity risk, default risk, credit risk, reinvestment risk etc. Liquidity in these investments may be affected by trading volume, settlement period etc. The risks involved are elaborated in point 6 – Risk Factors.	
Other salient features, if any.	Not Applicable	

II. Northern Arc Income Builder Series B

Name of the Portfolio	Northern Arc Income Builder Series B
Investment Objective	The broad objective/purpose of the Scheme is to earn higher risk-adjusted returns with lower tax incidence by investing in a diversified pool of securities of institutions such as microfinance institutions, affordable housing finance companies, small business loans finance companies, vehicle finance companies, corporate finance companies and agri-business finance companies that provide credit to financially underserved end-customers.
Basis of selection of such types of securities as part of the investment approach	The portfolio will predominantly invest in Listed MLDs, which will fill the existing gap in the capital structure of originators in identified sectors and may comprise of moderate to high yield debt, which will be senior secured, which may be rated A- and above by credit rating agencies.
Type of Securities	-Listed MLDs, Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents

<table>
<tr><td rowspan="3">Allocation of portfolio across types of securities</td><td>Type of security</td><td>Allocation in portfolio</td></tr>
<tr><td>Senior Secured Listed Principal Protected MLDs, rated A- and above by credit rating agencies</td><td>80% to 100%</td></tr>
<tr><td>Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents</td><td>0% to 20%</td></tr>
<tr><td>Benchmark & Basis of Benchmark Section</td><td colspan="2">CRISIL Credit Index</td></tr>
<tr><td>Indicative tenure or investment horizon</td><td colspan="2">Medium Term</td></tr>
<tr><td>Risks associated with the investment approach</td><td colspan="2">The debt investments and other fixed income securities involved in the strategy may be subject to interest rate risk, liquidity risk, default risk, credit risk, reinvestment risk etc. Liquidity in these investments may be affected by trading volume, settlement period etc. The risks involved are elaborated in point 6 – Risk Factors.</td></tr>
<tr><td>Other salient features, if any.</td><td colspan="2">Not Applicable</td></tr>
</table>

III. Northern Arc Credit Opportunities

<table>
<tr><td>Name of the Portfolio</td><td colspan="2">Northern Arc Credit Opportunities</td></tr>
<tr><td>Investment Objective</td><td colspan="2">The broad objective/purpose of the Scheme is to earn higher risk-adjusted returns by investing in a diversified pool of securities of manufacturing entities and financial institutions such as microfinance institutions, affordable housing finance companies, small business loans finance companies, vehicle finance companies, corporate finance companies and agri-business finance companies.</td></tr>
<tr><td>Basis of selection of such types of securities as part of the investment approach</td><td colspan="2">The portfolio will predominantly invest in Listed Non-Convertible Debentures, Commercial Papers, Certificate of Deposit in identified sectors and may comprise of Low to moderate yield debt, which will be senior secured, which may be rated AAA to A- and above by credit rating agencies.</td></tr>
<tr><td>Type of Securities</td><td colspan="2">-Listed NCDs, Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents</td></tr>
<tr><td rowspan="2">Allocation of portfolio across types of securities</td><td>Type of security</td><td>Allocation in portfolio</td></tr>
<tr><td>Senior Secured Listed NCDs, rated A- and above by credit rating agencies</td><td>70% to 100%</td></tr>
</table>

	Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents	0% to 30%
Benchmark & Basis of Benchmark Section	CRISIL Credit Index	
Indicative tenure or investment horizon	Short to Medium Term	
Risks associated with the investment approach	The debt investments and other fixed income securities involved in the strategy may be subject to interest rate risk, liquidity risk, default risk, credit risk, reinvestment risk etc. Liquidity in these investments may be affected by trading volume, settlement period etc. The risks involved are elaborated in point 6 – Risk Factors.	
Other salient features, if any.	Not Applicable	

NOTE:

- Investment under Portfolio Management Services will be only as per the SEBI Regulations on PMS.
- 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 fund schemes, Exchange Traded Index Funds, debt oriented schemes of Mutual funds, Gilt schemes, Bank deposits and other short term avenues for Investment.
- Portfolio Manager, will, before investing in the securities of its associate / group companies, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Client's Portfolio. The investments in securities of the associate / group companies including in schemes of AIFs managed by NAIM would be within the overall framework of Regulations and in terms of PMS Agreement executed with the Client.

Apart from Discretionary Portfolio Management Services, the Portfolio Manager also offers Non-Discretionary Portfolio Management Services wherein the choice as well as the timings of the investment decisions rest solely with the Client. The Portfolio Manager manages the Assets of theClient in accordance with the directions given by the Client. Further 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.

Minimum Investment Amount: The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and / or funds of an amount prescribed by Portfolio Manager for a Portfolio, subject to minimum amount as specified under SEBI Regulations, as amended from time to time. Currently the minimum investment amount is Rs. 50 Lacs. The Client may on one or more occasion(s) or on a continual basis, make further placement of Securities and / or funds under the service.

Direct on-boarding of clients: The Portfolio Manager shall provide the facility to the Client for direct boarding without any involvement of a broker/distributor/agent engaged in distribution services. The Client can sign up for the Portfolio Manager's services by writing at ir.investments@northernarc.com.

B) NON-DISCRETIONARY PORTFOLIO:

Here, the investment selection will be at the discretion of the Portfolio Manager and its execution will be done after taking express consent of Clients. The Portfolio Manager proposes to manage the Assets of the Client using the following Portfolio:

Strategy	Investment Approach	Benchmark
Debt	Northern Arc Non-Discretionary Portfolio Management Services	Crisil Credit Index

Investment Approach:

Name of the Portfolio	Northern Arc Non-Discretionary Portfolio Management Services
Investment Objective	The broad objective/purpose of the Scheme is to earn higher risk-adjusted returns by investing in a diversified pool of securities of institutions such as microfinance institutions, affordable housing finance companies, small business loans finance companies, vehicle finance companies, corporate finance companies, agri-business finance companies and manufacturing entities
Basis of selection of such types of securities as part of the investment approach	The portfolio will predominantly invest in a mix of Money Market instruments and/or NCD/MLD (both Listed and Unlisted), which will be tailor-made for an investor by aligning with their risk, return and tenure requirements. It may comprise of moderate to high yield debt, which may be rated BBB- and above -by credit rating agencies.
Type of Securities	-NCD, MLD and/or Money Market Instruments, Units of Liquid, Money Market and Overnight Mutual Fund Schemes and Cash & Cash Equivalents
Allocation of portfolio across types of securities	100% allocation would be made to Debt Securities across a mix of Money Market, Medium Term, and Long-Term Instruments.
Benchmark & Basis of Benchmark Section	Crisil Credit Index
Indicative tenure or investment horizon	Short to Medium Term
Risks associated with the investment approach	The debt investments and other fixed income securities involved in the strategy may be subject to interest rate risk, liquidity risk, default risk, credit risk, reinvestment risk etc. Liquidity in these investments may be affected by trading volume, settlement period etc. The risks involved are elaborated in point 6 – Risk Factors.

