

**PGIM INDIA MUTUAL FUND**

**STATEMENT OF ADDITIONAL INFORMATION**

This Statement of Additional Information (SAI) contains details of PGIM India Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference and is legally a part of the Scheme Information Document (SID).

**Name of the Mutual Fund** : **PGIM India Mutual Fund**

**Name of the Asset Management Company** : **PGIM India Asset Management Private Limited**

**Name of the Trustees** : **PGIM India Trustees Private Limited**

**Address and website of the above entities** : 4<sup>th</sup> Floor, C Wing, Laxmi Towers, Bandra Kurla Complex,  
Bandra East, Mumbai – 400 051  
[www.pgimindiamf.com](http://www.pgimindiamf.com)

Please retain this SAI for future reference. Before investing, investors should also ascertain about any further changes in this SAI after the date of SAI from PGIM India Mutual Fund's Investor Service Centres/ Website / Distributors or Brokers.

This SAI is dated April 24, 2024.

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## 1. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

### A. Constitution of the Mutual Fund

PGIM India Mutual Fund (the “**Mutual Fund**”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 with Prudential Financial, Inc. (“**PFI**”) as the sponsor and PGIM India Trustees Private Limited (the “**Trustee**”) as the trustee. The Trust Deed dated July 28, 2009 has been registered under the Indian Registration Act, 1908, as amended by the first Deed of Amendment dated April 20, 2010 and by the second Deed of Amendment dated September 18, 2015 and by third Deed of Amendment dated August 2, 2019. The Mutual Fund has been registered with SEBI on May 13, 2010 under Registration Code MF/065/10/02.

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

### B. Sponsor

PGIM India Mutual Fund is sponsored by PFI ([www.prudential.com](http://www.prudential.com)), a company incorporated, with its principal place of business in the United States of America (Sponsor). PFI is the settler of the Mutual Fund trust. PFI has entrusted a sum of Rs. 100,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund. The Sponsor shall be responsible for discharging its functions and responsibilities towards the Mutual Fund in accordance with SEBI (Mutual Funds) Regulations, 1996, and the various constitutive documents of the Mutual Fund.

PFI of the United States is a financial services leader with more than USD 1.4 trillion of assets under management as of March 31, 2023, has operations in the United States, Asia, Europe, and Latin America. PFI’s diverse and talented employees are committed to helping individual and institutional customers grow and protect their wealth through a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. In the U.S., PFI’s iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit <https://www.news.prudential.com>.

PGIM is the global investment management business of PFI with USD 1.27 trillion<sup>1</sup> in assets under management. PGIM offers a broad range of investment capabilities through its multi-manager model with experienced investment teams focused on specific asset classes and approaches to investments. PGIM is built on the strength and stability of 145-year legacy and is dedicated to serving the needs of its global client base with a commitment to investment performance, product innovation and integrity. PGIM has its presence across 18 countries in 46 offices with over 1,400+ investment professionals. For more information, please visit <https://www.pgim.com/about-pgim>

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<sup>1</sup> Includes all assets managed by PGIM, the principal management business of Prudential Financial Inc. (PFI). Effective March 31, 2023.

Financial Performance of PFI during the past three years (as on Dec 31) is as follows:

<b>Particulars</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net Worth (in USD Millions)	16,250	61,876	67,425
Total Income (in USD Millions)	60,050	70,934	57,033
Profit after tax (in USD Millions)	(1,438)	7,724	(374)
Assets Under Management (in USD Billions)	1,377.3	1,742.3	1,720.9

### C. The Trustee

PGIM India Trustees Private Limited (the “Trustee”), through its Board of Directors, shall discharge its obligations as trustee of PGIM India Mutual Fund. The Trustee ensures that the transactions entered into by PGIM India Asset Management Private Limited (the “AMC”) are in accordance with the SEBI (Mutual Funds) Regulations, 1996, and will also review the activities carried on by the AMC.

#### Details of Trustee Directors:

<b>Name</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
<b>Mr. Sopun Leng</b> (Associate Director)	<b>Age:</b> 44 years  <b>Qualification:</b> Bachelor of Business	<p>Mr. Sopun Leng is the Head of Global Risk Management for PGIM Investments providing risk guidance and expertise across their global business. He has over 16 years Risk experience and a broad range of risk knowledge in implementing, developing and maintaining risk frameworks.</p> <p>He is also a director on the Board of PGIM Financial Limited, the UK group parent of PGIM in EMEA. Previously he was the Head of Risk Management for Alliance Bernstein in EMEA and served many years with Vanguard Asset Management and Northern Trust Global Investments. Within the UK industry, Sopun is the Chair of the Investment Association’s Business Enterprise Risk Committee and a member of their Climate Change Working Group.</p> <p>He is Vice-Chairman of the GARP European Buy-Side Risk Managers Forum and a member of the Climate Financial Risk Forum (CFRF) Risk Management Group. Sopun holds a Bachelor of Business degree with a double major in Accounting and Marketing.</p>



Name	Age/Qualification	Brief Experience
<p><b>Mr. Sidhartha Pradhan</b> (Independent Director)</p>	<p><b>Age:</b> 71 years</p> <p><b>Qualification:</b> B.A. (Hons.), M.A. (JNU), LL.B (Utkal University), M. Phil (JNU), MBA (University of HULL, England).</p>	<p>Mr. Pradhan joined the Indian Revenue Service in 1977 batch. His last posting was as Vice Chairman, Income Tax Settlement Commission, Additional Bench-1, New Delhi from June 22, 2012 till June 11, 2014. His previous posting in Central Government was as Additional Secretary, Department of Disinvestment in the Ministry of Finance.</p> <p>He has worked in various capacities, both in Central Government and Government of Orissa. He has worked as Additional Commissioner and Commissioner, Income Tax (Central), Delhi. He also worked as Secretary, Public Enterprises, Government of Orissa from 1995-2000 and as Special Secretary (Commerce), Government of Orissa. He has worked as Additional Secretary, Special Secretary and Secretary, Department of Public Enterprises, Government of Orissa from April, 1991 to July, 2000. He was nominated as a Member of the Task Force constituted by Government of Orissa for restructuring the Power Sector in 1992.</p> <p>Between 2007 to 2012, he was on Central Deputation where he worked as Joint Secretary and Additional Secretary as also the Chief Vigilance Officer, Department of Disinvestment and was in-charge of various disinvestment transactions in CPSEs like NTPC, REC, PGCIL, NHPC, SJVNL, OIL and ONGC, which were very successfully completed.</p> <p>He has also served as President of the Indian Revenue Service Association (Income Tax), All India Body, for two consecutive terms. He has also held the post of Vice-Chairman, Income Tax Settlement Commission.</p> <p>He has worked as Member of the High Level Committee, appointed by the Finance Minister, to interact with Trade and Industry on Tax Laws.</p>



Name	Age/Qualification	Brief Experience
<b>Mr. Kanakasabapathy Kumar</b> (Independent Director)	<b>Age:</b> 69 years <b>Qualification:</b> M.A. (Hons) (Economics), Birla Institute of Technology and Science, Pilani	<p>Mr. Kumar has four decades of diverse experience in Capital Markets spanning leading banks, Financial institution's, Stock exchanges, Investment banking and Financial services. His experience covers being part of business functions when he served in the capacity of MD / CEO / Director in Stock Exchanges and financial service entities, and as a regulator in the roles of senior positions when he headed Stock exchanges / Clearing corporation.</p> <p>Was part of the five-member core team which set up the National Stock Exchange of India Limited; Managing Director &amp; CEO of OTC Exchange of India Limited; Deputy CEO &amp; COO of United Stock Exchange of India Limited. The last position he held was a Managing Director &amp; CEO of Indian Clearing Corporation Limited. His Investment banking experience included holding an executive Board position in Cazenove India (subsidiary of a UK based entity) and Chief Executive Officer of Aloula Geojit Capital. He has also worked in leading entities like State Bank of India and Industrial Development Bank of India.</p> <p>He has previously been part of Risk Management Committee of SEBI; invitee to Committee constituted by Ministry of Finance to recommend a framework for Clearing Corporations for Commodity Exchanges, and Public Interest Director of BgSE Financial Services, subsidiary of BgSE.</p>
<b>Mr. Sivaraman Narayanaswami</b> (Independent Director)	<b>Age:</b> 66 years <b>Qualification:</b> Chartered Accountant	<p>Mr. Sivaraman is seasoned business leader with a 34 year track record with the L&amp;T Group, most recently (till April 2016) as President and Whole Time Director with L&amp;T Finance Holdings (LTFH). Mr. Sivaraman's range of accomplishments centre on leading a small company or platforms through transformational growth into admirable organisations and providing exceptional leadership to produce differentiated outcomes.</p>

Name	Age/Qualification	Brief Experience
		<p>He joined LTFH in 2006 when the balance sheet was below Rs 3000 crore with PAT below Rs 30 crore. Balance sheet grew to Rs 57000 cr and PAT of Rs 857 crore by March 2016 by widening and deepening the offerings. He led its inorganic expansion into housing, two wheelers and asset management businesses – all of which have grown in size and profits on his watch.</p> <p>Key transactions include the acquisition of Fidelity’s domestic mutual fund and building it into a Rs 25,000 crore AMC with 40% of assets in equity by April 2016 by integrating the organisation as well finding new leadership. L&amp;T Finance started out with 600 employees, it had around 12,000 employees by April 2016. As part of expanding the scope of offerings, infrastructure lending and wealth management business were also added and each of them grew into significant sized business.</p> <p>He spearheaded LTFH’s listing in 2011. Whilst at L&amp;T in the period immediately before joining LTFH, Mr. Sivaraman handled M&amp;A and IR (2000-2006) led the demerger of cement business and subsequent acquisition by Grasim, including the buyout of Grasim’s stake in L&amp;T by an innovatively funded Employee Welfare Trust. As Treasurer between 1995-2000, he executed the acquisition of Narmada Cement, structured L&amp;T’s first BOOT financing and eventual profitable exit and structuring and raising debt from capita markets for a BOLT project. Earlier he held assorted roles heading accounts in several L&amp;T businesses and sales regions.</p>

**Responsibilities and Duties of the Trustees:**

Pursuant to SEBI (Mutual Funds) Regulations, 1996, and the Trust Deed constituting the Mutual Fund, the duties and responsibilities of the Trustees are as follows:

- (1) The trustees and the Asset Management Company (AMC) shall with the prior approval of SEBI enter into an investment management agreement.
- (2) The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule of SEBI (Mutual Fund) Regulations, 1996 and such other clauses as are necessary for the purpose of making investments.
- (3) The trustees shall have a right to obtain from the AMC such information as is considered necessary by the trustees.
- (4) The trustees shall ensure before the launch of any scheme that the AMC has: -
  - (i) systems in place for its back office, dealing room and accounting;
  - (ii) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the trustees, within 15 days of their appointment;
  - (iii) appointed auditors to audit its accounts;
  - (iv) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines instructions etc. issued by SEBI or the Central Government and for redressal of investors' grievances;
  - (v) appointed registrars and laid down parameters for their supervision;
  - (vi) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
  - (vii) specified norms for empanelment of brokers and marketing agents.
  - (viii) obtained, wherever required, under these regulations, prior in principle approval from the recognized stock exchange(s) where units are proposed to be listed.
- (5) The trustees shall ensure that an AMC has been diligent in empaneling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- (6) The trustees shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unitholders.
- (7) The trustees shall ensure that the transactions entered into by the AMC are in accordance with the regulations and the scheme.



- (8) The trustees shall ensure that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
- (9) The trustees shall ensure that all the activities of the AMC are in accordance with the provisions of the regulations of SEBI.
- (10) Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with the regulations of SEBI and the scheme, they shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.
- (11) Each trustee shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.
- (12) The trustees shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with the regulations of SEBI and the provisions of trust deed.
- (13) The trustees shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
- (14) The trustees shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance with the regulations of SEBI and the trust deed.
- (15) The trustees shall obtain the consent of the unitholders -
  - (a) whenever required to do so by SEBI in the interest of the unitholders; or
  - (b) whenever required to do so on the requisition made by three-fourths of the unitholders of any scheme; or
  - (c) when the majority of the trustees decide to wind up a scheme in terms of clause (a) of sub regulation (2) of regulation 39 or prematurely redeem the units of a close ended scheme.
- (16) The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless, -
  - i. An application has been made with SEBI and views/comments of SEBI are sought on the proposal for fundamental attribute changes;
  - ii. a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and

- iii. the unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.
- (17) The trustees shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
- (18) The trustees shall quarterly review all transactions carried out between the mutual funds, AMC and its associates.
- (19) The trustees shall quarterly review the net worth of the AMC and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub regulation (1) of regulation 21 of SEBI (Mutual Funds) Regulations.
- (20) The trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unitholders.
- (21) The trustees shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unitholders.
- (22) The trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.
- (23) The trustees shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI (Mutual Funds) Regulations.
- (24) The trustees shall furnish to SEBI on a half yearly basis, -
- (a) a report on the activities of the mutual fund;
  - (b) a certificate stating that the trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the trustees, directors and key personnel of the AMC;
  - (c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 have been undertaken by the AMC, adequate steps to ensure that the interest of the unitholders are protected.
- (25) The independent trustees referred to in sub regulation (5) of regulation 16 shall give their comments on the report received from the AMC regarding the investments by the mutual fund in the securities of group companies of the sponsor.
- (26) Trustees shall exercise due diligence as under:

**I. General Due Diligence:**

- (i) The Trustees shall be discerning in the appointment of the directors on the Board of the AMC.
- (ii) Trustees shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- (iii) The trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- (iv) The trustee shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.
- (v) The Trustees shall arrange for test checks of service contracts.
- (vi) Trustees shall immediately report to SEBI of any special developments in the Mutual Fund.

## **II. Specific Due Diligence:**

The Trustees shall:

- (i) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
  - (ii) obtain compliance certificates at regular intervals from the AMC.
  - (iii) hold meeting of trustees at least once in two calendar months and at least six such meetings shall be held in every year.
  - (iv) consider the reports of the independent auditor and compliance reports of AMC at the meetings of trustees for appropriate action.
  - (v) maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
  - (vi) prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel.
  - (vii) communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
- (27) The trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
- (28) The independent directors of the trustees or AMC shall pay specific attention to the following, as may be applicable, namely:-

- (i) the Investment Management Agreement and the compensation paid under the agreement.
  - (ii) service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.
  - (iii) selection of the AMC's independent directors
  - (iv) securities transactions involving affiliates to the extent such transactions are permitted.
  - (v) selecting and nominating individuals to fill independent directors vacancies.
  - (vi) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
  - (vii) the reasonableness of fees paid to sponsor, AMC and any others for services provided.
  - (viii) principal underwriting contracts and their renewals.
  - (ix) any service contract with the associates of the AMC.
- (29) In carrying out their responsibilities, each member of the Board of Directors of Trustee Company shall maintain arms' length relationship with other companies, or institutions or financial intermediaries or any-body corporate with which he may be associated in any capacity.
- (30) No trustee shall participate in the meetings of the Board of Directors of the Trustee Company or in any decision making process for any investment in which he may be deemed to be interested.
- (31) All members of the Board of Directors of the Trustee Company shall furnish to SEBI and Trustee Company, the interest which they may have in any other company, or institution or financial intermediary or anybody corporate by virtue of his position as director, partner or with which he may be associated in any other capacity.
- (32) The Trustee shall at no time acquire any asset out of the Trust Property, which involves the assumption of any liability which is unlimited or results in encumbrance of the Trust Property in any way, except to the extent permitted by the SEBI Regulations.
- (33) The trustee shall act in the interest of the unitholders.
- (34) It shall be the duty of the Trustee to provide or cause to provide information to the unit holders and SEBI as may be required by SEBI from time to time.
- (35) The Trustee shall take reasonable care to ensure that the funds under various Schemes floated, are managed by the AMC in accordance with the Trust Deed and SEBI Regulations.

- (36) The Trustee have powers to dismiss the AMC under the specific events with the prior approval of the SEBI in accordance with the regulations.
- (37) The Trustee shall not acquire nor allow the AMC to acquire any assets out of the Trust Fund and/or unit capital which involves the assumption of unlimited liability or results in the encumbrances of Trust Fund and/or unit capital in any way.
- (38) No amendments to the Trust Deed shall be carried out without the prior approval of SEBI and unit holder's approval would be obtained where it affects the interest of Unit holders.
- (39) The Trustees shall appoint statutory auditors to verify the books of accounts and to ascertain the true and fair representation of the state of affairs as on a particular day and to ascertain profit or loss of the Mutual Fund, as at the end of the financial year.
- (40) Trustee Fees and Expenses- In accordance with the Deed of Trust constituting the Mutual Fund, the Trustee shall be entitled to a fee equal to 1% of the weekly average NAV of the relevant scheme. The Trustee is also entitled to the reimbursement of all costs, charges and expenses incurred in or for the effective discharge of its obligations and responsibilities towards the Trust. The reimbursements would always be to the extent permitted under the regulations.
- (41) **Supervisory Role of the Trustee:** The supervisory role of Trustee will be discharged inter alia by reviewing the information and operations of the Mutual Fund based on the internal audit reports/compliance reports received on a periodical basis. The Compliance Officer has direct reporting line to the Board of Directors of the Trustee. The Board meeting of the Trustee shall be held at least once in every two calendar months and at least six such meetings shall be held in every year or at such frequency as may be prescribed under the Regulations. The Board Meeting of the Trustee has been held six times during the last financial year. Further, the quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent directors as may be prescribed by SEBI, from time to time, is present in at the meeting.

Further, the Board of Trustees shall constitute an Audit Committee, chaired by an independent trustee. The Audit Committee shall meet periodically to discuss the internal control systems, the scope of audit of the internal auditors, as well as the observations made by them. They shall also review the annual financial accounts. Recommendations, if any, of the audit committee on any matter relating to financial management etc. are considered in the subsequent Board meeting of AMC and Trustees.

Any addition/modification/deletion in the duties and responsibilities of the Trustee due to a change in the SEBI Regulations shall be applicable accordingly.