Other salient features, if any.	Not Applicable

Direct on-boarding of clients: The Portfolio Manager shall provide the facility to the Client for direct boarding without any involvement of a broker/distributor/agent engaged in distribution services. The Client can sign up for the Portfolio Manager's services by writing at ir.investments@northernarc.com.

6) Risk Factors:

- The investments made in Securities are subject to market risk and there is no assurance or guarantee that the objectives of investments will be achieved, and the Portfolio Manager has no liability for any losses resulting from the Client availing of the Portfolio Management Services.

- Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio or performance of any other future Investment Approach of the Portfolio Manager.

- Following are the current risk factors as perceived by management of the Portfolio Manager. This list is not intended to be exhaustive in nature and is merely intended to highlight certain risks that are associated with investing in Securities:

- Risk associated with Debt and Money Market Securities:
  - As with any investment in Securities, the Net Asset Value of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
  - 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.
  - Investments in debt instruments and other fixed income securities are subject to default risk, liquidity risk and interest rate risk.
  - Interest rate risk: Fixed Income and Money Market Securities run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rate falls, the prices increase. In case of floating rate securities, an additional risk could arise because of the changes in the spreads of floating rate securities. With the increase in the spread of floating rate securities, the price can fall and with decrease in spread of floating rate securities, the prices can rise.
  - Liquidity or Marketability Risk: The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.
  - Re-investment Risk: This risk refers to the interest rate levels at which cash flows received from the Securities under a particular portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
  - There are inherent risks arising out of investment objectives, investment approach, asset allocation and non-diversification of portfolio.
  - Prepayment risk: there may be unscheduled return of principal on a particular Security, which may result in a reinvestment risk.
  - Credit Risk: Credit risk or default risk refers to the risk that an issuer of a fixed income Security may default on interest payment or even in paying back the principal amount on maturity. Because of this risk corporate debentures are sold at a higher yield above

those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well any actual event of default. Lower rated or unrated securities also tend to be more sensitive to economic conditions than higher rated securities.

- In case of investments in mutual fund, the Client bear the recurring expenses of the Portfolio Manager in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what the Client may have received had he invested directly in the underlying Securities of the mutual fund schemes.
- After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be a delay in deployment. In such a situation the Client may suffer opportunity loss.
- Risk Associated with Securitized Debt: Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
- Risk associated with investments in Market Linked Debentures: The Portfolios may invest in Market Linked Debentures, which are securities linked to index(s) and/ or underlying stocks or commodities and this could result in negligible returns or no returns over the entire tenor or part thereof. Further, at any time during the tenor of the Portfolio, value of the Market Linked Debentures may be substantially less than the actual value of the Market Linked Debentures at the end of tenor. Further, the Market Linked Debentures and the return and/or maturity proceeds of the Market Linked
- Debentures, are not guaranteed or insured in any manner by any entity. In case of occurrence of any event caused by a Force Majeure, the Portfolio may be liquidated at a date much before the tenor of the Portfolio at a fair value.
- Portfolios investing in debentures linked to silver/ gold may be affected by the prices of silver / gold. The prices of silver/ gold may be affected by several factors such as demand and supply in India and in the global market, change in political, economical environment and government policy, inflation trends, currency exchange rates, interest rates, perceived trends in bullion prices, restrictions on the movement/trade of gold by RBI, GOI or by the country importing/ exporting silver/ gold in/ out of India etc.
- Risk arising out of non-diversification: The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry.

7) <u>Conflict of Interest</u>:

There may be transactions of purchase and sale of securities between the Group companies of the Portfolio Manager, however all such transactions will only be executed at an arm’s length basis which would avoid any perceived conflicts of interest on part of the Portfolio Manager in managing its PMS business and keep the interest of its clients paramount in all matters. Transactions with the group companies will be at the prevalent market prices and will not be detrimental to the interest of the PMS clients.

8) **Client Representation:**

i) **Details of Client's accounts activated:**

Category of clients	No. of clients	Funds managed (Rs. Cr.)	Discretionary / Non-Discretionary (if available)
Associates / group companies			
As at March 31, 2021 (Refer Note 1)	Not Applicable	Not Applicable	Not Applicable
As at March 31, 2022 (Refer Note 1)	NIL	NIL	Not Applicable
As at March 31, 2023	NIL	NIL	Not Applicable
Others			
As at March 31, 2021 (Refer Note 1)	Not Applicable	Not Applicable	Not Applicable
As at March 31, 2022 (Refer Note 1)	26	18.68	Discretionary
As at March 31, 2022 (Refer Note 1)	NIL	NIL	Non-Discretionary
As at March 31, 2023	188	272.66	Discretionary
As at March 31, 2023	6	65.22	Non-Discretionary

Note: Portfolio Manager received certificate of registration on August 27, 2021 and no clients' accounts were activated till then.

ii) **Transactions with related parties are as under:** Names of related parties and nature of relationship (as on March 31, 2023) are as under:

A) Enterprises where control exists: Northern Arc Capital Limited

B) Subsidiaries: Nil

C) Fellow Subsidiaries:
1. Northern Arc Investment Adviser Services Private Limited
2. Northern Arc Foundation
3. Pragati Finserv Private Limited
4. Northern Arc Securities Private Limited
5. Northern Arc Capital Employee Welfare Trust

D) Managed Alternative Investment Funds:

IFMR FImpact Long Term Multi Asset Class Fund
IFMR FImpact Long Term Credit Fund
IFMR FImpact Medium Term Opportunities Fund
IFMR FImpact Income Builder Fund
Northern Arc Money Market Alpha Fund
Northern Arc India Impact Fund
Northern Arc Income Builder Fund (Series II)
Northern Arc Emerging Corporates Bond Fund

E) Key Management Personnel:

Kshama Fernandes, Executive non-independent Chairperson
Ashish Mehrotra, Non-executive Director
Chaitanya Pande, Non-executive Director
Theodoor Brouwers, Non-executive Director
Nicholas Anthony Moon, Non-executive Director
Ravi Vukkadala, Chief executive Officer

- **Transactions with related parties for the year-ended March 31, 2023 (All amounts are in Indian Rupees in lakhs):**