**Notwithstanding anything contained in any applicable SEBI (Mutual Funds) Regulations, 1996, the Directors of the Trustee shall not be held liable for acts done in good faith, if they have exercised adequate due diligence honestly.**

#### **D. The Asset Management Company (AMC)**

PGIM India Asset Management Private Limited (“**the AMC**”), a private limited company incorporated under the Companies Act, 1956, and having its Registered Office at 4<sup>th</sup> Floor, C Wing, Laxmi Towers, Bandra Kurla Complex, Bandra East, Mumbai – 400 051. Further, the AMC has the regulatory approval to act as asset manager for the Fund and has been appointed as the Asset Management Company of PGIM India Mutual Fund by PGIM India Trustees Private Limited (“**the Trustee**”), vide an Investment Management Agreement (IMA) dated July 30, 2009, executed between the Trustee and the AMC, and as amended by a Supplemental IMA dated April 20, 2010.

The AMC is a wholly owned ‘step-down’ subsidiary of PFI, (the Sponsor of PGIM India Mutual Fund), through one of its wholly owned ‘step-down’ subsidiary, namely, PGLH of Delaware, Inc., which holds 100% shares in AMC along with its nominee.

The AMC has been established as a full service asset management company providing investment solutions to both domestic and international retail as well as institutional clients.

The AMC is also registered as a Portfolio Manager with SEBI under the SEBI (Portfolio Managers) Regulations, 1993 [as repealed and superseded by SEBI (Portfolio Managers) Regulations, 2020] vide registration no. INP000006952 and the certificate of registration is valid unless it is suspended or cancelled by SEBI. The AMC shares investment research facility and certain employees between the mutual fund and portfolio management services activities. SEBI has vide its letter no. OW/3468/2013 dated February 08, 2013, accorded it’s no objection to the AMC for sharing the investment research facility and certain employees between the mutual fund and portfolio management activities of the AMC. The AMC has proper systems and controls in place to ensure that there is no conflict of interest between the activity of managing the schemes of PGIM India Mutual Fund and the activity of portfolio management services.

The AMC is also providing non-binding investment advisory services to Foreign Portfolio Investors which are appropriately regulated broad based funds investing in India (‘Offshore Funds’) as permitted under Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996. SEBI had vide its email dated February 01, 2023, accorded it’s no objection to the AMC, for providing management and advisory services to Foreign Portfolio Investors. The AMC has proper systems and controls in place to ensure that (a) there is no conflict of interest between the activities of managing the schemes of the Fund and other activities of the AMC (b) there exists a system to prohibit access to insider information of various activities, as envisaged under SEBI (Mutual Funds) Regulations, 1996; and (c) interest of the unit holders of the schemes of the Fund are protected at all times.

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

In case of an unavoidable conflict of interest situation, the AMC shall make appropriate disclosures in an appropriate manner, which shall include the source of conflict, potential ‘material risk or damage’ to the Fund’s investors’ interests and detailed parameters for the same.

The decision of PGIM AMC about the eligibility or otherwise of a person to transact under the scheme shall be final and binding on the applicant. PGIM AMC have the right to accept and/or to reject/compulsorily redeem the transaction at its sole discretion.

**Details of AMC Directors:**

<b>Name</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
<p><b>Mr. Indrasena Reddy</b>  (Associate Director)</p>	<p><b>Age:</b> 66 years  <b>Qualification:</b> B.Sc. and M.S. (Electronics) Osmania University, India</p>	<p>Mr. Indy Reddy is the Chief Technology and Operations Officer (CT&amp;OO) for PGM Investments. Indy’s responsibilities include all aspects of technology strategy and delivery, and operations functions including Fund Administration, Transfer Agency, and Client Service.</p> <p>Indy most recently served as Global Head of Technology and Operations for Citi Private Bank &amp; Personal Wealth Management. During his 15 years at Citi, he led a large group of Technology and Operations staff and implemented an impressive set of strategic initiatives – Platform Convergence, Globalization, Automation and Digitization. He also drove the Mobile &amp; Digital strategy and deployed unified web and mobile platform which significantly improved Bankers and Clients experience.</p> <p>Prior to joining Citi, Indy held senior technology positions at Deutsche Bank and Credit Suisse where he led a large group of technology team and implemented various global platforms in the US and Europe.</p> <p>Indy has a B.Sc. and M.S. in Electronics from Osmania University, India. Indy received various industry awards including “Best Innovator in Wealth Management” by Euromoney, “Premier 100 IT Leaders” by Computer World, and “Elite 100 Winners” by Information Week.</p>
<p><b>Mr. David Wan Chang</b>  (Associate Director)</p>	<p><b>Age:</b> 58 years  <b>Qualification:</b> Masters in Education, Undergraduate in Finance</p>	<p>Mr. David Wan Chang oversees PGIM’s asset management businesses in India (PGIM India) and Taiwan (PGIM SITE), and PGIM’s joint venture on the Chinese mainland with partner Everbright Securities. Prior to joining PGIM, he has worked with Franklin Templeton where he spent more than 20 years, formerly as the CEO and regional head for Greater China since 2007, responsible for driving business across Hong Kong, the Chinese mainland and Taiwan, and more recently as senior advisor</p>





Name	Age/Qualification	Brief Experience
		<p>providing guidance and strategic counsel to the APAC team. He also held previous senior sales and business development roles at the firm. He currently sits on the Board of Independent Advisors to the Family Office Association in Hong Kong, providing advice on family governance, running family business, philanthropy and all other areas that can add value to the Family Office Hong Kong community, and is an independent advisor to the Raffles Family Office in Hong Kong.</p>
<p><b>Ms. Caroline McDonagh</b>  (Associate Director)</p>	<p><b>Age:</b> 40 years  <b>Qualification:</b> CFA Charterholder, CAIA Charterholder and BSc. Finance, First Class Honours, University College Cork</p>	<p>Ms. Caroline McDonagh has more than 16 years of experience in areas including Investment, Portfolio Management and Risk. She is currently part of Investment Risk team of PGIM Investment, Dublin wherein she oversees the UCITs platform from a risk perspective and works closely with Investment Management to create an holistic overview suitable for UCITs guidelines.</p> <p>Ms. McDonagh has also handled multiple roles at Federated Hermes Multi Asset – London in Risk and Investment Function.</p>
<p><b>Mr. Rajesh Krishnamoorthy</b>  (Independent Director)</p>	<p><b>Age:</b> 47 years  <b>Qualification:</b> Chartered Wealth Manager (CWM) – Honorary, Licensed International Financial Analyst (LIFA), MBA (Finance), B.Com.</p>	<p>Mr. Rajesh Krishnamoorthy has more than 23 years of experience in the finance industry. The last position he held was Country Head – India (LO) in Financial Planning Standards Board Ltd, US where he was responsible for all activities of FPSB in India. He has also worked with iFAST India Holdings Pte Ltd, Singapore as Vice Chairman and iFAST Financial India Pvt Ltd. as Managing Director. He has held position of Chief consultant for Collaborative Distribution Expansion Project. He was a member of Committee of Investment Adviser Regulations (SEBI), Retirement Adviser Certificate Examination (National Institute of Securities Markets), Investment Adviser Certificate Examination (National Institute of Securities Markets). He was also a member and coordinator for SEBI Working Group on Investment Adviser Regulations, 2013. He has handled multiple roles at Fidelity Asset Management and Fidelity Funds Network, in India and ICICI Bank. Formerly, he has also been part of Corporate Treasury Management in Tata Housing Development Co.</p>





<b>Name</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
<b>Dr. V. R. Narasimhan</b>  (Independent Director)	<b>Age:</b> 67 years  <b>Qualification:</b> MBA and Ph D. Member of Institute of Company Secretaries of India	Dr. V. R. Narasimhan has more than 36 years of experience in securities market and financial service sector. The last position he held was Chief of Regulatory Division of National Stock Exchange, prior to which he was the Group Head, Compliance (Capital Markets) at Kotak Mahindra Bank. He has also worked with Kotak Mahindra Asset Management Company as Chief Compliance Officer, National Securities Depository Limited as Senior Vice President and Securities and Exchange Board of India as Division Chief, Secondary Markets. He is also a member of various committee of Institute of company Secretaries of India. Dr. Narasimhan was also member in the committee to firm up questionnaire for NCEAR investor survey and is associated with National Institute of Securities Market (NISM) as faculty for induction program for new recruits at SEBI, member for selection of resource persons; member of syllabus framing committee for framing the course content for broker, mutual fund, registrar and transfer agent test programs.
<b>Mr. Muralidharan Rajamani</b>  (Independent Director)	<b>Age:</b> 62 years  <b>Qualification:</b> B.Sc. (Mathematics, Statistics and Physics), Post-Graduation (Economics), University of Madras	Mr. Muralidharan has over 33 years of experience in the Banking Financial Services and Insurance Sector. Over the last decade, he has held CEO/COO / Top Leadership positions across institutions such as ICICI Bank, Dhanlaxmi Bank and L&T Financial Services. Presently he is a Practice Head-Leadership Development at the Leadership Centre ( <a href="http://www.leadershipcentre.in">www.leadershipcentre.in</a> ). He also mentors two Tech start ups one in Delhi, India and another in the Silicon Valley. He does pro-bono work with organizations that provide opportunities and better environment for People with Disabilities.  His long tenures have been with the country's largest Public and Private Sector Banks - State Bank of India (9 years) and ICICI Bank (13 years). His wide experience spans Corporate Banking, Retail Banking, Branch and Digital Channels, Strategy, Technology, Operations and Transformational Projects in Customer Experience some of which were industry-first initiatives. At ICICI Bank, he was a part of the team that set up the Bank in 1994 and went on to become General Manager – Global Operations Group. His transformational work in

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

**Duties and Responsibilities of the Asset Management Company:**

Under the SEBI (Mutual Funds) Regulations, 1996 and the Investment Management Agreement, the AMC has, inter-alia, the following duties and responsibilities:

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any Scheme is not contrary to the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

3. The AMC shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
4. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
5. The AMC shall submit quarterly reports on the functioning of the Scheme and the compliance with SEBI (Mutual Funds) Regulations, 1996 to the Trustee or at such intervals as may be required by the Trustee or SEBI.
6. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its decision in writing to the AMC.
7. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of any liability to the Mutual Fund for its / their acts of commission or omissions, while holding such position or office.
8. The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Scheme or as may be prescribed under SEBI (Mutual Funds) Regulations, 1996. Provided that for the purpose of this clause, aggregate purchase and sale of securities shall exclude sale and distribution of Units issued by the Mutual Fund. Provided further that the aforesaid limit of 5% shall apply for a block of any three months or as may be prescribed under SEBI (Mutual Funds) Regulations.
9. The AMC shall not purchase or sell securities through any broker other than a broker referred to in clause above which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5 per cent and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of three months or as may be prescribed under SEBI (MF) Regulations.
10. The AMC shall not utilise the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that the AMC may utilise such services if disclosure to that effect is made to the Unit holders and the brokerage or commission paid is also disclosed in the half yearly and annual accounts of the Mutual Fund. Provided further that the Mutual Fund shall disclose at the time of declaring half yearly and yearly results:
  - any underwriting obligations undertaken by the Scheme for the Mutual Fund with respect to issue of securities of associate companies;
  - devolvement, if any;
  - subscription by the Scheme in the issues lead managed by associate companies;

- subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.
11. The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own names or on behalf of the AMC, and shall report to SEBI, as and when required by SEBI.
  12. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
  13. In case any company has invested more than 5 per cent of the Net Asset Value of a Scheme or as may be prescribed under SEBI (Mutual Funds) Regulations, 1996 the investment made by that Scheme or by any other Scheme in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half yearly and annual accounts of the respective Scheme with justification for such investment. The said disclosure will be made provided the latter investment has been made within one year of the date of the former investment, calculated on either side.
  14. The AMC shall file with the Trustee and SEBI:-
    - detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment;
    - any change in the interest of directors every six months; and
    - a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or the AMC as the case may be by the Mutual Fund during each quarter.
  15. Each director of the AMC shall file with the Trustee details of his transactions or dealings in securities of such value on a periodical basis as may be specified under the SEBI (Mutual Funds) Regulations, 1996 from time to time.
  16. The AMC shall not appoint any person as key personnel who has been found guilty of moral turpitude or convicted of any economic offence or involved in violation of securities laws.
  17. The AMC shall appoint registrars and transfer agents who are registered with SEBI. Provided if the work relating to the transfer of Units is processed in-house, the charge at competitive market rates may be debited to the Scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
  18. The AMC shall abide by the Code of Conduct as specified in the SEBI (Mutual Funds) Regulations, 1996.
  19. The AMC shall –
    - not act as a Trustee of any mutual fund;

- not undertake any business activities other than in the nature of management and advisory services to pooled assets including offshore funds, insurance funds, pension funds, provident funds or such categories of foreign portfolio investor subject to such conditions, as maybe specified by the Board from time to time, if any of such activities are not in conflict with the activities of the Mutual Fund. Provided that the AMC may itself or through its subsidiaries undertake such activities if it satisfies SEBI and ensures that the conditions as laid under the applicable Regulations are met. Provided further that the AMC may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund subject to complying with the additional conditions viz. (i) that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities; (ii) that the capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations, as may be specified by the SEBI from time to time are adhered to;
  - not invest in any of its Scheme unless full disclosure of its intention to invest has been made in the Scheme Information Document (SID); Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;
  - not acquire any assets out of the Trust Fund which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Scheme property in any way.
20. The Managing Director and Chief Executive Officer / of the AMC shall ensure that the Mutual Fund complies with all the provisions of SEBI (Mutual Funds) Regulations, 1996 and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
21. (1) The AMC shall keep and maintain proper books of account, records and documents, for each scheme so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of the Fund and intimate to the SEBI the place where such books of account, records and documents are maintained.
- (2) The AMC shall maintain and preserve for a period of eight years its books of account, records and documents.

### **Remuneration of the AMC**

In relation to each scheme launched by the Mutual Fund, the AMC is entitled to charge the Mutual Fund an investment management and advisory fees as specified by Regulations and / or the Scheme Information Document (SID).

**Information on Key Personnel of the Asset Management Company:**

<b>Name &amp; Designation</b>	<b>Age / Educational Qualifications</b>	<b>Brief Experience</b>
<b>Mr. Ajit Kumar Menon</b>  Chief Executive Officer	<b>Age :</b> 53 years  <b>Qualification:</b> B.Com, Post Graduate (Master of Management Studies)	Over 29 years of experience in business strategy, distribution, sales and marketing: <ul style="list-style-type: none"> <li>• February 21, 2019 onwards – PGIM India Asset Management Pvt Ltd. - Chief Executive Officer</li> <li>• October 06, 2018 to February 20, 2019 - PGIM India Asset Management Pvt Ltd. - Chief Executive Officer (Interim) and Chief Business Officer;</li> <li>• March 21, 2018 to October 05, 2018 - PGIM India Asset Management Pvt Ltd. - Chief Business Officer;</li> <li>• January 18, 2018 to March 20, 2018 - PGIM India Asset Management Pvt Ltd. - Chief Executive Officer (Interim);</li> <li>• July 17, 2017 to January 17, 2018 - PGIM India Asset Management Pvt Ltd. - Chief Business Officer;</li> <li>• January 20, 2016 to July 14, 2017 - Tata Asset Management Ltd. - Head - Strategy;</li> <li>• August 2000 to January 19, 2016 - DSP BlackRock Investment Managers Pvt. Ltd. - Sales and Co-head of Marketing.</li> </ul>
<b>Mr. Vinod Venkateswaran</b>  Chief Operating Officer and Chief Information Security Officer	<b>Age:</b> 50 years  <b>Qualification:</b> B.Com., FCS, AIII, PGDBM, Advanced Diploma in Systems Management	Over 27 years of experience across Operations, Customer Services, Risk, Projects, Process Management, Legal, Secretarial, Technology and Facilities: <ul style="list-style-type: none"> <li>• November 01, 2017 onwards - PGIM India Asset Management Pvt Ltd.- Chief Operating Officer and Chief Information Security Officer</li> <li>• November 2012 to October 2017 - L&amp;T Investment Management Ltd. - Head of Enterprise Operations &amp; Omni Channel Service</li> <li>• June 2006 to November 2012 - Fidelity Investments - Director Operations</li> </ul>
<b>Mr. Abhishek Tiwari</b>  Chief Business Officer	<b>Age:</b> 41 years  <b>Qualification:</b> B.com & PGDBM, Nirma University	Over 17 years of experience in Sales: - <ul style="list-style-type: none"> <li>• December 01, 2021 onwards - PGIM India Asset Management Private Limited - Chief Business Officer</li> <li>• March 16, 2021 to November 30, 2021 – PGIM India Asset Management Private Limited – Head - Retail</li> </ul>





Name & Designation	Age / Educational Qualifications	Brief Experience
		<p>Sales, Products &amp; Alliances</p> <ul style="list-style-type: none"> <li>• April 2019 to March 15, 2021 - PGIM India Asset Management Private Ltd - Head - Retail Sales West &amp; National Alliances</li> <li>• May 2018 to March 2019 - PGIM India Asset Management Private Ltd - Head - Private Banking</li> <li>• December 2016 to May 2018 – Edelweiss Asset Management Company Ltd. - Head - Key Accounts</li> <li>• April 2014 to November 2016 - JP Morgan Asset Management India Pvt. Ltd. - Head Sales - Gujarat</li> <li>• November 2013 to March 2014 – Kotak Wealth Management – AVP – Client Relations</li> <li>• April 2008 to October 2013 - DSP Investment Managers- Last position held - State Head – UP and Uttaranchal</li> </ul>
<p><b>Mr. Vinay Paharia</b> Chief Investment Officer</p>	<p><b>Age:</b> 44 Years <b>Qualification:</b> B.Com., M.M.S</p>	<p>Collectively over 21 years of experience in Indian financial markets, primarily in equity research &amp; Fund Management</p> <ul style="list-style-type: none"> <li>• January 27, 2023 onwards - PGIM India Asset Management Private Limited. Chief Investment Officer since April 1, 2023</li> <li>• April 2018 to January 2023 - Union Asset Management Company Ltd. Last Position Held - Chief Investment Officer.</li> <li>• January 2007 to March 2018 – Invesco Asset Management Company Ltd. Last Position Held – Fund Manager - Equity</li> </ul>
<p><b>Mr. Anandha Padmanabhan Anjeneyan</b> Fund Manager - Equity</p>	<p><b>Age:</b> 42 Years <b>Qualification:</b> B Com, ACA, CFA, FRM</p>	<p>Collectively over 16 years of experience in Indian financial markets, primarily in equity research:</p> <ul style="list-style-type: none"> <li>• June 2021 onwards - PGIM India Asset Management Pvt. Ltd. - Equity Analyst and Fund Manager</li> <li>• January 2020 to May 2021 - PGIM India Asset Management Pvt. Ltd. - Equity Analyst and Dedicated Fund Manager - Overseas Investments</li> <li>• March 2019 to January 2020 - PGIM India Asset Management Pvt. Ltd. - Equity Analyst</li> <li>• May 2018 to March 2019 - Renaissance Investment Managers Private Ltd. - Equity Analyst</li> <li>• August 2010 to May 2018 - Canara Robeco Asset Management Company Ltd. - Equity Analyst</li> </ul>



<b>Name &amp; Designation</b>	<b>Age / Educational Qualifications</b>	<b>Brief Experience</b>
		September 2009 to August 2010 – Canara Robeco Asset Management Company Ltd. - Fixed Income Dealer
<b>Mr. Harsh Kothari</b>  Fund Manager – Equity	<b>Age:</b> 36 Years  <b>Qualification:-</b> MBA Finance	Over 12 years of experience in Equity market, research and fund management : <ul style="list-style-type: none"><li>• October 12, 2023 onwards - PGIM India Asset Management Pvt Ltd. - Fund Manager – Equity</li><li>• June 10, 2022 to October 06, 2023 - Karma Capital Advisors Ltd. - Fund Manager – Equity</li><li>• April 29, 2019 to May 24, 2022 - Edelweiss Asset Management Ltd - Fund Manager – Equity</li><li>• April 13, 2017 to April 28, 2019 - Edelweiss Asset Management Ltd - Research Analyst – Equity</li><li>• December 16, 2013 to April 9, 2017 - JP Morgan India Asset Management Pvt Ltd - Research Analyst – Equity</li></ul> January 03, 2011 to June 15, 2013 - Morgan Stanley Fund Services - Research Analyst – Equity
<b>Mr. Utsav Mehta</b>  Fund Manager- Equity	<b>Age:</b> 36 Years  <b>Qualification:</b> B.Com., CFA	Over 13 years of experience in Equity market, research and fund management : <ul style="list-style-type: none"><li>• October 23, 2023 onwards - PGIM India Asset Management Pvt Ltd. - Vice President - Fund Manager - Equity.</li><li>• September 2018 to October 2023 - Edelweiss Asset Management Ltd - VP, Alternatives.</li><li>• June 2014 to September 2018 - Ambit Capital - Sector Analyst - Institutional Equities.</li><li>• January 2014 to May 2014 - MF Advisors LLP - Analyst – Investments.</li><li>• November 2012 - December 2013 - Ambit Capital - Associate – Investment Research</li></ul>
<b>Mr. Vivek Sharma</b>  Fund Manager – Equity	<b>Age:-</b> 41  <b>Qualification:-</b> PGDM - Finance	Over 14 years of experience in Equity market, research and fund management : <ul style="list-style-type: none"><li>• April 09, 2024 onwards - PGIM India Asset Management Pvt Ltd. - Fund Manager – Equity</li><li>• September 01, 2023 to March 20, 2024 - Edelweiss Asset Management Limited - Fund Manager – Equity</li><li>• March 09, 2017 to August 18, 2023 - PGIM India Asset Management Private Limited - Fund Manager –</li></ul>





Name & Designation	Age / Educational Qualifications	Brief Experience
		Equity <ul style="list-style-type: none"> <li>October 01, 2010 to March 06, 2017 - ICICI Securities Ltd - Research Analyst</li> </ul>
<b>Mr. Chetan Gindodia</b>  Dedicated Fund Manager for Overseas Investments	<b>Age:</b> 30 Years  <b>Qualification:</b> CA, CFA, BCOM	Collectively 8 years of experience in equity research: <ul style="list-style-type: none"> <li>29 March, 2024 onwards - PGIM India Asset Management Private Limited - Dedicated Fund Manager for Overseas Investments</li> <li>08 January, 2024 to 28 March, 2024 - PGIM India Asset Management Private Limited – Research Analyst</li> <li>26 June, 2019 to 28 December, 2023 - AlfAccurate Advisors Private Limited - Research Analyst</li> <li>8 November, 2016 to 21 June, 2019 - Multi-Act Trade and Investments Private Limited – Research Associate</li> </ul>
<b>Mr. Chetan Chavan</b>  Dealer – Equity and Co-Fund Manager – Equity	<b>Age:</b> 44 Years  <b>Qualification:</b> BCOM	Collectively over 20 years of experience in equity dealing and fund management: <ul style="list-style-type: none"> <li>29 March, 2024 onwards - PGIM India Asset Management Private Limited – Dealer Equity</li> <li>15 March, 2023 to 27 March, 2024 - Bajaj Finserv Asset Management Limited - Senior Dealer- Equity Investment</li> <li>16 June, 2015 to 13 March, 2023 - Mahindra Manulife Investment Management Private Limited - Equity Dealer</li> </ul>
<b>Mr. Prashant Shelar</b>  Dealer – Equities	<b>Age:</b> 41 Years  <b>Qualification:</b> B.Com	Over 18 years of experience in Trade Execution & Dealing: <ul style="list-style-type: none"> <li>March 06, 2024 onwards – PGIM India Asset Management Private Limited – Junior Dealer – Equities</li> <li>12 January, 2024 to 01 March, 2024 - Chola Securities Ltd - Deputy Manager</li> <li>19 July, 2023 to 10 November, 2023 - Emkay Global - Dealer</li> <li>07 November, 2022 to 30 April, 2023 - Motilal Oswal Asset Management Company Ltd - Manager.</li> <li>19 June, 2018 to 06 November, 2022 - Motilal Oswal Financial Services Ltd - Manager.</li> <li>01 February, 2016 to 15 May, 2018 - Motilal</li> </ul>



Name & Designation	Age / Educational Qualifications	Brief Experience
		<p>Oswal Securities - Assistant Manager.</p> <ul style="list-style-type: none"> <li>• 01 July, 2010 to 25 January, 2016 - Grey Box Advisories Ltd - Trader.</li> <li>• 04 April, 2006 to 01 April, 2010 - Indiabulls Securities Ltd - Assistant Manager</li> </ul>
<p><b>Mr. Puneet Pal</b>  Head - Fixed Income</p>	<p><b>Age:</b> 47 years  <b>Qualification:</b> MBA (Finance) from Symbiosis Institute of Business Management, Pune</p>	<p>Over 23 years of experience in the Debt markets within the Mutual Fund space:</p> <ul style="list-style-type: none"> <li>• December 01, 2021 onwards - PGIM India Asset Management Pvt Ltd. - Head - Fixed Income</li> <li>• December 13, 2017 to November 30, 2021 - PGIM India Asset Management Pvt Ltd. - Deputy Head - Fixed Income</li> <li>• February 2012 to December 12, 2017 - BNP Paribas Asset Management India Pvt. Ltd. - Head - Fixed Income</li> <li>• July 2008 to February 2012 - UTI Asset Management Company Ltd. - Sr. Vice President &amp; Fund Manager</li> <li>• August 2006 to July 2008 - Tata Asset Management Ltd. - Fund Manager</li> <li>• April 2004 to August 2006 - UTI Asset Management Company Ltd. - Asst. Fund Manager</li> <li>• June 2001 to March 2004 - UTI Asset Management Company Ltd. - Dealer</li> </ul>
<p><b>Mr. Bhupesh Kalyani</b>  Fund Manager – Fixed Income</p>	<p><b>Age:-</b> 48 years  <b>Qualification:-</b> ACA, Grad CWA</p>	<p>Over 19 years of experience in fund management of fixed income securities:</p> <ul style="list-style-type: none"> <li>• September 13, 2022 onwards - PGIM India Asset Management Pvt Ltd. - Fund Manager – Fixed Income;</li> <li>• January 25, 2017 - September 06, 2022 - IDBI Mutual Fund - Debt Fund Manager;</li> <li>• August 2012 - August 2016 - Star Union Dai-ichi Life Insurance - Debt Fund Manager;</li> <li>• November 2009 - August 2012- Tata Mutual Fund - Dealer – Fixed Income.</li> </ul>
<p><b>Mr. Sandeep Devan</b>  Dealer – Fixed Income</p>	<p><b>Age:</b> 39 Years  <b>Qualification:</b> B.COM</p>	<p>Over 14 years of experience in Investment and Banking Operations : -</p> <ul style="list-style-type: none"> <li>• May 02, 2022 onwards - PGIM India Asset Management Private Limited - Dealer – Fixed Income</li> </ul>



<b>Name &amp; Designation</b>	<b>Age / Educational Qualifications</b>	<b>Brief Experience</b>
		<ul style="list-style-type: none"><li>• May 26, 2016 to May 01, 2022 - PGIM India Asset Management Private Limited - Investment and Banking Operations.</li><li>• November 23, 2015 to May 20, 2016- Kotak Asset Management India Private Limited - Investment Operations</li><li>• March 19, 2012 to November 22, 2015 - DWS Asset Management India Private Limited - Investment and Banking Operations.</li><li>• November 17, 2008 to March 16, 2012 - EFG Wealth Management India Private Limited - Mutual Fund Operations</li></ul>
<b>Mr. Abhay Nagrecha</b> Head - Operations	<b>Age:</b> 48 Years <b>Qualification:</b> ACA, Grad. CWA, B.com	Collectively over 23 years of experience in financial services. <ul style="list-style-type: none"><li>• December 08, 2023 onwards - PGIM India Asset Management Private Limited - Head - Operations</li><li>• May 25, 2021 to December 07, 2023 - Avendus Capital Pvt Ltd. - Director – Operations</li><li>• August 01, 2017 to May 24, 2021 - Kotak Alternate Asset Managers Ltd. - Director – Operations</li><li>• August 27, 2009 to July 31, 2017 - Kotak Mahindra Bank Ltd. Director – Operations</li></ul>
<b>Mr. Sandeep Kamath</b> Head - Compliance and Legal	<b>Age :</b> 47 years <b>Qualification:</b> B.Com, B.G.L	Around 24 years of experience in Compliance, Legal & Secretarial function: <ul style="list-style-type: none"><li>• May 18, 2017 onwards - PGIM India Asset Management Pvt Ltd.- Head - Compliance and Legal;</li><li>• July 5, 2004 to April 28, 2017 - Kotak Mahindra Asset Management Company Ltd. - Last Position held: Head - Compliance &amp; Legal;</li><li>• July 2000 to July 2004 - Principal Asset Management Company Pvt. Ltd. - Compliance.</li></ul>
<b>Ms. Prabha Shanker</b> Head- Risk Management	<b>Age:</b> 49 years <b>Qualification:</b> BSc, MMS	Around 22 years of experience across operations, process review and new businesses in the financial services sector:- <ul style="list-style-type: none"><li>• January 20, 2022 onwards – PGIM India Asset Management Private Ltd – Head – Risk Management;</li></ul>



Name & Designation	Age / Educational Qualifications	Brief Experience
		<ul style="list-style-type: none"> <li>July 2006 – December 2021- Self - Employed Process Consultant to Mutual Funds and Fintech companies</li> <li>January 2000 to June 2006 – Kotak Mahindra Asset Management Company – Operations.</li> </ul>
<p><b>Ms. Sakshi Dalela</b> Head- Marketing</p>	<p><b>Age :</b> 49 years <b>Qualification:</b> Post Graduate Degree in Communication , Bachelor of Arts-English</p>	<p>Over 23 years of experience in integrated marketing, branding and digital marketing:</p> <ul style="list-style-type: none"> <li>May 07, 2018 onwards- PGIM India Asset Management Pvt Ltd. - Head- Marketing;</li> <li>June 2017 to April 2018 – SBI Cap Securities Ltd. - Head- Marketing;</li> <li>April 2007 to Sep 2014 – SBI Funds Management Pvt Ltd. - Head- Marketing and Corporate Communications;</li> <li>Dec 2004 to Mar 2007 – Star India Pvt Ltd. - Manager- Marketing and Distribution</li> </ul>
<p><b>Mr. Anoop Gulati</b> Co-Head Marketing &amp; Business Development</p>	<p><b>Age:</b> 46 Years <b>Qualification:</b> MBA</p>	<p>Collectively over 23 years of experience in Sales:</p> <ul style="list-style-type: none"> <li>November 01, 2023 onwards - PGIM India Asset Management Private Limited - Co-Head Marketing &amp; Business Development</li> <li>May 2018 to October 2023 - PGIM India Asset Management Private Limited - Head of Sales, West &amp; North Zone</li> <li>July 2011 to May 2018 - DSP BlackRock Investment Managers Pvt Ltd - Vice President – Sales</li> </ul>
<p><b>Dr. Sagneet Kaur</b> SVP - Behaviour Finance &amp; Consumer Insights</p>	<p><b>Age:</b> 35 Years <b>Qualification:</b> PhD in Psychology</p>	<p>Collectively over 10 years of experience in Behavioural and Consumer Science</p> <ul style="list-style-type: none"> <li>August 8, 2023 onwards - PGIM India Asset Management Private Limited - SVP - Behavior Finance &amp; Consumer Insights</li> <li>December 2018 to May 2023 - Morningstar India Private Limited. Last Position Held - Associate Director of Behavioral Research.</li> <li>January 2018 to December 2018 – Betterment Consumer tech Private Limited. Last Position Held – Vice President Consumer Sciences</li> <li>January 2017 to January 2018 – LXL Ideas Private Limited. Last Position Held – Head Research &amp; Strategy</li> <li>February 2013 to July 2016 – Maulana Azad</li> </ul>



Name & Designation	Age / Educational Qualifications	Brief Experience
<p><b>Ms. Reesha Chughh</b></p> <p>Head &amp; Senior Vice President - Human Resources</p>	<p><b>Age:</b> 39 Years</p> <p><b>Qualification:</b> EPYM, BSC I.T.</p>	<p>National Fellowship by UGC. Last Position Held – Research Fellow &amp; Adhoc Faculty</p> <p>Collectively over 11 years of experience in Human Resources department:</p> <ul style="list-style-type: none"> <li>• October 03, 2023 onwards - PGIM India Asset Management Private Limited – Head - Human Resources</li> <li>• January 06, 2016 – September 29, 2023 - Baroda BNP Paribas Asset Management India Private Limited – Head - Human Resources</li> <li>• July 01, 2015 – January 04, 2016 - Equifax Software Systems Private Limited – Manager - Human Resources</li> <li>• June 06, 2012 – June 30, 2015 - Equifax Credit Information Services Private Limited – Manager - Human Resources</li> </ul>
<p><b>Mr. Ratan Ghosh</b></p> <p>Head - Client Services</p>	<p><b>Age:-</b> 48</p> <p><b>Qualification:-</b> MBA Finance</p>	<p>Around 24 years of experience in Customer Services:</p> <ul style="list-style-type: none"> <li>• November 04, 2023 onwards - PGIM India Asset Management Private Limited - Head - Client Services &amp; Investor Relations Officer</li> <li>• August 21, 2021 to November 03, 2023 - PGIM India Asset Management Private Limited - Head - Client Services</li> <li>• May 07, 2020 to August 17, 2021 - Axis Bank Ltd - Vice President - Wholesale Banking Process</li> <li>• September 26, 2011 to April 15, 2020 - Franklin Templeton Asset Management (India) Pvt. Ltd - Regional Head West Zone</li> </ul>

All the key personnel are based at the Registered Office of the AMC in Mumbai.

The AMC currently has 11 personnel in the fund management team, including 4 equity research analysts and 1 credit analyst.

**Procedure and Recording of Investment Decisions:**

All investment decisions, relating to the Schemes, will be undertaken by the AMC in accordance with the Regulations, the investment objectives specified in the SID and the Investment Manual of the AMC. All investment decisions taken by the AMC Schemes will be recorded.

A detailed report will be made before taking any decision to invest in a company/issuer for the first time. Individual scrip wise reasons will be recorded by the fund manager at the time of placing individual orders. Performance of the Schemes will be periodically tabled before the boards of the AMC and the Trustee respectively. Performance of the Schemes vis-à-vis their respective benchmark indices will be periodically monitored by the boards of the Trustee and the AMC. Further, the boards of the Trustee and AMC will also review the performance of the Schemes in the light of performance of the mutual fund industry.

The AMC has appointed an Investment Committee, which lays down the broad investment policy for the Schemes, review the policy and to review the portfolio and performance of the Schemes periodically. However, the day to day investment management decision will be taken by fund manager of the respective Scheme. All investment decisions shall be recorded in terms of Paragraph 12.23.1 of SEBI Master Circular dated May 19, 2023 as amended from time to time.

The Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) and in the interest of the Unit holders.

## **E. Service Providers**

### **i. Custodian**

#### **Standard Chartered Bank**

Crescenzo, 3A Floor, C-38/39, G-Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400 051.  
SEBI Registration Number: **IN/CUS/006**

### **ii. Registrar and Transfer Agent**

#### **KFIN Technologies Limited**

Unit - PGIM India Mutual Fund  
9th Floor, Capital Towers,  
180, Kodambakkam High Road,  
Nungambakkam, Chennai – 600034.  
SEBI Registration Number - **INR000000221**

The Trustee and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching account statements to Unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

### **iii. Statutory Auditor for the Mutual Fund**

**Price Waterhouse Chartered Accountants LLP,**  
252, Veer Savarkar Marg, Shivaji Park,  
Dadar (W), Mumbai-400028

**iv. Legal counsel**

The AMC and Trustee avails of the services of experienced and renowned legal firms, as and when required depending upon the subject matter.