Related Party	Transaction	Year ended March 31, 2023	Year ended March 31, 2022
Northern Arc Capital Limited	Interest expense	89.05	213.77
	Fee Expenses	260.97	129.27
	Reimbursement of Expenses	204.72	152.75
	Purchase of Fixed Assets	-	10.53
	Loans taken	2,511.13	7,573.48
	Loans repaid	3,731.57	8,322.00
Northern Arc Foundation	Corporate social responsibility ("CSR") expenditure	19.30	11.00
IFMR FImpact Long Term Multi Asset Class Fund	Fee Income	124.69	542.34
	Income from investment in AIF	14.08	89.28
	Reimbursement of Legal and professional charges	11.36	3.25
IFMR FImpact Medium Term Microfinance Fund	Reimbursement of Expenses	6.19	-
IFMR FImpact Long Term Credit Fund	Fee Income	285.14	285.14
	Income from investment in AIF	80.01	81.55
	Reimbursement of Legal and professional charges	7.72	1.81
IFMR FImpact Medium Term Opportunities Fund	Fee Income	382.21	378.44
	Income from investment in AIF	98.60	99.79
	Reimbursement of Legal and professional charges	11.64	27.38
IFMR Fimpact Income Builder Fund	Fee Income	59.71	229.42
	Income from investment in AIF	95.79	171.33
	Reimbursement of Legal and professional charges	8.27	1.82
Northern Arc Money Market Alpha Fund	Investment in Class B units	70.28	65.08
	Fee Income	677.40	396.22
	Income from investment in AIF	108.03	100.05
	Fund operating fee	106.02	67.57
Northern Arc Income Builder Fund (Series II)	Investment in Class A units	-	25.10
	Investment in Class B units	-	6,879.00
	Sale of investments - Class B units	-	6,960.00
	Fee Income	525.00	386.17
	Income from investment in AIF	90.86	58.14
	Loss on sale of investment	-	127.13
	Fund operating fee	74.15	54.54
Northern Arc India Impact Fund	Investment in Class A units	-	400.00
	Fee Income	667.31	99.56
	Income from investment in AIF	73.74	25.54
	Fund operating fee	125.70	18.57
Northern Arc Emerging Corporate Bond Fund	Investment in Class B units	250.00	-
	Fee Income	22.19	-
	Income from investment in AIF	5.73	-
	Fund operating fee	3.61	-
Kshama Fernandes	Remuneration*	285.00	-
	Employee stock option granted (in units)	8.11	-
Ravi Vukkadala	Remuneration*	200.44	147.93
	Employee stock option granted (in units)	1.78	1.78

* Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

Outstanding balances with related parties as on balance sheet date: (All amounts are in Indian Rupees in lakhs)

Related Party	Transaction	As at March 31, 2023	As at March 31, 2022
Northern Arc Capital Limited	Equity share capital	361.00	361.00
	Preference share capital	-	-
	Advances payable	-	140.30
	Other payable	324.61	151.32
	Borrowings	169.43	1,389.88
	Other receivables	61.33	-
IFMR FImpact Investment fund	Reimbursement of expense receivable	-	0.17
IFMR FImpact Long Term Multi Asset Class Fund	Investment in class A (FV)	108.10	950.00
	Fee Income Receivable	-	-
	Reimbursement of Legal and professional charges	11.36	3.25
IFMR FImpact Medium Term Microfinance Fund	Reimbursement of expense receivable	6.19	0.25
IFMR FImpact Long Term Credit Fund	Investment in class A (FV)	544.85	500.00
	Fee Income Receivable	75.93	-
	Reimbursement of Legal and professional charges	7.72	1.81
IFMR FImpact Medium Term Opportunities Fund	Investment in class A (FV)	-	500.00
	Fee Income Receivable	105.89	1.60
	Reimbursement of Legal and professional charges	11.64	27.38
IFMR FImpact Income Builder Fund	Investment in class A (FV)	-	500.00
	Fee Income Receivable	-	-
	Reimbursement of Legal and professional charges	8.27	1.82
Northern Arc Money Market Alpha Fund	Investment in class B (FV)	1,264.06	1,167.38
	Fee Income Receivable	181.48	54.02
	Fund operating fee receivable	28.12	13.76
Northern Arc Income Builder Fund (Series II)	Investment in class A (FV)	725.60	500.00
	Investment in class B (FV)	-	-
	Fee Income Receivable	139.81	2.63
	Fund operating fee receivable	60.12	-
Northern Arc India Impact Fund	Investment in class A (FV)	550.04	500.00
	Fee Income Receivable	194.96	34.83
	Fund operating fee receivable	36.50	6.71
Northern Arc Emerging Bond Fund	Investment in class B(FV)	250.98	-
	Fee Income Receivable	19.98	-
	Fund operating fee receivable	13.32	-
Ravi Vukkadala	Employee stock option (in units)	1.78	1.78
Kshama Fernandes	Employee stock option (in units)	8.11	-

The Company has been appointed as the investment manager
a) by the Trustee of IFMR Finance for Freedom Fund ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

b) by the Trustee of IFMR Finance for Freedom Fund III ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

c) by the Trustee of IFMR Finance for Freedom Fund IV ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

d) by the Trustee of IFMR Finance for Freedom Fund V ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.35% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee income' under Note 19.

f) by the Trustee of Northern Arc Money Market Alpha Fund ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 0.40% per annum on the Assets under management of the Class A and Class B unit holders of the Fund and disclosed as 'Fee Income' under Note 19.

g) by the Trustee of Northern Arc India Impact Fund ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by Class A and Class B unit holders of the Fund and disclosed as 'Fee Income' under Note 19.

g) by the Trustee of Northern Arc Emerging Corporate Bond Fund ("the Fund"), Amicorp Trustees (India) Private Limited , for which the Company receives management fee of 1.5% per annum on the capital committed by Class A and Class B unit holders of the Fund and disclosed as 'Fee Income' under Note 19.

h) by the Trustee of Northern Arc Income Builder Fund Sereies II ("the Fund"), Axis Trustee Services Limited, for which the Company receives management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Fee Income' under Note 19.

9) The Financial Performance of Portfolio Manager (Based on audited financial Statements)

Financial highlights of Northern Arc Investment Managers Private Ltd. for the last 2 years are given as under:

Statement of Profit and Loss for the year ended March 31, 2023
(All amounts are in Indian Rupees in lakhs, unless otherwise stated)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
REVENUE			
Revenue from operations	18	4,034.78	3,088.87
Other income	19	3.67	-
Total income		**4,038.45**	**3,088.87**
EXPENSES			
Employee benefit expenses	20	996.90	728.55
Finance costs	21	89.05	213.77
Depreciation and amortisation expense	22	5.24	5.19
Other expenses	23	1,790.35	942.75
Total expenses		**2,881.54**	**1,890.27**
Profit before tax		**1,156.91**	**1,198.60**
Tax expense			
Current tax	24	320.43	327.45
Adjustment of tax relating to earlier periods		(27.82)	-
Deferred tax charge/ (credit)	24	(48.54)	(19.66)
		244.07	**307.79**
Profit after tax		**912.84**	**890.81**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurements of the defined benefit asset/ (liability)		(14.66)	(23.07)
Income tax relating to items that will not be reclassified to profit or loss		3.69	5.81
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(10.97)**	**(17.26)**
Other comprehensive income for the year		**(10.97)**	**(17.26)**
Total comprehensive income for the year		**901.87**	**873.55**
Earnings per equity share (Face Value - INR 100/ Share)	32		
Earnings per equity share			
Basic (in rupees)		252.86	246.76
Diluted (in rupees)		252.86	246.76
Significant accounting policies	2 and 3		

The notes referred to above form an integral part of the financial statements

10) Portfolio Management performance of the Portfolio Manager for the last 3 years and in case of discretionary Portfolio Manager disclosure of performance indicators calculated using Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020:

Sr. No.	Investment Approach	01.04.2020 to 31.03.2021	01.04.2021 to 31.03.2022	01.04.2022 to 31.03.2023
1	Northern Arc Income Builder Series A	NA*	NA**	8.79
2	Northern Arc Income Builder Series B	NA*	NA**	NA**

* PMS started from Dec-2021
** 1 Year not completed

11) Audit Observations:

There are no audit observations by Statutory Auditor of NAIMPL for the preceding three Financial Years.

12) Nature of expenses:

The following are indicative types of costs and expenses for clients availing the portfolio management services. The exact quantum of fees / expenses relating to each of the services shall be annexed to the Agreement executed between the Client and the Portfolio Manager. The expense charged may vary from Client to Client. The expenses incurred shall be directly debited on actual expense incurred basis to the Client's Portfolio as and when the same becomes due for payment.

A. Investment Management and advisory fees

Investment Management and advisory fees relate to portfolio management services offered to Clients. The fees may be in the form of a percentage of the assets under management or linked to portfolio returns achieved or a combination of both. Fees linked to portfolios returns shall be computed on the basis of high water mark principle over the life of the investment.

An indicative table of the Investment Management and advisory fees that may be charged by the Portfolio Manager for each scheme is given hereunder.

Northern Arc Income Builder Series A

Nature of Fees	Particulars
Fixed Management Fees	Upto 5.00% per annum on daily average market value of the Portfolio

Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement

Northern Arc Income Builder Series B

Nature of Fees	Particulars
Fixed Management Fees	Upto 3.00% per annum on daily average market value of the Portfolio
Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement

Northern Arc Credit Opportunities

Nature of Fees	Particulars
Fixed Management Fees	Upto 2.61% per annum on daily average market value of the Portfolio
Performance Linked Management Fee	The fees will be a percentage of the returns generated for the Portfolio as may be agreed by the client in a PMS Agreement

The actual fees charged by the Portfolio Manager for each Client shall be determined separately and the fees may vary from Client to Client. Further, the fees chargeable for new portfolio introduced by the Portfolio Manager shall be given separately.

B. Other Operating Expenses

Apart from Portfolio Management Fees, the following are the general costs and expenses to be borne by the Client availing the Portfolio Management Services of the Portfolio Manager:

(i) Custodian / Depository fees
The charges relate to opening and operation of depository accounts, custody and transfer charges for securities, dematerialization and rematerialisation and other charges in connection with the operation and management of the depository accounts.

(ii) Registrar and Transfer Agent fees
Charges payable to registrars and transfer agents in connection with transfer of securities including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges and other related charges.

(iii) Audit Fees, Certification and professional charges
Charges payable for outsourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc.

(iv) Services related expenses
Charges in connection with day to day operations like courier expenses, stamp duty, Goods and Services Tax, postal, telegraphic any other out of pocket expenses as may be incurred by the portfolio manager would be recovered.

(v) Any other incidental and ancillary expenses
All expenses not covered above but incurred by the Portfolio Manager on behalf of the Client for Portfolio Management and expenses incurred by the Portfolio Manager in terms of the Agreement shall be charged to the Client.

Apart from operating expenses as mentioned above, the following will also be charged at actuals to Clients:

(vi) Brokerage and transaction costs
The brokerage charges and other charges like Goods and Services Tax, stamp duty, transaction charges, turnover tax, securities transaction tax or any other tax levied by statutory authorities on the purchase and sale of securities and exit load (if any) on units of Mutual Funds.

(vii) Securities lending related expenses
The charges pertaining to lending of securities and costs associated with transfers of securities connected with the lending operations.

C. Exit load
In case client portfolio is redeemed in part or full, the Portfolio Manager may charge Exit Load as follows:

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

Goods and Services tax and statutory levies would be levied separately as per the prevailing rates from time to time.

13) <u>Taxation</u>

TAX IMPLICATIONS FOR CLIENTS.

The information set out below outlines the tax implications based on relevant provisions of the Indian Income-tax Act, 1961 (“the Act”) as amended by the Finance Act, 2023.

13.1 General

Investment in securities is subject to the provisions of the Act. Special reference needs to be made in respect of provisions related to capital gains, business income and all other provisions of the Act. Interest and dividend would be subject to tax as per the provisions of the Act. Client owns the liability for his Taxation.

The General Information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management Services of the Company. This information gives the income tax implications in respect of the securities are/will be held for the purpose of investments. In case the securities are held as stock- in-trade, the income tax treatment will substantially vary and the issue whether the investments are held as capital asset or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment in the Portfolio Management Services shall endure indefinitely or accepted by the tax authorities. Further, the statements with regard to benefits mentioned below are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the Portfolio Management Services of the Company. Tax implications of any judicial pronouncements/Double Tax Avoidance Treaties, etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of the individual nature of tax consequence on the income, capital gains or otherwise, arising from investments, each Client is advised to consult his / her / its tax advisor with respect to the specific tax consequences to him / her / it of participation in the portfolio management services. The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligations.

In case of foreign investors, the taxation of income will be governed by the provisions of the Act read with the provisions of the applicable tax treaty i.e. Double Tax Avoidance Agreement (“DTAA”), if any. As per Section 90(2) of the Act, the provisions of the Act would apply to the extent they are more beneficial than the provisions of the DTAA. All the Tax Rates contained in this clause are applicable for the Financial Year 2023-24, in accordance with Finance Act, 2023.