**v. Collection Bankers**

**Standard Chartered Bank**

Registered Address:- 90 M. G. Road, Mumbai - 400 001

SEBI registration No. **INBI00000063**

**HDFC Bank Limited**

Registered Address:- HDFC Bank House, Senapati Bapat Marg,

Lower Parel(W), Mumbai - 400 013

SEBI Registration Number - **INBI00000063**

The AMC reserves the right to change / modify the list of Collection Bankers. During the New Fund Offer of the Schemes, the AMC shall appoint additional Collection Bankers to accept the applications for investment in the Schemes. The list of the Collection Bankers will be disclosed in the Scheme Information Document and also Key Information Memorandum and the website of the Mutual Fund, as and when the schemes are launched.

**vi. Fund Accountant**

**Standard Chartered Bank**

90, Mahatma Gandhi Road,

Fort, Mumbai - 400 001.

## 2. CONDENSED FINANCIAL INFORMATION (CFI)

Given below are the CFI for all the schemes launched by PGIM India Mutual Fund during last three fiscal years (excluding redeemed schemes):-

HISTORICAL PER UNIT STATISTICS	PGIM India Balanced Advantage Fund			PGIM India Small Cap Fund		PGIM India Global Select Real Estate Securities Fund of Fund		PGIM India CRISIL IBX Gilt Index - Apr 2028 Fund #
	2022-23	2021-22	2020-21	2022-23	2021-22	2022-23	2021-22	2022-23
Date of Allotment	04-Feb-21			29-Jul-21		03-Dec-21		22-Feb-23
NAV at the beginning of the year (Rs.)								
Regular Growth	11.47	10.21	N.A	11.03	N.A	10.48	N.A	N.A
Regular IDCW Option	10.82	10.21	N.A	11.03	N.A	10.48	N.A	N.A
Regular Daily IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Weekly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Monthly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Quarterly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Annual IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Bonus	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Growth	11.71	10.23	N.A	11.18	N.A	10.51	N.A	N.A
Direct IDCW Option	11.05	10.23	N.A	11.18	N.A	10.51	N.A	N.A
Direct Daily IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Weekly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Monthly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Quarterly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Annual	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A





IDCW Option								
<b><u>IDCW paid during the year (Rs.)</u></b>								
Regular IDCW Option	0.40	0.64	0.00	0.00	0.00	0.00	0.00	0.00
Regular Daily IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regular Weekly IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regular Monthly IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regular Quarterly IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regular Annual IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regular Bonus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct IDCW Option	0.92	0.65	0.00	0.35	0.00	0.00	0.00	0.00
Direct Daily IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Weekly IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Monthly IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Quarterly IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct Annual IDCW Option	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b><u>NAV at the end of the year (Rs.)</u></b>								
Regular Growth	11.54	11.47	10.21	10.16	11.03	8.78	10.48	10.1467
Regular IDCW Option	10.48	10.82	10.21	10.16	11.03	N.A	10.48	10.1467
Regular Daily IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Weekly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Monthly IDCW	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A



Option								
Regular Quarterly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Annual IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Regular Bonus	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Growth	11.99	11.71	10.23	10.49	11.18	8.88	10.51	10.1494
Direct IDCW Option	10.38	11.05	10.23	10.14	11.18	N.A	10.51	10.1494
Direct Daily IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Weekly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Monthly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Quarterly IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Direct Annual IDCW Option	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
<b>Annualized returns (%)</b>								
Regular Plan - Growth option	0.61%	12.34%	N.A	-7.89%	N.A	-16.22%	N.A	N.A.
Direct Plan - Growth option	2.39%	14.47%	N.A	-6.17%	N.A	-15.51%	N.A	N.A.
<b>Absolute Return (%)</b>								
Regular Plan - Growth option	6.89%	12.79%	2.10%	0.95%	15.34%	-9.36%	4.80%	15.45%
Direct Plan - Growth option	8.80%	14.86%	2.30%	2.90%	17.58%	-8.59%	5.10%	15.75%
<b>Benchmark returns (%)</b>								
Regular Plan - Growth option	1.82%	12.77%	-0.33%	-6.03%	6.86%	-13.92%	0.92%	N.A.
Direct Plan - Growth option	1.82%	12.77%	-0.33%	-6.03%	6.86%	-13.92%	0.92%	N.A.
<b>Benchmark</b>	CRISIL Hybrid Moderate Index		50+50	Nifty Smallcap 250 - TRI		FTSE EPRA / Nareit Developed Index		CRISIL-IBX Gilt Index - April 2028
<b>Standard Benchmark Returns (%)</b>								
<b>Regular Plan - Growth option</b>	<b>0.59%</b>	<b>20.26%</b>	<b>-2.62%</b>	<b>0.59%</b>	<b>20.26%</b>	<b>0.59%</b>	<b>20.26%</b>	<b>1.57%</b>

Direct Plan - Growth option	0.59%	20.26%	-2.62%	0.59%	20.26%	0.59%	20.26%	1.57%
Standard Benchmark	NIFTY 50 - TRI			NIFTY 50 - TRI		NIFTY 50 - TRI		CRISIL 10 Year Gilt Index
Net Asset at the end of year / period Rs. in crores)	1,387.46	1,467.82	592.73	2,015.55	1,688.20	100.98	132.38	30.44
Ratio of Recurring Expenses to average daily net assets (% of AAUM)	2.07%	2.18%	2.46%	1.26%	1.45%	1.29%	1.18%	0.54%

The ratio of Recurring expenses to average daily net assets by percentage has been annualised for the respective period.

# Launched during the year

N.A : Not Applicable

IDCW: Income Distribution Cum Withdrawal

Return during the year has been calculated as on March 31, 2023 for the growth plans of the respective schemes, considering Movement of NAV during the year.

For scheme that have not completed one year at the end of the respective year, returns for such periods are given as absolute returns and not annualized. Different plans have different expense structure.

**Past performance may or may not be sustained in future.**

### 3. HOW TO APPLY

**This section must be read in conjunction with the Section “Units and Offer” of the SID.**

#### A. Purchase

- a) New investors can purchase units by using a prescribed application form annexed to the Key Information Memorandum (KIM). Existing Unitholders may use the Transaction Slip printed at the bottom of their account statement, or use a ‘Common Transaction/Application Form’ for additional purchases. Investors, in their own interest, are requested to go through the Guidelines /instructions in Key Information Memorandum (KIM) for filling up the application form before investing. The investors signature on the main application form shall be the basis for all future transactions processing. During the NFO of a scheme, the existing unitholders need to use the scheme’s NFO application form for purchases; for switch transaction from one scheme to

another, unitholders may use the Transaction Slip printed at the bottom of their account statement or use the Common Transaction Form.

- b) The application form or common transaction form, as mentioned above, is available at all Official Points of Acceptance of the Mutual Fund, namely, the Investor Service Centres (ISCs) of the AMC and the Registrars (KFIN Technologies Limited). The AMC/Registrar may open additional ISCs from time to time. Investors may obtain addresses of official points of acceptance from the relevant SID or by calling the AMC/Registrar.
- c) The duly completed application form / transaction slip / common transaction form, as the case maybe, along with the payment instrument may be submitted at any of the Official Points of Acceptance of the Mutual Fund. The ISCs will time-stamp, and return the acknowledgement slip in the application form, to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be issued.
- d) Payment for the investments can be made either by a cheque or a bank draft / pay order or electronic fund-transfer request or via Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT).
- e) In terms of Paragraph 16.2.2 of SEBI Master Circular dated May 19, 2023 mutual funds units can be transacted through all the registered stock brokers of the National Stock Exchange of India Limited and / or Bombay Stock Exchange Limited, who are also registered with AMFI and are empaneled as distributors with the AMCs. Investors desirous of transacting through the stock exchange mode are required to have a Demat account with NSDL/ CDSL. The Mutual Fund shall endeavor to offer the abovementioned facility of transacting through the stock exchanges at a future date.
- f) AMC/ its Registrar will take utmost care in processing, storing and maintaining such information so that such sensitive and personal information shall not get exposed to any unrelated third party(ies) and used for specific & associated purpose for which such information is collected. AMC/ its Registrar has implemented all required processes and controls as required under local data protection & privacy laws (Information Technology Act, 2000 & amendments 54 thereof from to time) and will continue to abide by all such data protection & privacy laws as notified by Government of India from time to time. Mutual Fund / AMC neither seek any investment from nor intend to offer any goods or services to Citizen(s)/Resident(s) of the USA / Canada / European Union Member States or any other territory outside India, where there are Data Protection Law passed as Public International Law and all the information that are provided by the investor(s) are done voluntarily and in full agreement to the data collection and sharing, as explained above.

Mutual Fund / AMC / its Registrar, who shall be collecting, using and sharing as indicated above, shall comply with local laws of India, which may or may not be in line with the requirements of other territorial laws. If you have any concern / query, you can write to Investor Relations Officer of the Mutual Fund/ AMC. By choosing to invest in the Mutual Fund, it is construed that investor is providing explicit consent to AMC, RTA and other entities engaged by AMC to process investor data in their roles as per existing & prospective processes determined by Mutual Fund /AMC from time to time.

**Additional mode of payment through Applications Supported by Blocked Amount (ASBA) during NFO:**

Pursuant to Paragraph 14.8 of SEBI Master Circular dated May 19, 2023, during the NFO of the schemes launched by the Mutual Fund, investors are provided an additional mode of payment through (ASBA) facility while applying for the Units offered under NFO of the Scheme(s).

- (i) ASBA or “Applications Supported by Blocked Amount” is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of mutual fund schemes.
- (ii) ASBA facility is currently available only to those investors who wish to hold the units in dematerialized form.
- (iii) An Investor intending to subscribe to the Units in the NFO through ASBA, is required to submit duly completed prescribed ASBA Application Form to a Self-Certified Syndicate Bank (SCSB) (SCSB is a bank providing ASBA services to its customers. A list of recognized SCSBs is available on the websites of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)), BSE ([www.bseindia.com](http://www.bseindia.com)), and NSE ([www.nseindia.com](http://www.nseindia.com))), with whom his/her bank account is maintained, either physically with the Designated Branches (DBs) of the SCSB (“Physical ASBA”); or electronically through the internet banking facility offered by the SCSB (“Electronic ASBA”). It may be noted that ASBA application form will not be accepted by any of the offices of PGIM India Mutual Fund or its Registrar & Transfer Agent, i.e., KFIN Technologies Ltd.
- (iv) Upon submission of an ASBA form with the SCSB, investor shall be deemed to have agreed to block the entire subscription amount specified in the application form and authorized the designated bank to block such amount in the bank account. On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA.
- (v) The application money towards the cost of the Units shall be blocked in the investor’s account until (a) Allotment of Units is made or (b) Rejection of the application or (c) Winding up of the Scheme, as the case may be. SCSBs shall unblock the bank accounts for (a) Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (b) in case the application is rejected. Thus, for an investor who applies through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is considered for allotment of Units.
- (vi) During processing of the ASBA form by the Registrar, if the application is found to be incomplete or incorrect, the SCSB will be informed about the same. SCSB will then unblock such amount from the investor’s bank account with appropriate remarks in the investor account.
- (vii) The Bank Account Number in the ASBA form should necessarily be of the first applicant only. In case where the bank account is jointly held, the first applicant should be one of the joint holders. Investors shall ensure that the bank account details mentioned in the ASBA

form is correct and the funds are available in their account for the SCSB to block the amount.

- (viii) The names of the applicants, the manner of holding, the mode of holding in the application form should exactly match with the information available in the demat account. In case of any mismatch, incorrect or incomplete information, the application may be rejected by the SCSB or the Registrar. All investor related details for allotment of Units such as names of the applicants, manner of holding, mode of holding, bank account, etc. will be updated as per the demat account.
- (ix) The investors should check their demat accounts for allotment of Units within 10 working days of the NFO closure. No physical account statement will be sent to the investors by the Mutual Fund or its Registrar.
- (x) All grievances relating to the ASBA facility may be addressed to the AMC/RTA to the issue, with a copy to the SCSB, giving full details such as name, address of the applicants, subscription amount blocked on application, bank account number and the designated branch or the collection center of the SCSB where the ASBA form was submitted by the investor.
- (xi) On the date of closure of the NFO, the ASBA form should be submitted to the SCSBs before the 3.00 p.m. or such other time as may be decided by respective SCSBs.
- (xii) PGIM India Mutual Fund or its Registrar, KFIN Technologies Ltd. shall not be liable for any negligence or mistake committed by the SCSBs.

**Online Transactions in units:-** For the convenience of the investors, the Mutual Fund also endeavours to introduce the Online Transaction Module on its Website for transacting in units in the schemes of PGIM India Mutual Fund.

While applying for purchase of units in the schemes, investors should note the following:

- Cheque or demand draft should be crossed “Account Payee Only”, and drawn in favor of the scheme in which the investor proposes to invest.
- Cheque or demand draft should be payable locally at the city where the application is deposited, and should be drawn on any bank that is a member of the local Clearing House.
- In case of an applicant who is resident of a city whose banking clearing circle is different from that of any ISC or designated collection center of the AMC, the AMC shall bear the bank charges (As per demand draft charges prescribed by State Bank of India) incurred by the investor in obtaining a demand draft(s). In that case, the investor may obtain a draft for investment amount net of draft charges along with a certificate issued by the bank. The AMC shall not refund any demand draft charges in cash. The aforesaid charges borne by the AMC shall not be charged to the scheme, unless permitted. This facility is available exclusively to resident Indians.

- Investors who intend to invest in more than one scheme/plan/option, should submit a separate payment instrument and a separate transaction slip for each such investment.
- Payment by cash, stock invests and out-station will not be accepted.
- Applicants need to specify the “mode of holding” in the application form as explained below:
- If an application is made by:
  - i. a sole applicant, the mode of holding should be specified as “Sole’ or “Single”;
  - ii. two or more applicants (maximum permitted being three applicants), the mode of holding should be specified as “Joint” or “Anyone or Survivor”.
- If the mode of holding is specified as “Joint”, all transactions/instructions will have to be signed by all the joint unitholders, while for mode of holding specified as “Anyone or Survivor”, all transactions/instructions may be signed by any one of the unit holders. However, in all such cases, the Income Distribution cum Capital Withdrawal (IDCW) / redemption proceeds will be paid to the first named applicant / Unitholder (as determined by reference to the original Application Form). Further, the first named Unitholder shall receive the account statements, all notices and correspondences with respect to the folio, or IDCW / redemptions or other distributions and also have the voting rights, as permitted, associated with such units.
- If the mode of holding is not specified in the application form or is unclear, it will be treated as “Joint”, where there are two or more applicants.
- Investors should clearly specify Schemes/Plans/Options in the application form and ensure that the application form is accompanied by a cheque/ demand draft/account-to-account fund transfer instruction to their bankers, favoring Schemes/Plans/Options. In case of ambiguity or any discrepancy, the default option as specified in the SID will be applicable else the application is liable to be rejected.
- As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account details in their applications for purchase of units. In case the Investment cheque attached with the application form is different from the Bank Mandate mentioned therein then the Investor needs to provide a cancelled cheque of the Bank account mentioned in the application form.
- Third party cheques will not be allowed for applying for purchase units of the schemes For more details, please refer to the section **“Restriction on Third Party Payments for Subscription of Units”**
- In the interest of investors, it is advised that the Application Form Number / Folio Number and Name of the First Investor should be written overleaf the cheque / draft before they are handed over to any courier / messenger / distributor / ISC.



- All redemption / Income Distribution cum Capital Withdrawal (IDCW) proceeds would be paid out only to the Bank Mandate on records. For the convenience of the investors, the AMC offers multiple bank mandate registration facility. For more details, please refer to the section “**Registration of Multiple Bank Accounts**” below.
- It is mandatory for all investors (including guardians, joint holders, NRIs and power of attorney holders) to provide their Income Tax Permanent Account Number (PAN) and also submit a photo copy of the PAN card issued to them by the Income Tax Department at the time of purchase of Units for the first time in scheme. Such photocopy must be verified at the ISCs by producing the original (which shall be returned across the counter) or verified and attested by any AMFI registered distributors, bank managers or judicial magistrate. Applications not accompanied by duly verified copy of the PAN card(s) are liable to be rejected.
- However, investors residing in the state of Sikkim are exempt from the mandatory requirement of PAN mentioned above, subject to the AMC being able to verify and ascertain the veracity of the claim of the investors that they are residents of Sikkim, on the basis of sufficient documentary evidence.
- Investments (including investments in SIPs) of up to Rs. 50,000/- per year per investor have been exempted from the requirement of PAN. The aggregate of the lump sum investment (fresh purchase & additional purchase) and Micro SIP installments by an investor in a financial year i.e. April to March does not exceed Rs. 50,000/- shall be exempt from the requirement of PAN.  
Accordingly, investors seeking the above exemption from PAN still need to submit the KYC Acknowledgment i.e. PAN Exempt KYC Reference No (PEKRN) / KYC Identification No. (KIN) acknowledgement issued by KRA / CKYC, irrespective of the amount of investment. However, requirements of Know Your Customer (KYC) shall be mandatory Also, a duly verified/attested copy of such document(s) as may be prescribed by the AMC/Trustee from time to time, needs to be submitted as the proof of identification in lieu of PAN Card copy. Investors may contact any of the Investor Service Centres (ISCs) of the AMC or Registrar to know the list of acceptable identification documents which may be provided as proof of identification in lieu of PAN. Further, this exemption shall be applicable only to micro investments made by individuals (including NRIs, but not PIOs), Minors and Sole proprietary firms including joint holders. PIOs, HUFs and other categories of investors will not be eligible for this exemption. For the purpose of identifying Micro investment, the value of investments at the investor level (first holder) will be aggregated based on the unique ID number mentioned on the KYC Acknowledgment and such aggregation shall be done irrespective of the number of folios / accounts under which the investor is investing.
- Investors are advised to use the prescribed application form provided with the KIM, SIP auto debit form & SIP/SWP/STP form, and other standard forms available at the ISCs or the website of PGIM India Mutual Fund ([www.pgimindiamf.com](http://www.pgimindiamf.com)), for any financial/nonfinancial transactions. Any transaction received in any non-standard form, is liable to be rejected.
- Investors should provide the details / fill the form only in the space / boxes provided in the relevant forms. Any details/ notings /information/instruction provided at a non-designated





area of the standard form being used, or any additional details for which space is not designated in the standard form, may not be executed by the AMC.

- The AMC and its Registrar reserve the right to disclose the details of the investors and their transactions to banks, couriers, distributors and any other organization for the purpose of transaction confirmations and/or execution, redemption payouts, data validations, compliance with legal and regulatory requirements, or for complying with anti-money laundering requirements.
- The Trustees shall have the absolute discretion to reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not believe it would be in the best interest of the Scheme or its Unit Holders to accept such an application.

**Treatment of purchase/ switch/ Systematic Investment Plans (SIPs)/ Systematic Transfer Plans (STPs) transactions received through distributors who are suspended temporarily or terminated permanently by AMFI:**

1. During the period of suspension, no commission shall be accrued or payable to the distributor whose ARN is suspended. Besides, any unpaid commission as on the date of the suspension if any stand forfeited. In other words, during the period of suspension, commission on the business canvassed prior to the date of suspension shall stand forfeited. The above rule shall apply irrespective of whether the suspended distributor is the main ARN holder or a sub- distributor.
2. All Purchase and Switch transactions post the date of suspension, including SIPs/STPs registered prior to the date of suspension and fresh SIP / STP registrations received under the ARN code of a suspended distributor during the period of suspension, shall be processed under Direct Plan and shall be continued under Direct Plan perpetually\*, with a suitable intimation to the unitholder/s mentioning that the distributor has been suspended from doing mutual fund distribution.

*\*Note: If the AMC receives a written request / instruction from the unitholder/s to shift back to Regular Plan under the ARN of the distributor post the revocation of suspension of ARN, the same shall be honored.*

3. All Purchase and Switch transactions including SIP/STP transactions received through the stock exchange platforms through a distributor whose ARN is suspended shall be processed under the Direct Plan..
4. All transactions received through un-empanelled distributors shall be processed under the Direct Plan.
5. In case where the ARN has been permanently terminated, the unitholders have the following options;
  - a. Switch their existing investments under Regular Plan to Direct Plan (with capital gain tax implications); or

- b. continue their existing investments under Regular Plan under ARN to another distributor of their choice.

### **Transactions by E-fax and E-mail**

Investors may submit their application for financial/ non-financial transactions via electronic fax ('E-fax') and electronic mail ('E-mail') to the AMC/ Registrar and Transfer Agent ('R&T') subject to the condition that the investor has signed up the email/e-fax indemnity with the AMC. The AMC/ Trustee may (at its sole discretion and without being obliged in any manner to do so and without being responsible and/ or liable in any manner whatsoever) accept and process any application, supporting documents and/ or instructions submitted by investors via E-Fax/E-mail. The AMC/ Registrar shall not be liable for any loss/ damage/ claim arising out of incorrect processing of transaction received through fax, on account of incorrect data entered due to illegible fax, delay in receipt of fax due to technical reasons, etc. In all such cases the investor will have to immediately submit the original documents/ instruction to AMC / R&T/ Mutual Fund by clearly mentioning the words "For Records Only". The current designated fax number for accepting application via E-fax is 1800 266 3121 and the current designated email id for accepting application via E-mail is [transact@pgimindia.co.in](mailto:transact@pgimindia.co.in). The AMC reserves the right to add or remove designated fax number(s) / email id(s) to/from the above list. The designated fax number(s) and designated email id(s) will be Official Points of Acceptance of Transactions ("OPA") for Schemes of the Fund in respect of the transactions routed through these designated fax number(s) / designated email id(s). The uniform cut-off time as prescribed by SEBI and as mentioned in the SIDs/ KIMs of the Schemes shall be applicable for transactions received through the above modes.

Further, the AMC reserves the right to not seek corresponding original document(s) in respect of a transaction received through Fax/ E-fax/ E-mail and accordingly processed."

### **Employee Unique Identification Number (EUIN)**

Pursuant to Paragraph 15. 11 of SEBI Master circular dated May 19, 2023, Mutual Funds have created a unique identity number of the employee/ relationship manager/ sales person of the distributor interacting with the investor for the sale of mutual fund products, in addition to the AMFI Registration Number (ARN) of the distributor. This Employee Unique Identification Number is referred as "EUIN".

EUIN aims to assist in tackling the problem of mis-selling even if the employee/relationship manager/sales person leaves the employment of the distributor or his/her sub broker. Quoting of EUIN is mandatory in case of advisory transactions.

Investors shall ensure that the application form, if routed through a Distributor shall have a valid ARN code, Sub broker ARN code, and EUIN. However, if a distributor has not given any advice pertaining to the investment, the EUIN box may be left blank. In this case investors are required to provide the declaration to this effect as given in the form provided in the Key Information Memorandum (KIM).

Investors are requested to note that EUIN is applicable for transactions such as Purchases, Switches, Registrations of SIP / STP / Trigger STP / Transfer of Income Distribution cum Capital

Withdrawal (IDCW) Plan and EUIN is not applicable for transactions such as Installments under SIP/ STP / SWP / STP Triggers, Income Distribution cum Capital Withdrawal (IDCW) Reinvestments, Bonus Units, Redemption, SWP Registration, Zero Balance Folio creation and installments under Income Distribution cum Capital Withdrawal (IDCW) Transfer Plans.

**Registration of Multiple Bank Accounts**

- (a) The investors may register multiple Bank Mandates in a single folio using a prescribed form, namely, "Multiple Bank Accounts Registration form", available on the Mutual Fund's website and also at the ISCs. An investor may register up to 5 bank accounts in case the investor is an individual/ HUF and up to 10 bank accounts in case the investor is a non-individual.
- (b) The following documents are required to be submitted along with the Multiple Bank Accounts Registration form:
- ✓ Cancelled cheque leaf of the new bank mandate with first unit holder name and bank account number printed on the face of the cheque, or
  - ✓ Self-attested Bank Statement / Pass Book Page with account number, account holders' name and address., or
  - ✓ Bank letter / certificate with the account holders' name, account number, MICR, IFSC and branch address
- (c) By registering multiple bank accounts, investors may use any of the registered bank accounts to receive redemption/ Income Distribution cum Capital Withdrawal (IDCW) proceeds. These registered bank account details will be used for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted.
- (d) In case of existing unitholders, the existing bank mandate, and in case of new investors, their bank account details as mentioned in the application form for initial purchase, shall be treated as default bank account and all additional bank mandates would be considered as optional bank mandates, unless the unitholder gives a separate request to change the same to any of the other registered bank account using the 'Multiple Bank Accounts Registration Form'. However, unitholder may specify any other registered bank accounts for credit of redemption proceeds at the time of requesting for the redemption. In case the investor wants the redemption proceeds to be credited to any one of the optional bank accounts from amongst the bank mandates registered under a folio, the investor needs to clearly indicate the same in the redemption application form. In the absence of such indication, the redemption proceeds would be credited to the default bank account.
- (e) In case request for redemption is received together with a change of bank account or before verification and validation of the new bank account, the redemption request would be processed to the registered default bank account. Unit holders may note that it is desirable to submit their requests for change in bank details at least 10 calendar days prior to date of redemption/ Income Distribution cum Capital Withdrawal (IDCW) payment, if any. Any redemption request placed along or during this period shall ordinarily be processed as per the earlier bank account registered in the records of the Registrars.

- (f) The AMC / Registrar reserves the right to request for any such additional documents or information as it deemed necessary for enabling registration of bank accounts of unitholders.

**Prevention of Money Laundering and Know Your Client ('KYC') Requirements**

- In terms of the Prevention of Money Laundering Act, 2002 ('PMLA'), the Rules issued thereunder and the guidelines/ circulars issued by SEBI regarding Anti Money Laundering, all intermediaries, including mutual funds, have to formulate and implement a client identification programme as well as verify and maintain records of the identity and address(es) of investors;
- All investors desirous of investing in the Mutual Fund's schemes need to complete a one-time KYC compliance process, which is mandatory before investing the amount for the first time. Effective from January 01, 2011, KYC compliance is made mandatory for all categories of investors irrespective of the amount investment;
- Pursuant to SEBI Circular No. MIRSD/ Cir-26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir-21/2011 dated October 5, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market, the following are the revised KYC requirements with effect from January 01, 2012:-
  - SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc. New Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds. The KYC Application Forms are also available on our website [www.pgimindiamf.com](http://www.pgimindiamf.com);
  - The Mutual Fund shall perform the initial KYC of its new investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar & Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the Mutual Fund. KRA shall send a letter to the investor within 15 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof;
  - Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds. However, the Mutual Fund reserves the right to carry out fresh KYC of the investor;
  - It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from the Effective Date. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund. PGIM India Asset Management Private Limited and NISM/AMFI certified distributors who are KYD

compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks;

- Existing KYC compliant investors of the Mutual Fund can continue to invest as per the current practice. However, existing investors are also urged to comply with the new KYC requirements including IPV as mandated by SEBI.
- Applicants intending to apply for units through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC Compliance Status and attach proof of KYC Compliance at the time of investment. In the event of non-compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) folio.
- To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, AMC / Mutual Fund 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. It may re-verify identity and obtain any incomplete or additional information for this purpose.
- The KYC documentation shall also be mandatorily complied with by the nominees / legal heirs/ claimants inheriting or staking their claim on the units of a deceased unitholder (transmission of units) by virtue of a valid nomination or by operation of law.
- Notwithstanding the above, investors investing through Micro SIP route and investor residing in State of Sikkim shall not be subject to the above standard KYC formalities.

For investor investing through Micro SIP route (i.e. Rs. 50,000/- per year per investor) following documents are required:

- Standard specified identification instruments like Voter ID card, Government/Defense ID card, Card of Reputed employer, Driving License, Passport in lieu of PAN.
- Proof of address copy. It is clarified that where photo identification documents contain the address of the investor, a separate proof of address is not required.
- Supporting documents copy shall be self-attested by the investor/attested by the ARN holder mentioning the ARN number or attested by any competent authority.

For investors based in State of Sikkim the following documents are required:

- Proof of address of Sikkim state and application form should mention the same address.
- Address proof shall be self-attested by the investor / attested by the ARN holder mentioning the ARN number or attested by any competent authority.

- The Mutual Fund, AMC, Trustees and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the units in any folio / rejection of any application / cancelling allotment of units or mandatorily redeeming of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or freezing the units in any folio where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.
- Investor agrees and acknowledges that the Trustees/AMC may, on receiving a request/order(including interim orders)/direction from any competent, administrative, legislative or judiciary or quasi-judicial authorities (including but not limited to RBI, SEBI, FIU or AMFI) (“Relevant Authorities”) freeze and/or seize the Investor’s account and/or redeem the units at the applicable NAV and pay the proceeds of the redemption of the Investor’s investments to such Relevant Authorities or such other person as may be directed by the Relevant Authority and take any other action as may be required without being responsible or liable in any manner whatsoever, for any losses (including financial or tax or otherwise), damages, expenses, claims or otherwise.
- Investor further agrees and acknowledges that the Trustees/AMC may, at any time, at their sole discretion, share the Investor’s details with any Relevant Authorities (including such other person as may be directed by the Relevant Authorities) and/or with any Prudential Group entities and/or with such other person / entity for the purpose of ensuring identification and verification of the Investor/Unitholder and/or ensuring compliance with the Applicable Laws, as the case may be.
- Investor agrees and acknowledges that the Trustees/AMC, in order to comply with any law for the time being in force in India or any law which is applicable to the Sponsor of the Fund, will check appropriate identification and verification of the Investor(s), including verifying the Investor’s details with the sanction lists/screening lists or such other lists as may be prescribed under any laws applicable to AMC/Trustees/Sponsor.
- Pursuant to the provisions of Prevention of Money Laundering Act, 2002 and U.S. OFAC, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc. by the investor, the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the Units under folios of the investor(s), reject any application(s) / allotment of Units.
- Investors transacting in the Units of the Schemes through the stock exchanges in dematerialized mode, (as and when the facility is made available by the AMC) will be subject to KYC formalities carried out by the Depository Participant and this will be considered as sufficient compliance of SEBI circular dated December 19, 2008 on Anti-Money Laundering guidelines.
- Investors/unit holders may contact their distributors, if any, or the ISCs, for any additional information/clarification.



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

- **Centralized KYC (‘CKYC’):**

With effect from February 1, 2017, new individual investor, who has never done KYC under KRA regime i.e. a prospective customer who is new to KRA System and whose KYC is not registered or verified in the KRA system, will be required to fill the new Centralized KYC form while investing in the schemes of the Fund. If any new individual investor uses the old KRA KYC form, which does not have all information needed for registration with CKYC, such investor should either fill the new CKYC form or provide the missing/additional information in the Supplementary CKYC form. Further, investors who have already completed CKYC and have a KYC Identification Number (‘KIN’) from the Central KYC Records Registry can invest in the schemes of the Fund quoting their 14 digit KIN in the application form. In case the PAN of the investors is not updated in CKYC system, investor will be required to submit self certified copy of PAN Card to the Fund.

- Implementation of the Prevention Of Money Laundering (Maintenance of Records) Second Amendment Rules, 2017 and Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019 With Respect To Seeding Of Aadhaar Number: Investors are requested to note that submitting proof of possession of Aadhaar number is voluntary and not mandatory. The aforesaid guidelines will be subject to change as per the directives issued by the concerned regulatory/ government authority from time to time.

- **Updation of Permanent Account Number (PAN) :**

Investors are requested to note that PAN is mandatory for all financial transactions (including redemptions) in schemes of the Fund, with respect to all existing and prospective investors (including joint holders, guardians of minors, POA and NRIs). Accordingly, any financial transactions received without PAN, in respect of non-PAN-exempt folios, shall be rejected in case the copy of the PAN card is not submitted earlier to the Fund or along with the transaction. The AMC reserves the right to keep on hold the transaction till the PAN is validated by the AMC / Registrar.

The investors who have not provided the copy of PAN card to the AMC or not completed the KYC process at the time of investing in any of the schemes of the Fund, are advised to provide a copy of self-attested PAN card by submitting ‘KYC Change Request Form’ which is available on our website [ww.pgimindiamf.com](http://ww.pgimindiamf.com)



**Applications On Behalf of Minors:**

In the case of investments made “on behalf of minor”, the application shall be made / signed by the guardian, subject to the following:

- a. The minor shall be the first and the sole holder in the account.
- b. Guardian can be either natural guardian (i.e. father or mother) or a court appointed legal guardian
- c. It is mandatory for the guardian to submit documentary evidence confirming the relationship status.
- d. It is also mandatory to provide minor’s date of birth in application form along with any of following supporting documents:
  - Birth certificate of the minor, or
  - School leaving certificate/Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
  - Passport of the minor, or
  - Any other suitable proof evidencing the date of birth of the minor, which is acceptable to the AMC.
- e. Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor with guardian or from a joint account of the minor with the parent or legal guardian only. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed. Irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor, i.e. the account the minor may hold with the parent/ legal guardian after completing all KYC formalities.
- f. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC / FATCA details, updated bank account details including cancelled original cheque leaf of the new account and his/her specimen signature duly authenticated by banker/guardian. Investors shall additionally note that, upon the minor attaining the status of major, the account shall be frozen for operation by the guardian on the day the minor attains the age of majority and no further transactions including standing instructions like SIP / STP / SWP shall be allowed till the till the documents for changing the status are received.

### **Applications by NRIs, PIOs and FPIs**

NRIs and PIOs may purchase units of the Mutual Fund on a repatriation and non-repatriation basis, while FPIs may purchase units only on a repatriation basis. They shall attach a copy of the cheque used for payment or a Foreign Inward Remittance Certificate (FIRC) or an Account Debit Certificate from the bankers along with the application form to enable the AMC to ascertain the repatriation status of the amount invested. The account type shall be clearly ticked as NRE or NRO or FCNR, to enable the AMC determine the repatriation status of the investment amount. The AMC and the Registrar may rely on the repatriation status of the investment purely based on the details provided in the application form.

#### **(i) Repatriation basis**

NRIs and PIOs may pay their subscription amounts by way of inward remittance through normal banking channels, Indian Rupee drafts purchased abroad, cheques drawn on Non-resident (External) (NRE) Accounts or Indian Rupee drafts payable at par at any of the ISCs and purchased out of funds held in NRE Accounts / FCNR/ NRO Accounts. FPIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Accounts or Non Resident Rupee Accounts maintained with a designated branch of an authorised dealer with the approval of RBI.

In case Indian Rupee drafts are purchased abroad or from FCNR/NRE accounts, an account debit certificate from the bank issuing the draft confirming the debit shall also be submitted with the application form. NRIs shall also be required to furnish such other documents as may be necessary and as requested by the AMC/Mutual Fund/Registrar, in connection with the investment in the schemes.

#### **(ii) Non-Repatriation basis**

NRIs and PIOs may pay their subscription amounts by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/ Non-Resident Special Rupee (NRSR) accounts and Non Resident Non-Repatriable (NRNR) accounts payable at the city where the application form is accepted.

### **Restriction on Third Party Payments for Subscription of Units:**

In order to enhance compliance with Know Your Customer (KYC) norms under the Prevention of Money Laundering Act, 2002 (PMLA) and to mitigate the risks associated with acceptance of third party payment instruments (cheques, demand drafts, pay orders etc.), Association of Mutual Funds in India (AMFI) has issued best practice guidelines on Risk Mitigation Process against third party cheques in mutual fund subscriptions.

In line with these recommendations, the Mutual Fund / the AMC shall not accept applications for subscriptions for purchase of units accompanied with third party payment instruments. For this purpose, "Third Party Payment" shall mean payment made through an instrument issued from an account other than that of the beneficiary investor. In case of payment instruments issued from a joint bank account, the first named applicant/investor must be one of the joint holders of the bank

account from which the payment instrument is issued. 'Related person/s' means such persons as may be specified by the AMC from time to time.