13.2 Resident and Non- Resident Taxation

13.2.1 Resident Taxation

A resident investor will be subject to income tax on his / her global income. In the case of a resident but not ordinarily resident, any income which accrues/ arises outside India will not be subject to tax in India, unless it is derived from a business/ profession controlled from India.

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

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

Every other person is said to be resident in India during the year under consideration exceptwhere the control and management of affairs is situated wholly outside India. The Finance Act 2020 has amended the minimum period of stay to qualify as a Resident of India from 182 to 120 days during the relevant Financial Year, in case of an individual who is a citizen of India or a person of Indian origin (PIO), who comes on a visit to India from Financial Year 2020-21 onwardsand having total income (other than income from foreign sources) exceeding INR 15 lakh. Such a person would be treated as 'Resident but Not Ordinarily Resident' (RNOR) if his aggregate stay during the relevant Financial Year is less than 182 days but 120 days or more and his stay in India during the preceding four years is 365 days or more. Further, Indian citizen who is not subject to tax in any other country or territory by reason of his domicile, residence or any other criterion of similar nature would be deemed to be a resident of India only if such person has total income (other than income from foreign sources) exceeding INR 15 lakh and consequentially, subject to tax on his global income in India. Such a person, who is deemed to be a resident of India under this provision, would be treated as RNOR. It is clarified that the term 'income from foreign sources' would mean income which accrues or arises outside India, except income derived from a businesscontrolled in or a profession set up in India and which is not deemed to accrue or arise in India. It is further clarified that this provision is not intended to tax those Indian citizens who are bonfide workers in other countries.

In addition to the above two categories of individual/HUF, who becomes deemed resident of India, other Individual/HUF shall be said to be RNOR in India in a Financial Year, if the individual or manager/karta of the HUF is non-resident in India in 9 out of 10 Financial Years or his stay in India is less than 730 days during the preceding 7 Financial Years .

13.2.2 Non-resident Taxation

A non-resident investor would be subject to taxation in India if he derives (a) Indian-sourced income; or (b) if any income is received / deemed to be received in India; or (c) if any income hasaccrued / deemed to have accrued to him in India in terms of the provisions of the Act.

Section 6 of the 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 1April 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 wholeare, in substance made.

The CBDT had vide its Circular dated 24 January 2017, issued guiding principles for determination of POEM of a Company ('POEM Guidelines'). The POEM Guidelines lays down emphasis on POEM concept being 'substance over form' and further provides that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. The CBDT had vide circular dated 23 February 2017, clarified that provisions of Sec 6(3)(ii) relating to POEM would not apply to companies having turnover or gross receipts less than or equal to INR 50 crore during the Financial Year.

13.3 Multilateral Convention to implement Tax Treaty related measures to prevent Base

Erosion and Profit Shifting

The Organisation of Economic Co-operation and Development ('OECD') released the Multilateral Convention to implement DTAA related measures to prevent Base Erosion and ProfitShifting ("MLI"). The MLI, amongst others, includes a "principal purpose test"; wherein DTAA benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held inParis on 7 June 2017, various countries including India, signed the MLIs. The Union Cabinet of India issued a press release dated 12 June 2019 approving the ratification of the MLI to implement tax treaty related measures to prevent BEPS. The application of MLI to a DTAA is dependent on ratification as well as positions adopted by both the countries signing a DTAA. India had ratified and deposited the MLI on 25 June 2019, as a result of which the MLI has come into force for India on 1 October 2019. Article 6 of the MLI provides for modification of the Covered Tax Agreements (i.e. DTAA covered by MLI) to include the intention of eliminating double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance including treaty shopping arrangements. Consequently, the Finance Act, 2020 has made amendment in Section 90 to that effect that DTAAs should not create opportunities for non-taxation or reduced taxation including through treaty shopping in order to align the purpose of DTAAs with the MLI with effect from 1 April 2020.

13.4 Tax deduction at source

In the case of Non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non- residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard.

Non-residents without PAN or tax residency certificate of the country of his residence are currently subjected to a higher rate of TDS.

13.5 Advance tax installment obligations

It shall be the Client's responsibility to meet the obligation on account of advance tax installments payable on the due dates under the Act. The provisions related to payment of advance tax shall not apply to an individual resident in India, who does not have any income chargeable under the head "Profit and gains of business or profession"; and is of the age of sixty years or more at any time during the relevant Financial Year.

13.6 Securities Transaction Tax

Securities Transaction Tax ("STT") is applicable on transactions of purchase or sale of equity shares in a company or Exchange Traded fund ("ETF") or a derivative or units of Equity OrientedFund or units of Business Trust entered into on a recognized stock exchange and sale of units of Equity Oriented Fund to the Mutual Fund.

The STT rates as applicable are given in the following table:

Transaction	Rates	Payable by
Purchase/ Sale of equity shares (delivery based) or a unit of Business Trust	0.1%	Purchaser / Seller
Purchase of units of equity oriented mutual fund (delivery based)	Nil	NA
Sale of units of equity oriented mutual fund (delivery based)	0.001%	Seller
Sale of equity shares, units of business trusts, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.0625%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.0125%	Seller
Sale of unit of an equity-oriented fund to the Mutual Fund Sale of unlisted equity shares and units of business trust under aninitial offer Sale of unlisted units of a business trust which were acquired in consideration of a transfer referred to in clause (xvii) of section 47 of the Act, under an offer for sale to the public included in an initial offer and where such units are subsequently listed on a recognized stock exchange.	0.001% 0.2% 0.2%	Seller Seller Seller

13.7 Characterization of Income on transfer of securities of companies.

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

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

The Central Board of Direct Taxes ("CBDT") has issued a circular 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 assessed 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.

Further the CBDT has also issued a clarification for unlisted shares stating that the income arisingfrom transfer of unlisted shares would be considered under the head 'capital gain', irrespective of period of holding. It is, however, clarified that the above would not be necessarily applied in the situations where:

- the genuineness of 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 and the Assessing Officer would take appropriate view in such situations.

Further, in cases not following within the purview of the above circulars, the nature of the transaction (i.e. whether the same is in the nature of capital gains or business income) shall continue to be decided keeping in view the certain points and principles laid down by the judicial precedents and earlier CBDT circulars.

Based on the earlier CBDT circulars and judicial decisions, following are the key factors and principles which need to be considered while determining the nature of assets as above

- Motive for the purchase of shares.
- Frequency of transactions and the length of period of holding of the shares
- Treatment of the shares and profit or loss on their sale in the accounts of the assessees.
- Source of funds out of which the shares were acquired – borrowed or own.
- Existence of an object clause permitting trading in shares – relevant only in the case ofcorporate bodies.
- Acquisition of the shares – from primary market or secondary market.
- Infrastructure employed for the share transactions by the client including the appointmentof managers, etc.

The issue of income characterization as above is essentially a question of fact and dependent on whether the shares are held as Business / Trading assets or on Capital Account.

Any single factor discussed above in isolation cannot be conclusive to determine the exact nature of the shares. All factors and principles need to be construed harmoniously. Further, the background of the investor (Professional vs. a trader in shares) would also be a relevant factor in determining the nature of the shares.

CBDT has clarified that, it is possible for a tax payer to have two portfolios, i.e., an investment portfolio comprising of securities which are to be treated as capital assets and a trading portfolio comprising of stock-in-trade which are to be treated as trading assets. Where an assessee has two portfolios, the assessee may have income under both heads i.e., capital gains as well as business income.

In view of the above, the profits or gains arising from transaction in securities could be taxed either as “Profits or Gains of Business or Profession” under section 28 of the Act or as “Capital Gains” under section 45 of the Act.

As per CBDT Circular No.6/2016 dated 29 February 2016 regarding taxability of surplus on sale of listed shares and securities, it states that:

a) Where the assessee itself, irrespective of the period of holding the listed shares and securities,opts to treat them as stock-in-trade, the income arising from transfer of such shares/securities would be treated as its business income

b) In respect of listed shares and securities held for a period of more than 12 months immediately preceding the date of its transfer, if the assessee desires to treat the income arising from the transfer thereof as Capital Gain, the same shall not be put to dispute by the Assessing Officer. However, this stand, once taken by the assessee in a particular Assessment Year, shall remain applicable in subsequent Assessment Years also and the taxpayers shall not be allowed to adopt a different/contrary stand in this regard in subsequent years.

It should also be noted that in the context of portfolio management services there has been litigation in the past on the characterization of income and judicial precedents have taken positions based on facts of each case.

13.8 Tax Implications Where Transaction In Securities Are In The Nature Of Investments

Where investment under Portfolio Management Services is treated as investment, the gain or loss from transfer of securities shall be taxed as Capital Gains under section 45 of the Act.

The Finance Act, 2020 has amended the provisions relating to taxation of dividend income. The dividend distribution tax (DDT) [has now been abolished on dividend declared, distributed orpaid by domestic companies or income on units distributed by mutual funds with effect from 1 April 2020. Tax on dividend distributed by domestic companies and income from units of mutual funds will be borne by the recipient of dividend/income at respective slab rates or fixed rate, asthe case may be. To avoid double taxation of dividend, dividend received by a domestic companyfrom another domestic company or foreign company or business trust will not be taxable in the hands of first domestic company, provided such receipt of dividend does not exceedthe amount of dividend distributed by the first mentioned domestic company one month prior to the due date of filing a return under Section 139(1). In the case of a resident shareholder, withholding tax of 10% will be levied on dividends declared/paid by domestic company whereas in the case of a non-resident shareholder, withholding tax at the rate of 20% or the rates that are specified in the DTAA, whichever is beneficial to him, would apply. Further, theminimum threshold for applicability of withholding tax on dividend payments to the resident shareholder, being an individual, during the Financial Year will be INR 5,000.

As per the amendment made to section 115QA of the Act, by the Finance (No.2) Act, 2019w.e.f. 05 July 2019, even the companies listed on recognized stock exchanges have to pay tax on distributed income included in the buyback of shares at the rate of 20% (plus surcharge and cess) on such distributed income. Consequently, the amount received by the shareholders on buy back of shares will be exempt under section 10(34A) of the Act in the hands of the shareholder.

13.9 Long Term Capital Gains

As per the earlier provisions under Section 10(38), Long Term Capital Gains on sale of Equity Shares in a company or units of Equity Oriented Fund are exempt from income tax provided such transactions are entered on a recognized stock exchange or such units are sold to the Mutual Fundand such transactions are chargeable to STT. However, the Finance Act 2018 amended the said provision by imposing tax on Long Term Capital Gains exceeding INR 1 lakh at the rate of 10%, without allowing any indexation benefit. However, all gains up to 31 January 2018 will be exempt from such tax.

Further, withholding tax on distributed income by equity oriented mutual funds would be 10 %. The CBDT has clarified that the proposal of 10% withholding tax as per the Finance Act, 2020 will be applicable only on dividend payment by mutual funds and not on gain arising out of redemption of units.

Exemption does not Apply

In respect of capital gains not exempted under section 10(38), the provisions for taxation of long- term capital gains for different categories of assessee and depending upon the period for whichthe securities are held, are explained hereunder:

Sr. No	Securities	Period of Holding	Characterization
1	Listed Securities (other than Units), units of equity oriented Mutual Funds or a zero coupon bond	More than twelve (12) months	Long-term Capital Asset
		Twelve (12) months or less	Short-term Capital Asset
2	Unlisted shares ofa company	More than twenty-four (24) months	Long-term Capital Asset
		Twenty-four (24) or less	Short-term Capital Asset
3	Other securities	More than Thirty-six (36)months	Long-term Capital Asset
		Thirty-six (36) months orless	Short-term Capital Asset

13.9.1 For Resident Indians

Long-term Capital Gains in respect of capital asset (other than listed equity shares, units of equityoriented mutual funds and unit of a business trust) will be chargeable under section 112 of the Act at the rate of 20% plus applicable surcharge and education cess, as applicable. Capital gains would be computed after taking into account cost of acquisition as adjusted by Cost Inflation Index, wherever applicable, notified by the Central Government and expenditure incurred wholly & exclusively in connection with such transfer.

In case where taxable income as reduced by long term capital gains is below the exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of

20%plus applicable surcharge and education cess, as may be applicable.

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

13.9.2 For Non-resident Indians

Under section 115E of the Act,

(i) any income from investment or income from long-term capital gains of an asset otherthan specified asset as defined in Section 115C (Specified Assets include shares of Indian Company, Debentures and deposits in an Indian Company which is not a private company and securities issued by Central Government or such other asset as notified by Central Government) is chargeable at the rate of 20% plus applicable surcharge and cess.

(ii) Income by way long-term capital gains is chargeable at the rate of 10% plus applicable surcharge and cess.

Long term capital gains arising to a non-resident from transfer of unlisted securities or shares of a company, not being a company in which the public are substantially interested, subject to 10%tax (without benefit of indexation and foreign currency fluctuation).