**Exception:** The AMC/ Registrar of the Mutual Fund will accept subscriptions to schemes of the Mutual Fund accompanied by Third-Party Payment Instruments only in exceptional case mentioned below:

1. Custodian on behalf of an FPI or a Client

The investors making an application under the above mentioned exceptional cases are required to comply with the following, without which their applications for subscriptions for units will be rejected / not processed.

- a) Mandatory KYC compliance of the investor **and** the person making the payment, in order to determine the identity of the investor and the person issuing the payment instrument.
- b) Submit a separate, 'Third Party Payment Declaration Form' from the beneficiary applicant/s (guardian in case of minor) and the person making the payment i.e., the Third Party, giving details of the bank account from which the payment is made and the relationship of the Third Party with the beneficiary. (The declaration form is available at [www.pgimindiamf.com](http://www.pgimindiamf.com))
- c) Submit a cancelled cheque leaf or copy of bank statement / pass book page mentioning bank account number, account holders' name and address or such other document as the AMC may require for verifying the source of funds to ascertain that funds have been remitted from the drawer's account only.

The AMC shall adopt the following process for identifying Third Party Payments: and accordingly investors are required to comply with the requirements specified below:

- a. **Payment by Cheque:** An investor at the time of his/her purchase must provide the details of pay-in bank account (i.e. account from which a subscription payment is made) and pay-out bank account (i.e. account into which redemption/ Income Distribution cum Capital Withdrawal (IDCW) proceeds are to be paid). Identification of third party cheques by the AMC / Registrars will be on the basis of either matching of pay-in bank account details with registered/pay-out bank account details or by matching the bank account number/name/signature of the first named investor with the name/account number/signature available on the cheque. If the name/bank account number is not pre-printed on the cheque and signature on the cheque does not match with signature on the application, then the first named applicant/investor should submit any one of the following documents:
  - (i) a copy of the bank passbook or a statement of bank account having the name and address of the account holder and account number;
  - (ii) a letter\* (in original) from the bank on the bank's letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

*\* In respect of (ii) above, it should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.*

Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of units.

**b. Payment by Prefunded Instrument:**

- (i) If the subscription is settled with pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque, etc., a certificate (in original) from the Issuing banker must accompany the purchase application, stating the Account holder's name and the Account number which has been debited for issue of the instrument. The account number mentioned in the Certificate should be a registered bank account or the first named unitholder should be one of the account holders to the bank account debited for issue of such instruments.
- (ii) A pre-funded instrument issued against cash shall not be accepted, except in case of payment made by Parents/Grandparents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000/-. This also should be accompanied by a certificate from the banker giving name, address and PAN of the person who has procured the payment instrument.

The Certificate(s) mentioned in (i) and (ii) above should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.

**c. Payment by RTGS, NEFT, Bank transfer, etc.:**

A copy of the instruction to the bank stating the account number debited must accompany the purchase application. The account number mentioned on the transfer Instruction copy should be a registered bank account or the first named unitholder should be one of the account holders to the bank account.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is only indicative not exhaustive list and any other mode of payment as introduced from time to time will also be covered accordingly. In case the application for subscription does not comply with the above provisions, the AMC / Registrars retains the Sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

**Applications under Power of Attorney or by Body corporate/ Registered society/Trust/ Partnership**

- Every investor, depending on the category under which he/she/ it falls, is required to provide the relevant documents along with the application form as may be prescribed by the AMC. In case of an application made under a Power of Attorney or by a limited company, body corporate, registered society or partnership etc., the relevant Power of Attorney or the

relevant resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the memorandum and articles of association/bye-laws must be lodged at the Registrar's Office at the time of submission of application.

- In case an investor has issued Power of Attorney (POA) for making investments, switches, redemptions etc. under his folio, both the signature of the investor and the POA holder have to be clearly captured in the POA document to be accepted as a valid document. At the time of making redemption / switches the fund would not be in a position to process the transaction unless, POA holder's signature is available in the POA.
- Original or certified true copies of the following documents should be submitted by Companies/Bodies Corporate/PSUs/Banks and Financial Institutions along-with the application form:
  - Board resolution authorizing the investment;
  - List of authorized officials to make such investment along with the specimen signature of such authorized officials;
  - MOA and AOA/Trust Deed/Partnership Deed/ Bye Laws including certificate of registration/any other incorporation or foundation documents. The onus of authentication of the documents shall be on the Investors and the AMC/Fund will accept and act on these in good faith. Wherever the documents are not expressly authenticated, submission of these documents by such Investors shall be full and final proof of the corporate investors' authority to invest and the AMC/Fund shall not be liable under any circumstances for any defects in the documents so submitted.

All such documents should be in English language or notarized translated copy in English Language.

### **Change in Static Information**

- **Change in the Bank Mandate:-**
  - Updation of bank accounts in a customer's account/folio should be either through Multiple Bank Account Registration Form or a standalone separate Change of Bank Mandate form.
  - In case of standalone change of bank details, Mutual Funds shall collect the supporting documents towards the proof of new bank details as given below. Based on AMC's internal risk assessment, the AMC may also consider collecting proof of old bank account and proof of identity of the clients, while effecting a change of bank account.
  - Investors are required to submit any one of the following documents in Original or produce originals for verification or copy attested by the Bank:-
    - Cancelled original cheque of the new bank mandate with first unit holder name and bank account number printed on the face of the cheque; OR

- Self-attested copy of bank statement; OR
  - Bank passbook with current entries not older than 3 months; OR
  - Bank Letter duly signed by branch manager/authorized personnel
- Investors are advised to register multiple bank accounts and choose any of the existing registered bank accounts towards receipt of redemption proceeds.
  - Any unregistered bank account or a new bank account forming part of redemption request will not be entertained or processed.
  - Investors, who have not provided the bank details at the time of making investment, are required to submit proof of new bank details as specified above. Such Investors are also required to submit valid Proof of Identity as prescribed under KYC guidelines along with Proof of Investment;
  - Any change of Bank Mandate request received/processed few days prior to submission of redemption request or on the same day as a standalone change request, the AMC will continue to follow cooling period of 10 calendar days for validation of the same.
  - On receipt of change of bank mandate request, the AMC / Registrar may contact the investor on the registered telephone number or registered email address available in the records of the AMC / Registrar to confirm the authenticity of the request from the investor. In case the AMC / Registrar is unable to confirm the authenticity of change of bank mandate request from the investor, the AMC / Registrar retains the sole and absolute discretion to reject/not to process such request and shall not be liable for any such rejection. The AMC / Registrar reserves the right to undertake other mitigation measures, as it may deem necessary to verify and confirm the request from the investor.
- **Change of Address:-**
    - **KYC Not Complied Folios/Clients:** In case of change of address for KYC Not Complied Folios, the investor need to submit the following supporting documents:
      - Proof of new Address (POA), and
      - Proof of Identity (POI): Only PAN card copy if PAN is updated in the folio, or PAN/other proof of identity if PAN is not updated in the folio.
      - Based on the AMC internal risk assessment, the AMC may also consider collecting proof of old address, while effecting a change of address.
    - **KYC Complied Folios/Clients:** In case of change of address for KYC Complied Folios, the investor needs to submit the following supporting documents:
      - Proof of new Address (POA),



- Any other document/form that the KRA may specify from time to time.

Copies of all the documents submitted by the applicants/clients should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested / verified by entities authorized for attesting/verification of the documents as per extant KYC guidelines.

The AMC reserves the right to reject any application if the same is in violation of any laws or regulations and the investors should note that the AMC will not be liable for any compensation arising on account of such rejection.

### **Dematerialisation or Re-materialisation of units :**

#### **(1) Option to hold units in dematerialized (Demat) form:**

The investors shall have an option to hold the Units in demat mode. However, for SIP transactions, while the units will be allotted based on the applicable NAV as per the respective SIDs, the same will be credited to unitholder's Demat account on a weekly basis, upon realization of funds/ credit confirmation. For example, for fund realization/ credit confirmation received from the bankers from Monday to Friday of a week, the Units will be credited to unitholder's Demat account with the DP in the following week on Monday.

To hold the Units in demat mode, the investor will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form, DP's Name, DP ID and Beneficiary Account No. with the DP at the time of subscribing to the Units. The AMC will credit the Units to the Beneficiary Account of Unit holder within five working days from the date of clearance of the investor's cheque.

If a Unit holder desires to opt for dematerialization of units held under physical account statement at a later date, he will be required to make an application to AMC/ RTA/DP in Conversion Request Form (available on the website of the Mutual Fund or with the DPs) along with Statement of Account, a copy of Client Master Report (CMR) or Transaction Statement (only the page of Transaction Statement reflecting the name and pattern of holding) issued by its Depository Participant. Application for issue of Units in demat mode may be submitted to any of the OPAs / ISCs or DPs. The AMC will credit the Units to the Beneficiary Account of Unit holder within two working days from the investor's cheque or receipt of demat request.

In case the unit holders do not provide their Demat Account details, or the demat details provided in the application form are incomplete / incorrect or do not match with the details with the Depository records, the Units will be allotted in physical account statement mode provided the application is otherwise complete in all respect and accordingly, an Account Statement shall be sent to them.

#### **(2) Re-materialisation of units held in Demat form:**

Units of the Scheme held in demat may be converted into physical account statement mode via re-materialisation process. Rematerialization of Units ('remat') will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 2018. The investor will need to submit a remat request to his/her DP for re-materialisation of holdings in his/her account. If there



is sufficient balance in the investor's account, the DP will generate a Re-materialisation Request Number (RRN) and the same is entered in the space provided for the purpose in the re-materialisation request form. The DP will then dispatch the request form to the AMC/ RTA. The AMC/ RTA accepts the request for re-materialisation prints and dispatch the account statement to the investor and send electronic confirmation to the DP. DP shall inform the investor about the changes in the investor account following the acceptance of the remat request.

**(3) Listing & Transfer:**

Being open-ended Scheme under which the Subscription and Redemption of Units will be made on a continuous basis, the Units of the Schemes are not proposed to be listed on any stock exchange. However, the AMC in consultation with the Trustee may list the Units on one or more Stock Exchanges at a later date. In such an event, the AMC will make suitable public announcement to that effect.

Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018 through off market deals or in accordance with the stock exchange rules, upon the Scheme being listed. Transfers should be only in favor of transferees who are eligible for holding Units under the Scheme.

If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transmission of Units consequent on the death of a unitholder, the transferee's name will be recorded by the AMC / Registrar subject to production of satisfactory evidence and completing the requisite procedure / documentation.

**(4) The policy regarding reissue of repurchased units (including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same:**

The Schemes does not propose to reissue Redeemed Units.

**(5) Restrictions, if any, on the right to freely retain or dispose of units being offered:**

Units of the Scheme are freely transferable. Units of the Scheme are presently not proposed to be listed on any stock exchange. The Units of the Scheme held in dematerialized form are transferable through off-market deals, in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018, as may be amended from time to time, as mentioned above under section "Listing & Transfer".

**(i) Pledge of Units:**

**(a) Units held in demat mode:**

The Units held in demat mode can be pledged as per the provisions of Depositories Act and Rules and Regulations framed by Depositories.

**(b) Units held in physical mode:**

The Units held in physical mode under the Scheme may be offered as security by way of a pledge / charge in favor of scheduled banks, financial institutions, non-banking finance companies (NBFCs), or any other body as decided by the AMC. A standard form for this purpose is available on request at all ISCs.

The AMC / Registrar will note and record such Pledge of Units. The AMC shall mark a lien only upon receiving the duly completed form and documents as may be prescribed. Disbursement of such loans will be entirely at the discretion of the bank / financial institution / NBFC concerned (hereinafter referred to as the “Pledgee”) and the Mutual Fund/AMC assumes no responsibility thereof. The Pledgor will not be able to redeem Units that are pledged, until the Pledgee to whom the Units are pledged provides written authorisation to the Mutual Fund that the pledge / lien charge may be revoked. Further, the Pledgee will have complete authority to redeem such Units so long as the Units remain under pledge. IDCW declared on Units under lien will be paid / re-invested to the credit of the Unit Holder and not the lien holder unless specified otherwise in the lien letter.

For units of the Scheme held in electronic (Demat) form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of units of the Scheme. Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different DPs.

**(6) How to redeem the units held in Demat mode:**

Investors who intend to redeem units through dematerialised mode must either hold units in depository (electronic) mode or convert his existing units from statement of account mode to depository mode prior to placing of redemption order.

The investor is required to place an order for redemption (subject to limits prescribed by NSE/BSE from time to time) with the Participant. The investor should provide their Depository Participant on same day with Depository Instruction Slip with relevant units to be credited to Clearing Corporation pool account.

The redemption order will be entered in the system and an order confirmation slip will be issued to investor. The confirmation slip will be proof of transaction till the redemption proceeds are received from the Registrar.

Investors having demat account and purchasing and redeeming mutual fund units in demat mode through trading/clearing members, shall receive redemption proceeds (if units are redeemed) and units (if units are purchased) through trading/clearing member’s pool account. PGIM India MF/AMC will pay redemption proceeds to the trading/clearing member (in case of redemption) and trading/clearing member in turn will pay redemption proceeds to the respective investor. Similarly, units shall be credited by PGIM India MF/AMC/Registrar into trading/clearing member’s pool account (in case of purchase) and trading/clearing member in turn will credit the units to the respective investor’s demat account.

Payment of redemption proceeds to the trading I clearing members by PGIM India MF/AMC/shall discharge PGIM India MF/AMC of its obligation of payment of redemption proceeds to Individual Investor. Similarly, in case of purchase of units, crediting units into

trading/clearing member pool account shall discharge PGIM India MF/PGIM India AMC of its obligation to allot units to individual investor.

An account statement will be issued by PGIM India Mutual Fund to investors who purchase/redeem units under this facility in physical mode. In case of investor who purchase/redeem units through this facility in dematerialized mode, his depository participant will issue demat statement showing credit/debit of units to the investor's accounts. Such demat statement given by the Depository Participant will be deemed to be adequate compliance with the requirements for dispatch of statement of account prescribed by SEBI.

Investors should note that electronic platform provided by NSE/BSE is only to facilitate purchase/redemption of units in the Schemes of mutual fund. In case of non-commercial transaction like change of bank mandate, nomination etc. the Unit holders should submit such request to the Investor Services Centre of PGIM India Mutual Fund in case of units held in physical mode. Further in case of units held in dematerialized mode, requests for change of address, bank details, nomination should be submitted to his Depository Participant.

**(7) Is switch-transaction permissible if the units are held in Demat:**

Not permitted.

**(8) The procedure for change in investor's profile / bank account details etc. in respect of units held in demat mode (i.e., To whom the investor is required to approach, in case of such requests):**

In case of non-commercial transaction like change of bank mandate, nomination etc. if units are held in dematerialized mode, requests for change of address, bank details, nomination should be submitted to his Depository Participant.

**B. Redemption and Switch of units**

**How to Redeem/Switch?**

Unitholders may use the Transaction Slip printed at the bottom of their account statement, or use a 'Common Transaction Form' for redemption which can be submitted at any of the ISCs or AMC office. Where the Unitholder has opted to transact through the Internet, he may redeem his units through the website of the mutual fund i.e. [www.pgimindiamf.com](http://www.pgimindiamf.com) and/or through any other website, through which redemption may be facilitated in future.

The redemption request will be processed only for the clear units, and the payment shall be made by cheque, pay order, Direct Credit, NEFT, RTGS or any other mode as decided by AMC in the interest of the investor. The pay out will be favouring the First holder's name and bank details provided by the investor at the time of purchase or through subsequent request, will be adopted for the aforesaid purpose. In case a Unit holder redeems Units immediately after making subscription for purchase of units, the redemption request for such investor shall be rejected.

In case the Unit holder specifies the number of Units and amount in the redemption request, the number of units shall be considered for Redemption. In case the Unit holder does not specify the number of Units or amount in the redemption request, the request will not be processed.

- If the balance Units in the Unit holder's account is less than the amount specified in the redemption request, then the Mutual Fund shall redeem the entire balance of Units in account of the Unitholder.
- In case a Unitholder has purchased Units on multiple days in a single folio, the Units will be redeemed / switched out on a 'First in First Out' (FIFO) basis, i.e., the Units acquired chronologically first / earlier will be redeemed / switched out first, and the Exit Load, if any, applicable to each of the Units would correspond to the period of time the Units were held by the Unitholder.
- In case of Units held in dematerialized mode, the Unit Holder can give a request for Redemption only in number of Units. Request for subscriptions can be given only in amount. Depository participants of registered Depositories only to process redemption request of units held in Demat form.

**CUT OFF TIMING FOR REDEMPTIONS INCLUDING SWITCH-IN/SWITCH-OUTS:**

- 1) In respect of valid applications received up to 3 p.m. on a business day by the Mutual Fund, closing NAV of the day of receipt of application, shall be applicable.
- 2) In respect of valid applications received after 3 p.m. on a business day by the Mutual Fund, the closing NAV of the next business day shall be applicable.

All physical applications will be time stamped in accordance with the SEBI guidelines.

**Switch Transactions**

Valid Switch application will be considered for processing on the earliest day which is a Business Day for both the 'Switch out' scheme and the 'Switch in' scheme. Application for 'Switch in' shall be treated as purchase application and the Applicable NAV based on the cut-off time for purchase shall be applied. Application for Switch out shall be treated as redemption application and the Applicable NAV based on the cut-off time for redemption shall be applied

- a) In respect of valid application received before 3.00 p.m. on a business day and funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the Scheme and are available for utilization before the cut-off time, The closing NAV of the day on which the funds are available for utilisation shall be applicable;
- b) In respect of valid application received after 3.00 p.m. on a business day and funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the Scheme and are available for utilization before the cut-off time of the next business day, the closing NAV of the next business day shall be applicable;

c) However, irrespective of the time of receipt of valid application, where the funds are not available for utilisation on the day of the application, the closing NAV of the Business Day on which the funds are available for utilisation before the cut-off time (3:00 p.m.) shall be applicable.

For determining the availability of funds for utilisation, the funds for the entire amount of subscription/purchase (including switch-in) as per the application should be credited to the bank account of the scheme before the cut-off time and the funds are available for utilisation before the cut-off time without availing any credit facility whether intra-day or otherwise, by the Scheme.

### **C. Right to limit Redemption**

The AMC may, under the below mentioned circumstances, impose restriction on redemption (including switch-outs) for a period not exceeding 10 working days in any 90 days period. Such restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

- Liquidity issues - When market at large becomes illiquid affecting almost all securities rather than any issuer specific security;
- Market failures, exchange closures - When markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies;
- Operational issues - When exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).

However, such restriction would not be applicable to the redemption (including switch-outs) requests received for up to INR 2 Lakhs. In case of redemption (including switch-outs) requests above INR 2 Lakhs, the AMC shall redeem the first INR 2 Lakhs without such restriction and remaining part over and above INR 2 Lakhs shall be subject to such restriction.

Any imposition of restriction on redemption (including switch-outs) of units of the Scheme shall be made applicable only after specific approval of Board of AMC and Trustee and the same shall also be informed to SEBI immediately.

### **D. Suspension of Fresh Subscriptions into the scheme under special circumstances**

The AMC/Trustee reserves the right to temporarily suspend subscriptions /switches into any scheme of the Mutual Fund which invests overseas, if the limit prescribed by SEBI for overseas investments by all schemes of the Mutual Fund put together is exceeded or is expected to be exceeded.

### **E. Creation of Segregated Portfolios**

The AMC may create a segregated portfolio of debt and money market instruments in a mutual fund scheme, wherein provisions for creation of segregated portfolios are available in the scheme information document of the scheme, in case of a credit event and to deal with liquidity risk.

In this regard, the term ‘segregated portfolio’ shall mean a portfolio comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme and the term ‘main portfolio’ shall mean the scheme portfolio excluding the segregated portfolio. The term ‘total portfolio’ shall mean the scheme portfolio including the securities affected by the credit event.

A segregated portfolio may be created in a mutual fund scheme in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

- a. Downgrade of a debt or money market instrument to ‘below investment grade’, or
- b. Subsequent downgrades of the said instruments from ‘below investment grade’, or
- c. Similar such downgrades of a loan rating.

In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed above and implemented at the ISIN level.

In case of an unrated debt or money market instruments, Segregated portfolio may be created only in case of actual default of either the interest or principal amount. In such case AMC shall inform AMFI immediately about the actual default by the issuer. Upon being informed about the default, AMFI shall immediately inform the same to all AMCs. Pursuant to dissemination of information by AMFI about actual default by the issuer, AMCs may segregate the portfolio of debt or money market instruments of the said issuer in terms of Paragraph 4.4 of SEBI Master circular dated May 19, 2023.

**A process for creation of segregated portfolio is as follows:**

1. The AMC shall decide on creation of segregated portfolio on the day of credit event, as per the process laid down below:
  - i. The AMC shall seek approval of Trustees, prior to creation of the segregated portfolio.
  - ii. The AMC shall immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. It shall also be disclosed that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
  - iii. The AMC shall ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.
2. Upon receipt of approval from Trustees:
  - i. Segregated portfolio shall be effective from the day of credit event
  - ii. AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.
  - iii. An e-mail or SMS shall be sent to all unit holders of the concerned scheme.



- iv. The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.
  - v. All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
  - vi. No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
3. If the trustees do not approve the proposal to segregate portfolio, AMC shall issue a press release immediately informing investors of the same.
  4. Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and Circular(s) issued thereunder.
  5. All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the existing circular on applicability of NAV as under:
    - a. Upon trustees' approval to create a segregated portfolio:
      - i) Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
      - ii) Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.
    - b. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.
  6. In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:
    - a. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
    - b. Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.
    - c. The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.
    - d. The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.
    - e. The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.



- f. The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
  - g. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.
7. In order to ensure timely recovery of investments of the segregated portfolio, the Trustees to the fund would continuously monitor the progress and take suitable action as may be required.
8. TER for the Segregated Portfolio:
- a. AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
  - b. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
  - c. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
  - d. The costs related to segregated portfolio shall in no case be charged to the main portfolio.
9. Monitoring by Trustees

The trustees shall monitor the compliance of provisions of creation of segregated portfolio pursuant to Paragraph 4.4 of SEBI Master Circular dated May 19, 2023, and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In case it is established that there has been a misuse of the provision for creation of segregated portfolio or that necessary due diligence has not been done for the security, the Trustees may in consultation with the Board of Directors of the AMC consider reduction in the performance incentive of the Fund Managers, Chief Investment Officer (CIO) and Credit Analyst(s) who are involved in the investment process of securities, which could even include claw back of the incentives.

**Illustration of Segregated Portfolio:**

Portfolio Date: 31-Mar-23

Downgrade Event Date: 31-Mar-23

Downgrade Security: 7.65% Z Ltd from AA+ to B

Valuation Marked Down: 25%

Mr. X is holding 1000 Units of the Scheme, amounting to (1000\*15.0573) Rs.15,057.35

Portfolio Before Downgrade Event:



Security	Rating	Type of the Security	Quantity	Price Per Unit (Rs)	Market Value (Rs. in Lacs)
7.80% X FINANCE LTD	CRISIL AAA	NCD	32,00,000	102.81	3,289.98
7.70 % Y LTD	CRISIL AAA	NCD	32,30,000	98.51	3,182.00
7.65% Z Ltd	CRISIL B*	NCD	32,00,000	73.843	2,362.97
A Ltd (15/Feb/2020)	ICRA A1+	CP	32,00,000	98.3641	3,147.65
7.65 % AB LTD	CRISIL AA	NCD	30,00,000	98.6757	2,960.27
Cash / Cash Equivalents					114.47
		Net Assets			15057.34
		Unit Capital (no. of units)			1000.00
		NAV (Rs)			15.0573

\* Marked down by 25% on the date of credit event. Before Marked down the security was valued at Rs.98.4570 per unit on the date of credit event i.e. on 31<sup>st</sup> March 2023, NCD of Z Ltd (7.65%) will be segregated as separate portfolio.

Main Portfolio as on 31<sup>st</sup> March 2023

Security	Rating	Type of the Security	Quantity	Price Per Unit (Rs)	Market Value (Rs. in Lacs)
7.80% X FINANCE LTD	CRISIL AAA	NCD	32,00,000	102.812	3,289.98
7.70 % Y LTD	CRISIL AAA	NCD	32,30,000	98.5139	3,182.00
A Ltd (15/Feb/2020)	ICRA A1+	CP	32,00,000	98.3641	3,147.65
7.65 % AB LTD	CRISIL AA	NCD	30,00,000	98.6757	2,960.27



Cash / Cash Equivalents					114.47
		<b>Net Assets</b>			<b>12694.37</b>
		<b>Unit Capital (no of units)</b>			<b>1000</b>
		<b>NAV (Rs)</b>			<b>12.6944</b>

Segregated Portfolio as on 31<sup>st</sup> March 2023

Security	Rating	Type of the Security	Quantity	Price Per Unit (Rs)	Market Value (Rs. in Lacs)
7.65% Z Ltd	CRISIL B*	NCD	32,00,000	73.843	2,362.97
		Unit Capital (no of units)			1000
		NAV (Rs)			2.3630

**Value of Holding of Mr. X after Creation of Segregated Portfolio**

	Segregated Portfolio (7.65 % Z Ltd)	Main Portfolio	Total Value (Rs.)
No. of units	1000	1000	
NAV(Rs.)	2.3630	12.6944	
Total Value (Rs.)	2362.97	12694.33	15057.300

Investors may also note that the process followed by the AMC/Trust regarding creation of segregated portfolios shall be in accordance with the provisions laid down by SEBI in this regard, from time to time.

#### **4. RIGHTS OF UNITHOLDERS OF THE SCHEME**

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares Income Distribution cum Capital Withdrawal (IDCW) under the Scheme/ Plan, the IDCW warrants shall be dispatched within 7 working days from the record date. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before fifteenth day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be sent on or before fifteenth day of succeeding month. In case there is no transaction in any of the mutual fund folios and demat accounts then CAS with holding details shall be sent to the investor on half yearly basis on or before twenty first day of the succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request. If a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 3 Business Days of receiving the Redemption request. For schemes investing at least 80% of total assets in such permissible overseas investments, 5 Working Days of receiving the Redemption request.
4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep them informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind-up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
  - a) whenever required to do so by SEBI, in the interest of the Unit holders.
  - b) whenever required to do so on the requisition made by three-fourths of the Unitholders of the Scheme.
  - c) when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unitholders, shall be carried out unless:



- a) An application has been made with SEBI and views/comments of SEBI are sought on the proposal for fundamental attribute changes;
  - b) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated;
  - c) the Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any Exit Load; and
  - d) comments of SEBI have been taken before bringing such change(s).
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI

## **5. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS**

PGIM India Mutual Fund shall value its investments according to the valuation norms, as specified in Schedule VIII of the Regulations, or such norms as may be prescribed by SEBI from time to time. The broad valuation norms are detailed below. These norms are indicated based on the current Regulations and the Guidelines issued by SEBI: -

### **A. Valuation Norms for Equity and Equity Related Instruments**

1. **Traded Security:** - All actively traded equity securities be valued at its closing price on the principal stock exchange (NSE) on the Valuation day (i.e. T day). If a security is not listed on the principal stock exchange but listed on the secondary stock exchange, the closing price of the security on the secondary stock exchange on the valuation day will be considered for the purpose of valuation. Likewise, for an equity security listed on both the Exchanges, If the price is not available on a particular valuation day then its closing price in the Secondary Stock Exchange (BSE) on valuation day will be considered for the purpose of valuation. If a security is not traded on the principal or secondary stock exchange on a particular valuation day, the value at which it was traded on the principal stock exchange or secondary stock exchange as the case may be, on the earliest previous day may be used provided such date is not more than 30 days prior to the valuation date.
2. **Non Traded security or thinly traded security:** - If the equity instrument is not traded up to T-30 days or is thinly traded (trade value in a calendar month is less than Rs. 5 lakhs and total volume is less than 50,000 shares) then the valuation will be;
  - a. Non Traded security - in good faith on the basis of net worth per share and earnings capitalization, as prescribed by SEBI.
  - b. Thinly traded security - Where a Stock Exchange identifies thinly traded securities and publishes or provides the required information along with the daily quotations, the same shall be used for the purpose of valuation. Where no such information and quotations are available valuation shall be done on the basis of in good faith based on the principles described above for non-traded securities.
3. **Merger/ Amalgamation:-** Valuation of the resulting company would be determined by valuation

of merging/amalgamating company prior to the ex-date of merger/amalgamation. In case of merging/amalgamating companies being listed, valuation of resulting companies would be summation of valuation of entities immediately prior to merger date. Further if a listed company merges into an unlisted surviving company, then the surviving company should be valued at the traded value of merging company immediately before merger.

4. Demerger:-In case of demerger, there are three possibilities namely, (a) both companies' shares are listed (b) One of the companies' shares are listed (c) both companies' shares are not listed.

- a) If both the companies are listed, then the traded price of the individual securities will be considered for valuation.
- b) If one of the demerged companies is listed :
  - i. for the company whose security is listed, the valuation would be carried out by following the methodology defined above for traded securities ; and
  - ii. for the company whose security is not listed, the valuation price will be derived as follows :  
[ Last quoted closing price of the original traded share one trading day prior to the ex date of the demerger] **minus** [ Last quoted closing price of the listed company after the demerger ].

In cases where the last quoted closing price of the listed company after demerger is equal to or in excess of the premerger price, then the valuation price for the non listed company will be taken as Zero.

- c) In cases where there are multiple demerged companies and such companies are not listed, the valuation methodology will be finalized in consultation with the valuation committee. Likewise, other complex reconstruction and arrangement transactions where the methodology for valuation is not defined in this policy document will be referred to the valuation committee for guidance on fair valuation and the justification for the recommended methodology would be recorded in writing.
  - d) If both the companies post demerger are not listed, the pre-merger price (i.e the closing price of the share of the company one trading day prior to the ex-date for the demerger) will be bifurcated between the two resulting companies in the demerger ratio.
5. Valuation of Rights Entitlement and Renunciation: - The Rights entitlement will be valued as on ex-date. The rights entitlement will be valued at Ex-Rights price minus Rights Offer price till the rights shares are traded. In case the offer price is higher than the Ex-Rights price, rights share will be valued at Zero. In case of rights on non traded shares, the value of rights will be Zero. In case the quantity applied for, is less than or equal to the rights entitlement, then shares applied will be valued at the ex-rights price till the rights shares are traded. In case the quantity applied for is more than the rights entitlement then the additional quantity will be shown as application money. Valuation of additional quantity will commence on confirmation of actual allotment.

Renunciations : Where rights shares are renounced and if the rights share renunciation is traded in the stock exchanges, then the traded price for the renunciations shall be used for valuation.

6. Preference Shares: - For all categories of preference shares that are listed and traded in the Stock Exchanges, the valuation would be done at the closing price of the security in the principal stock exchange or the secondary stock exchange and the valuation methodology adopted will be similar to valuation of traded equity securities mentioned above. Where preference shares are not traded or listed, the same shall be fair valued by the valuation committee after considering price / terms of underlying security. Valuation committee shall, after taking into account available data points, determine the valuation of such security providing for appropriate illiquidity discount to reflect the fair realizable value of the security.

7. Convertible Debentures:-

- In the case of convertible debentures, the non-convertible and convertible components shall be valued separately. The non-convertible component (Debt) shall be valued on the same basis and methodology as would be applicable for debt instruments. The convertible component (Equity) should be valued on the same basis as would be applicable to an equity instrument. If after conversion the resultant equity instrument would be traded at the same level with an existing equity instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount for non-tradability, time value, volatility etc of the equity instrument during the period preceding the conversion. While valuing such instrument the fact whether the conversion is optional shall also be taking into consideration

8. Warrants: - Traded warrants will be valued at traded price. Non traded warrants will be valued as under:

- If the exercise price is less than the underlying share price then the warrants would be valued at the value of the underlying share price less the exercise price with illiquidity discount as may be decided by the valuation committee.
- If the exercise price is more than the underlying share price then it would be valued at Zero.

9. Futures and Options: -

- Traded - Futures and Options that are traded shall be valued as per the settlement price provided by NSE. ;
- Non Traded - When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other equivalent price provided by the respective stock exchange. . In the event such reference price is not available for a particular security, the same shall be fair valued by the valuation committee after considering prices / terms of underlying security.

10. American Depository Receipt /Global Depository Receipt (ADR/GDR):- ADR and GDR will be valued based on last traded price on the exchange where the issue is listed. However in case an ADR or GDR is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of



the same.

Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAVs for a valuation day, the AMC may use the last available traded price for the purpose of valuation. The use of the closing price/last traded price for the purpose of valuation will also be based on the practice followed in a particular market.

Non traded ADR/GDRs shall be fair valued by the valuation committee after considering prices / terms of underlying security.

11. Unlisted Equity Shares: - Unlisted equity shares will be valued in good faith on the basis of net worth per share and earnings capitalization, as prescribed by SEBI.

## **B. Valuation Norms for Debt and Money Market Instruments**

1. Valuation of Money market and Debt securities including Bill Rediscounting (BRDS):-

These instruments will be valued at the average of the security level prices as provided by the valuation agencies nominated by AMFI (currently CRISIL & IMACS) .

In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund) then such security may be valued at purchase yield on the date of allotment/purchase.

If the security level prices are not provided on subsequent days and the purchase yield is considered inappropriate, then the Valuation Committee shall adopt alternate procedures / methodologies in accordance with the fair valuation principles to arrive at the fair valuation of the security.

Floating rate Bonds (FRBs): Floating rate bonds (FRBs) will be valued as per AMFI Best Practices Guidelines Circular No.95 / 2021-22 dated 23<sup>rd</sup> February 2022

2. Sovereign securities

Sovereign Securities which includes Government Securities (G Secs/ SDLs), Treasury Bills, Cash Management Bills and any other Sovereign security	Sovereign securities shall be valued on the basis of the security level prices as provided by the valuation agencies
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3. OTC derivatives and Market Linked Debentures

OTC Derivatives and Market Linked debentures	All OTC Derivatives (including Interest Rate Swaps) and Market Linked Debentures shall be valued at the average of security level prices obtained from the valuation agencies.
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4. Interest Rate Futures :- Interest Rate Futures shall be valued at the daily settlement price on NSE or any other recognized stock exchange.
5. Valuation Methodology for money market and debt securities which are rated below investment grade:

Money market and debt securities which are rated below investment grade shall be valued at the price provided by valuation agencies.

Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts provided by these agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade on the principal and accrued interest if any and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts. In case of securities classified as below investment grade but not default, interest accrual will continue with the same haircut applied to the principal. In case of securities classified as default, no further interest will be accrued.

In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, such traded price for valuation will be considered if it is lower than the price post standard haircut. The said traded price shall be considered for valuation till the valuation price is determined by the valuation agencies.

In case of trades after the valuation price is computed by the valuation agencies as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation and the valuation price may be revised accordingly.

The trades referred above shall be of a minimum size as determined by valuation agencies.

AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following and post approval of the valuation committee:

- The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by AMC.
- The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) will be reported to the Board of AMC and Trustees.

Treatment of any future recovery

Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV.

6. REPO instruments (Tenor upto 30 days): - Investments in Repo instruments (tenor upto 30 days), valuation would be done on cost plus accrual basis.
7. Reverse repo (Tenor upto 30 days): - In the case of reverse repo (tenor upto 30 days) the valuation will be done on the basis of cost adjusted by the accrued interest based on the cost and sell back price.
8. Tri-party Repo (TREPS) (Tenor upto 30 days):- TREPS trades will be valued at cost plus interest accrual after netting off CCIL charges.
9. Repo/TREPS (Tenor greater than 30 days):- Repo / TREPS At the average of the security level prices as provided by the valuation agencies nominated by AMFI (currently CRISIL & ICRA) from the next day of the purchase date.

On the purchase date, the Repo/TREPS will be valued at purchase yield. In the case of multiple Repo/TREPS trades, the same will be valued at weighted average yield.