13.9.3 Tax on Long Term Gain in Certain Cases:

Under section 112A of the Act, 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 or business trust on which STT has been paid on transfer; shall be chargeable to tax at the rate of 10% on such long-term gains exceeding one lakh rupees. However, all gains up to 31st January, 2018 will be exempt from such tax.

In case of Individual or HUF being a resident, where the taxable income as reduced by long term capital gains is below the exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of 10% plus cess, as may be applicable.

The Taxation Laws (Amendment) Ordinance, 2019 dated 20th September 2019provided that in case where the total income includes any income chargeable under Section 111A and Section 112A of the Income Tax Act, the rate of surcharge on the amount of income-tax deducted in respect of that part of income shall not exceed 15% for an individual, HUF, AOP, BOI and Artificial Judiciary Person. The Finance Act 2023 has amended the surcharge applicability further to include the restriction of 15% surcharge on any income chargeable under section 112 of the Income-tax act.

The condition with respect to STT shall not apply to transfers undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transfer is received or receivable in foreign currency.

13.10 Short Term Capital Gains

Section 111A of the Act provides that short-term capital gains arising on sale of Equity Shares of a company or units of Equity Oriented Fund or units of a business trust entered on a recognizedstock exchange and on sale of units of Equity Oriented Fund to the Mutual Fund are chargeable toincome tax at a concessional rate of 15% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to STT. However, theabove shall not be applicable to transaction undertaken on a recognized stock exchange located inany International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains. In respect of capital gains not chargeable under Section 111A, the provisions for taxation of short-term capital gains for different categories of assesses are explained hereunder:

Share of a company (not being a share listed in a recognized stock exchange) held for a period of not more than 24 months is added to the total income, total income including short-term capital gains other than those covered under section 111A shall be chargeable to tax as per the relevant slab rates or at such rates as applicable to the assessee.

The Taxation Laws (Amendment) Ordinance, 2019 dated 20 September 2019, provided that in case where the total income includes any income chargeable under Section 111A and Section 112A of the Income Tax Act, the rate of surcharge on the amount of income-tax deducted in respect of that part of income shall not exceed 15% for an individual, HUF, AOP, BOI and Artificial Judiciary Person. The Finance Act 2023 has amended the surcharge applicability further to include the restriction of 15% surcharge on any income chargeable under section 112 of the Income-tax act

13.11 Profits And Gains Of Business Or Profession

13.11.1 If the investment under the Portfolio Management Services is regarded as “Business / Trading Asset” then the gain / loss arising there from is likely to be taxed as income from business as per slab rates i.e. in the case of resident individual and HUF and at the rate of 30% or 25% or 22% plus applicable surcharge and cess,(as the case may be, in case of resident other than individual and HUF(as the case may be) and also for non-residents other than a foreign company (assuming the highest slab rate for individual). It shall be taxable at the rate of 40% (plus applicable surcharge and cess) in case of a foreign company. The above rates would be subject to availabilityof benefits under the DTAA, if any in case of non-resident assessee.

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

13.11.3 Earlier, as per section 40(a)(ib) of the Act, any sum paid on account of STT will not be allowed asdeduction in computing the income under the head "Profit and gains of business or profession" However, this provision was applicable only up to assessment year 2008-09. With effect from April 1, 2009, the said clause has been deleted. From the assessment year 2009-10, where income referred to above is treated as Business Income, the person is eligible for deduction u/s 36(1)(xv), for the amount of STT paid.

13.12 Tax Rates

Rates of taxation for the Financial Year 2023-24 are given below:

13.12.1 The maximum tax rates applicable to different categories of assessees are as follows:

Resident individual & HUF (refer note 1)	30% + surcharge & cess
Partnership firms & Indian Companies (other than specified companies below)	30% + surcharge & cess
Indian Companies having turnover less than INR 4000 million during the Financial Year 2021-22	25% + surcharge & cess
Company opting for section 115BA (manufacturing domestic companies)	25% + surcharge & cess
Company opting for section 115BAA (refer note 2)	22% + surcharge & cess
Company opting for section 115BAB (refer note 3)	15% + surcharge & cess
Non-resident Indians	30% + surcharge & cess
Foreign companies	40% + surcharge & cess

Notes to the above table:

1. The Finance Act, 2020 has introduced a new tax regime vide Section 115BAC for individual and HUF to tax the income of such assessees at lower tax rates if they agree to forego prescribed deductions and exemptions under the Income Tax Act. Under the said provisions, maximum tax rate applicable shall be 30% plus applicable surcharge and education cess.

2. The Taxation Laws (Amendment) Act, 2019 has introduced a lower tax regime for

domestic companies vide Section 115BAA thereby levying the lower corporate rate of 22% on such companies, subject to certain conditions, including that the total income should be computed without claiming certain deduction, exemption or any set off of any loss carried forward or depreciation depreciation in relation to ineligible deduction as provided under the section, from any earlier assessment year. Hence, in such case the rate of tax on interest income should be 25.168% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). A company can choose to opt for the new tax rates in the Financial Year 2019-20 (i.e., assessment year 2020-21) or in any other Financial Year in the future. Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.

3. The Taxation Laws (Amendment) Act, 2019 has also introduced a lower tax regime for domestic new companies engaged in the business of manufacture or production of any article and research in relation to, or distribution of such article manufactured by it, vide Section 115BAB thereby levying the lower corporate rate of 15% on such companies with respect to income from manufacturing business, subject to certain conditions including that they do not claim certain deductions. Hence, in such case the rate of tax would be 17.16% (considering surcharge at the rate of 10% and Health and Education cess at the rate of 4%). Once this option is exercised, it cannot be subsequently withdrawn and shall apply to all subsequent assessment years.

4. The amount of surcharge is calculated as a percentage of the tax payable i.e., the amount of tax not including surcharge and education cess. The applicable rate of surcharge in case of companies other than domestic companies ("foreign companies") is 2% where the income exceeds INR 10 million but is less than or equal to INR 100 million and is 5% where the income exceeds INR 100 million. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 10 million but not exceeding INR 100million, surcharge of 7% on income tax is applicable. In case of domestic companies (including companies opting for Section 115BA) having total income exceeding INR 100 million, surcharge of 12% is applicable. In case of domestic companies opting for Section 115BAA or Section 115BAB, surcharge of 10% on income tax is applicable irrespective of amount of total income. In case of firms and LLPs having total income exceeding INR 10 million, surcharge of 12% is applicable.

5. For other resident and non-resident assesses including those opting for new tax regime under Section 115BAC, surcharge is levied at 10% if total income exceeds INR 5 million but is less than or equal to INR 10 million; it is levied at 15% if total income exceeds INR 10 million but is less than or equal to INR 20 million; it is levied at 25% if total income excluding capital gains referred to in Section 111A,Section 112A and Section 112 exceeds INR 20 million but is less than or equal to INR 50 million; if the total income excluding capital gains referred to in Section 111A,Section 112A and Section 112 exceeds INR 50 million, surcharge of 37% is applicable. If total income including the capital gains referred to in Section 111A,Section 112A and Section 112 exceeds INR 20 million but is less

than or equal to INR 50 million, then surcharge is levied at 15% on capital gains referred to in Section 111A,Section 112A and Section 112 and at 25% on incomes other than capital gains referred to in Section 111A, Section 112A and Section 112. If total income including the capital gains referred to in Section 111A, Section 112A and Section 112 exceeds INR 50 million, then surcharge is levied at 15% on capital gains referred to in Section 111A, Section 112A and Section 112 and at 37% on incomes other than capital gains referred to in Section 111A,Section 112A and Section 112. Vide The Taxation Laws (Amendment) Act, 2019 and amendment through Finance act 2023, the increase in surcharge on capital gains tax on domestic and foreign investors has been rolled back and capped at 15% as explained above.

Further, Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge as per the provisions of the Finance Act, 2020.

13.13 Losses Under the Head Capital Gains

In terms of section 70 read with section 74 of the Act, short term capital loss arising during a yearcan 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.

13.14 Dividend Stripping

According to section 94(7) of the Act , if any person buys or acquires units within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of nine months from such record date, then capital losses arising from such sale to the extent of income received or receivable on such units, which are exempt under the Act, will be ignored for the purpose of computing his income chargeableto tax.

The Finance Act, 2020 has abolished DDT and tax dividend income in the hands of shareholders in respect of dividend declared, distributed or paid on or after 1 April 2020 and therefore, in such cases the provisions of section 94(7) would not apply.

13.15 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 ofthe 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.

14) <u>Accounting Policies:</u>

Following Accounting Policies are proposed to be followed for the purpose of maintaining books of accounts & records of the Client.

(a) Investments are stated at cost of acquisition by the Portfolio Manager.

(b) In respect of all interest-bearing investments, income shall be accrued on a day- to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

(c) In determining the holding cost of investments and the gains or loss on sale of investments, the First-in-First-out (FIFO) method shall be followed.

(d) Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a Financial Year is recorded and reflected in the financial statementsfor that year.

(e) The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's bought note.

(f) In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.

(g) All other expenses payable by the Client shall be accrued as and when Liability isincurred.

(h) Investments in Mutual Funds shall be valued at the latest available NAV of the respective scheme.

(i) Coupon-bearing debt securities including any Government bonds, fixed rate non-convertible debentures, floating-rate non-convertible debentures, and other instruments of similar nature shall be valued at cost and income will be accrued on a daily basis over the life of the instrument, unless there has been a material deterioration in creditworthiness of the investee company, in which case, the Portfolio Manager may at his sole discretion value the securities as deems appropriate.

(j) Zero-coupon bonds / deep discount instruments, and money market instruments including but not limited to treasury bills, commercial paper, certificates of deposit, and other instruments of similar nature shall be valued based on straight-line amortization to maturity from cost (including transaction cost)

The accounting policies and standards as outlined above are subject to changes made from time totime by Portfolio Manager. However, such changes would be in conformity with the Regulations.

15) <u>Investors Services:</u>

(i) Details of Investor Relation Officer who shall attend to the investor queries and complaints is mentioned herein below:

Name of the person	Ms. Devanshi Shah
Designation	Compliance Officer
Correspondence Address	The Capital Tower, Office No 902, B Wing, 9th Floor, Plot No C- 70 Bandra Kurla Complex Bandra (East), Mumbai – 400 051
Email	im.pms@northernarc.com
Telephone	+91 22 6668 7500

ii) Grievance Redressal and dispute settlement mechanism:

For any queries/complaints, investor can approach Investor Relation Officer at details given above.

a) The Investor Relation Officer(s) will be the interface between the Portfolio Manager and the Client. In case of non-redressal of the complaint by the Portfolio Manager, investors can approach SEBI for redressal of their complaints. Investors may lodge their complaints through SCORES (SEBI Complaints Redress System - https://scores.gov.in/scores/Welcome.html).

b) Grievances, if any, that may arise pursuant to the Portfolio Investment Management Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 2020 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Chennai only and are governed by Indian laws.
The Portfolio Manager will endeavor to address all complaints regarding service deficienciesor causes for grievance, for whatever reason, in a reasonable manner and time.

16) General

Prevention of Money Laundering

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other Applicable Law in force and the investor is duly entitled to invest the said funds.

To ensure appropriate identification of the Client(s) under its Know Your Client (KYC) policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its nominated agency as permissible under Applicable Laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client, holding the funds/securities in his name, is legally authorised/entitled to invest the said funds/securities through the services of the Portfolio Manager, for the benefit of the beneficiaries.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KYC Registration Agency (KRA) compliant except the information required under any new KYC requirement. The Clients who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The Portfolio Manager, and its directors, shareholders, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the Client's account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy. If the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws, then it will report the same to FIU-IND.

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

17) Details of investments of client's funds by the Portfolio Manager in the securities of related parties or associates of the Portfolio Manager

NIL

18) Details of the diversification policy of the portfolio manager

Portfolio diversification is a strategy of risk management used in investing, which allows to reduce risks by allocating the funds in multiple asset types. It helps to mitigate the associated risks on the overall investment portfolio. NAIM will diversify the investor portfolio across multiple sectors, issuers and instruments as well as from time to time on an opportunistic basis, may also choose to invest in money market instruments, units of mutual funds, ETFs or other permissible securities/products in accordance with the Applicable Laws. With respect to investments in debt and hybrid securities, the Portfolio Manager shall not make any investment in unrated and below investment grade securities.

For Northern Arc Investment Managers Private Limited:

Kshama Fernandes Whole-time Director	Sd/-
Chaitanya Pande Non-Executive Director	Sd/-

Place: Mumbai
Date: June 2023

Mukesh M. Gangar & Co.

CHARTERED ACCOUNTANTS

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

Email ID: info@mgc.group.in

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

This certificate is issued on the basis of the information and documents given/produced before us and on the basis of representations made by Northern Arc Investment Managers Private Limited.

Place:- Mumbai Date:- 16/07/2023	For **Mukesh M. Gangar & Co.** Chartered Accountants Mukesh M. Gangar Membership No: 034096 F No: 106621W UDIN: 23034096BGYMWI9946