10. Private Placements (primary market) :-

Privately placed instruments upto the date of allotment to be valued at cost. From the date of allotment, the security will be valued as per the above stated valuation methodology.

11. Short Term Deposits :- Short Term Deposits maturing within 30 days from the date of valuation shall be valued at cost plus accrual basis
12. Fixed Deposits – Step up (tenor upto 30 days) :- FDs would be valued at cost plus interest accrued.
  - For each period, the accrual would be done at the realizable rate. The rate differential between two periods, would be accrued on the day the rate changes.
  - Realizable rate would be the rate applicable for that period less any prepayment penalty
13. Valuation of securities with Put/Call Options: -

- Securities with both Put and Call option on the same day and at same price	The securities with both Put and Call option on the same day and same put and call option price would be deemed to mature on the Put/Call day and would be valued accordingly
All other cases	<p>The cash flow of each put and call option shall be evaluated and the security shall be valued on the following basis :</p> <ol style="list-style-type: none"> <li>1. Identify a ‘Put Trigger Date’, a date on which ‘price to put option’ is the highest when compared with price to other put options and maturity price.</li> <li>2. Identify a ‘Call Trigger Date’, a date on which ‘price to call option’ is the lowest when compared with</li> </ol>

	<p>price to other call options and maturity price</p> <p>3. In case no Put Trigger Date or Call Trigger Date (“Trigger Date”) is available, then valuation would be done to maturity price.</p> <p>4. In case one Trigger Date is available, then valuation would be done as to the said Trigger Date.</p> <p>5. In case both Trigger Dates are available, then valuation would be done to the earliest date.</p>
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14. Bills of Exchange/Promissory Notes:- These instruments would be valued at cost plus interest accrued.

15. Valuation guidelines for Fixed Income inter-scheme transfers:

- Inter scheme of money market or debt security (irrespective of maturity) will be done at a price which is the average of the prices provided by the valuation agencies within the pre-agreed TAT after communication of inter scheme to the valuation agencies.
- If the price is received from only 1 valuation agency within the pre-agreed TAT after communication of inter scheme to the valuation agencies, that price will be considered for the inter scheme trade.
- If prices are not received from any of the Valuation Agencies within the agreed TAT, the IST would be at the price derived from the weighted average yield / price of traded securities at the time of the IST for which the below mentioned process will be followed

**For instruments maturing above 1 year:**

The weighted average yield / price of traded securities (excluding inter scheme transfers of others and own trades of PGIM India Mutual Fund) will be considered if there are at least two trades, with each trade being of a minimum Rs 5 crores face value, aggregating to Rs. 25 crores or more for same or similar security on a public platform\*

**For instruments maturing below 1 year:**

The weighted average yield / price of traded securities (excluding inter scheme transfers of others and own trades of PGIM India Mutual Fund) will be taken if there are at least three trades, with each trade being of a minimum Rs. 25 crores face value, aggregating to Rs. 100 crores or more for same or similar security on a public platform\*

**Criteria for identifying similar securities in case of securities having residual maturing upto 30 days:**

Similar security should be identified by the following waterfall logic, provided that the maturity date of the security is within the same calendar quarter and should have a residual maturity of upto 30 days:

- 1) Same issuer and same type of asset, with maturity date within  $\pm 7$  calendar days of maturity

date of security shall be considered first and should have a residual maturity upto 30 days. If no such instance is available, then Step 2. will be followed.

Example: For Punjab National Bank CD maturing on March 6, 2019, all secondary market trades of Punjab National Bank CDs maturing within February 27, 2019 to March 13, 2019 will be considered first.

- 2) Similar security from a different issuer within the same category (PSU Bank, Private Bank or Financial Institution etc.) and similar long term credit rating\*\*, with maturity date within  $\pm 7$  calendar days of maturity date of security will be considered and should have a residual maturity upto 30 days.

Example: For Punjab National Bank CD maturing on March 6, 2019, all secondary market trades of similar public sector bank CDs maturing within February 27, 2019 to March 13, 2019 will be considered first

In case of banks CDs –

- Issuer of the Securities having long term rating of AAA and/or AA+ and short term rating of A1+ will be considered as comparable.
- Issuer of the Securities having long term rating of AA and/or AA- and short term rating of A1+ will be considered as comparable.
- Issuer of the Securities having long term rating of A+ and below and short-term rating of A1+ will be considered as comparable.

**Criteria for identifying similar securities in case of securities having residual maturing above 30 days:**

Similar security should be identified by the following waterfall logic, provided that the maturity date of the security is within the same calendar quarter :

- 1) Same issuer and same type of asset, with maturity date within  $\pm 15$  working days of maturity date of security shall be considered first. If no such instance is available, then Step 2 will be followed:

Example: For Punjab National Bank CD maturing on March 6, 2019, all secondary market trades of Punjab National Bank CDs maturing within February 12, 2019 to March 28, 2019 will be considered first.

- 2) Similar security from a different issuer within the same category (PSU Bank, Private Bank or Financial Institution etc.) and similar long term credit rating\*\*, with maturity date within  $\pm 15$  working days of maturity date of security will be considered.

Example: For Punjab National Bank CD maturing on March 6, 2019, all secondary market trades of similar public sector bank CDs maturing within February 12, 2019 to March 28, 2019 will be considered.

In case of banks CDs –

- Issuer of the Securities having long term rating of AAA and/or AA+ and short term rating of A1+ will be considered as comparable.
- 
- Issuer of the Securities having long term rating of AA and/or AA- and short term rating of A1+ will be considered as comparable.
- Issuer of the Securities having long term rating of A+ and below and short term rating of A1+ will be considered as comparable.

**Note:**

Outlier trades, if any, will be ignored after recording suitable justification.

If due to the non-availability of traded securities, at the time of the IST, the above mentioned criteria cannot be fulfilled, the IST would be done at the previous day's price/yield.

\* Public Platform refers to:

F-TRAC / Corporate Bond Reporting Platform (CBRICS) / Indian Corporate Debt Market(ICDM) / Negotiated Dealing System - Order Management (NDS-OM) / MSE FIRST: For corporate bonds / debentures, commercial papers, certificate of deposits and securitized debt.

**C. Valuation Norms on AT-1 Bonds & Tier-2 Bonds**

AT-1 Bonds and Tier-2 bonds will be valued as per AMFI best practices guidelines circular no 91/2020-21 dated March 24, 2021 or any subsequent amendments there to.

1. The said waterfall requires grouping of same issuer with similar maturity and similar issuers with similar maturity. However, in case any ISIN of issuer has not traded, the valuation of AT-1 Bonds is currently done based on adjusting spread directly to the benchmark security.
2. In order to improve existing valuation of these bonds and implement the defined waterfall, following is proposed to be done:
  - i. Form two types of ISINs:
    - a) Benchmark ISINs (a non-benchmark ISIN can be linked to only one benchmark ISIN. Currently, SBI ISINs happens to be the benchmark ISINs across all maturities for AT-1 Bonds.)
    - b) Non-benchmark ISINs (Will be divided into multiple groups based on similar issuer and similar maturity).
    - c) The groups will be decided in consultation with valuation agencies. The two main criteria envisaged to be used here would be Tier 1 / Tier 2 ratings of the ISINs / Issuers, and the spread range in which the group of ISINs / Issuer's trade over the benchmark.
  - ii. Take a look back period for trade recognition as under:
    - a) 15 working days for benchmark ISINs
    - b) 30 working days for non-benchmark ISINs
    - c) This will be revised to 7 working days for benchmark ISIN and 15 working days for non-benchmark ISINs from October 01, 2021.

3. If the ISIN gets traded, the traded YTM will be taken for the purpose of valuation. Further, if 1 ISIN of the issuer trades all other ISINs of issuers will be considered as traded but with necessary adjustment of spread to YTM. If none of the ISIN of the issuer gets traded, the trade of similar issuer in the group will be taken to valuation however with necessary adjustment of spread to YTM of similar issuer similar maturity. If none of the ISIN in a group gets traded on any particular day, an actual trade in a look back period will be seen. If there is an actual trade in look back period the security will be considered as traded and valued with necessary adjustment of spread to YTM. According to this valuation will be done based on the trade of issuer, trade of similar issuer and as an additional layer a look back period of is requested. It is confirmed that spread over YTM will be taken without any adjustment of modified duration to call.
4. Further, as the valuation is based on trade during the look back period, it is confirmed that a spread will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
5. However, if there is no actual trade of any ISIN of the issuer as well as similar issuer during look back period also then valuation will be done by taking spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.
6. AMC's shall adopt maturity of 100 years for perpetual bond issued by banks. There will be a glide path for smooth implementation. The Deemed Residual Maturity for the Purpose of Calculation of valuation as well as Macaulay Duration for existing as well as new perpetual bonds issued:

<b>Time Period</b>	<b>Deemed Residual Maturity (Years)</b>
Till March 31, 2022	10
April 01, 2022 – September 31, 2022	20
October 01, 2022 – March 31, 2023	30
March 31, 2023 onwards	100

The residual maturity will always remain above the deemed residual maturity proposed above.

7. Hitherto, Mutual Fund industry used to value Tier II bonds considering first call date as a deemed maturity date. Therefore, a glide path is required for valuation as well as calculation of Macaulay Duration for tier II bonds also. Accordingly, valuation methodology, as mentioned above, for AT-1 Bonds is to be followed for the valuation of tier II bonds also. Further, the Macaulay Duration is proposed to be calculated as under for Tier II bonds:

<b>Time Period</b>	<b>Deemed Residual Maturity for all securities (Years)</b>
April 01, 2021 – March 31, 2022	10 years or contractual maturity whichever is earlier
April 01, 2022 onwards	Actual Maturity



8. Besides, AT-1 bonds and Tier 2 bonds being different categories of bonds, the valuation of these bonds will be done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer.
9. It is confirmed that the Macaulay Duration of ISINs will be calculated based on the deemed residual maturity proposed in para 7 and 8 above to reflect the duration risk.
10. Further, henceforth mutual funds will disclose both Yield to Call and Yield to Maturity.

**D. Valuation Norms for Other Instruments**

1. Units/Shares of Mutual Fund: - Investments in Units / Shares of Mutual Fund Schemes will be valued at the last declared / latest Net Asset Value made available per Unit / Share by the respective mutual fund Scheme, as at the close of the relevant valuation day. Where the investment is in an overseas fund, the NAV per unit of the underlying fund in the foreign currency would be converted into INR using the FBIL Reference Rate from Bloomberg.
2. Upfront Fee on Trades:- Details of upfront fees to be shared with the valuation agencies on the trade date as part of the trade reporting.

Upfront fees on all trades including primary market trades will be considered by the valuation agencies for valuing the security

Upfront fees will be reduced from the cost of the investment in the scheme that made the investment

In case upfront fees is received across multiple schemes, then such upfront fees should be shared on a pro rate basis across such schemes

3. Foreign Securities:-
  - On the valuation date, the securities issued outside India and listed on Stock exchanges outside India shall be valued at the closing price on the stock exchange at which it is listed or at the last available traded price. However in case a security is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of that security. . In such cases, the AMC shall record the justification for selecting a particular stock exchange whose price is used for valuation. If, at a later date, the AMC proposes to apply the price available on a different stock exchange for the purpose of valuation of the security, the same would need to be approved by the Valuation Committee with necessary justification for the change and such change shall be carried out prospectively after the approval of the valuation committee.
  - Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAVs for a

Valuation Day, the AMC may use the last available traded price for the purpose of valuation. The use of the closing price/last traded price for the purpose of valuation will also be based on the practice followed in a particular market.

- In case any particular security is not traded on the Valuation Day, the same shall be valued on a fair value basis by the Valuation Committee of the AMC.

**E. Deviation:-**

Any deviation to the Valuation Policy shall be with the prior approval of the Valuation Committee and a detailed rationale for such deviation will be recorded. All such deviations alongwith details such as information about the security (ISIN, issuer name, rating etc) price at which the security was valued vis-à-vis the price as per the valuation agencies and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees.

**F. Exceptional Events:-**

While the endeavour at PGIM India AMC is to adopt a fair, reliable and consistent valuation methodology that reflects the realisable value of securities held across the portfolios of its various schemes, in exceptional circumstances, there may be a need for a departure from the consistently followed approach and methodology to ensure fair valuation of securities. While it is not practically possible to list all kinds of exceptional events, the following types of events have the potential of being classified as exceptional events :

- Major policy announcements by the Central Bank, the government or the regulator
- Natural disasters or public disturbances that force the markets to close unexpectedly
- Significant volatility in the capital market
- Liquidity crunch in the market
- Events related to a company or a sector falling below the investment grade
- Any other event which the valuation committee believes is exceptional

The valuation committee shall be responsible for identifying such exceptional events and recommending appropriate alternate valuation methodologies in line with the principles of fair valuation.

In case of exceptional event, the Valuation Committee may seek the guidance of the AMC board in deciding the appropriate methodology for valuation of affected securities. Deviations from the valuation policy and principles, if any, will be communicated to the unit holders by way of suitable disclosures on the fund's website.

## **6. TAX, LEGAL & GENERAL INFORMATION**

### **A. TAXATION ON INVESTING IN MUTUAL FUNDS**

Prospective Unit holders should inform themselves of and take their own advice on the taxes applicable to the subscription, holding and redemption of units, and any distribution (each, a "Relevant Event") under the laws of the place of their operations, domicile, residence, citizenship and/or incorporation. Neither the Fund nor any of the parties listed in the Sections I of this Statement of Additional Information gives or makes any warranty and/or representation as to the tax consequences in relation to any Relevant Event (or combination of Relevant Events), takes any responsibility for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and each of the Fund and such parties expressly disclaims any liability whatsoever for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and/or for any loss howsoever arising (whether directly or indirectly) from any Relevant Event (or combination of Relevant Events). Dividends, interest income, gains on the disposal of investments and other income received by the Fund on its investments in some jurisdictions may be liable to the imposition of income tax, irrecoverable withholding tax or other tax.

The following paragraphs are based on Law and practice currently in force as well as known future changes at the date of this Statement of Additional information and are subject to changes in content and interpretation. They are intended as a general guide only and not necessarily describe the tax consequences for all types of investors in the Fund and no reliance, therefore, should be placed up on them.

### **INCOME-TAX**

The income-tax rates indicated below are as per the Finance Act, 2023 (FA 2023).

#### **A. FOR UNIT HOLDERS**

##### **(i) Securities Transaction Tax ('STT')**

At the time of sale of units of an equity oriented fund<sup>2</sup> to the Mutual Fund (i.e. redemption/repurchase of units by the Fund), the Unit holder is required to pay STT of 0.001% on the value

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<sup>2</sup> An equity oriented fund has been defined as:

- a) In case where the fund invests a minimum of 90 per cent of the total proceeds in units of another fund, which is traded on recognized stock exchange, and such other fund also invests a minimum of 90 per cent of its total proceeds in the equity shares of domestic companies listed on a recognized stock exchange; and
- b) In any other case, a minimum of 65 per cent of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognized stock exchange.

of the transfer, which will be collected by the Mutual Fund and deposited into Government treasury. Where such units are purchased or sold on a recognised stock exchange in India, Unit holders would be required to pay STT at the rates mentioned in Table J below.

STT is not applicable to sale of units of funds which do not qualify as 'equity-oriented funds'.

**(ii) Tax on Capital Gains**

On units of Equity Oriented Funds:

*Long-term Capital Gains*

Under section 2(29A) read with section 2(42A) of the Income-tax Act, 1961 (Act), units of an equity oriented mutual fund held as capital assets are treated as long-term capital assets if they are held for a period of more than twelve months preceding the date of transfer. The additional (bonus) units issued under any option under the Scheme and held as capital assets would be treated as a long-term capital assets if held for a period of more than 12 months from the date when such additional units were allotted.

Under the provisions of section 112A of the Act, in respect of transfer of a unit of an equity oriented fund, tax at the rate of 10% plus applicable surcharge and cess shall be levied on long-term capital gains, exceeding Rs 1,00,000, where STT has been paid on transfer of such unit of an equity oriented fund.

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

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

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

Fair market value has been defined to mean –

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Provided that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

- a) in a case where the unit is listed on any recognized stock exchange, the highest price of the unit quoted on such exchange on 31 January 2018. However, where there is no trading in such unit on such exchange on 31 January 2018, the highest price of such unit on such exchange on a date immediately preceding the 31 January 2018 when such unit was traded on such exchange shall be the fair market value.
- b) in a case where the capital asset is a unit and is not listed on recognized stock exchange, the net asset value of such asset as on 31 January 2018.

*Tax rate for long-term capital gains on units of an equity-oriented fund*

**Table A**

<b>Particulars</b>	<b>Rate of tax (Refer Note 1)</b>
Resident unit holders	10% without indexation benefit
Non-resident unit holders	10% without foreign currency and indexation benefit

*Short-term Capital Gains*

Under section 2(42A) of the Act, units of a mutual fund held as capital assets for a period of 12 months or less preceding the date of their transfer are regarded as short-term capital assets.

As per section 111A of the Act, short-term capital gains arising from the transfer of a unit of an equity-oriented fund, where such transaction is chargeable to STT, is taxable at the rate of 15% plus applicable surcharge and cess.

*Tax rate for short-term capital gains on units of an equity-oriented fund*

**Table B**

<b>Particulars</b>	<b>Rate of tax (Refer Note 1)</b>
Resident unit holders	15%
Non-resident unit holders – FPI	15% (without foreign currency benefit)
Non-resident unit holders – other than FPIs	15% (with foreign currency benefit)

*On units of funds other than Equity Oriented Funds:*

As per section 2(42A) of the Act, units of a Mutual Fund (other than an equity-oriented fund) shall be considered as a short-term capital asset where the same are held for a period of 36 months or less immediately preceding their date of transfer

a) *Long-term capital gains on specified mutual funds<sup>3</sup>*

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

Further, gains arising on transfer, redemption or maturity of specified mutual funds which were acquired before 1 April 2023 and are held for a period of more than 36 months shall be taxable at the rates specified below in Table C.

b) *Long-term capital gains on other than specified mutual funds*

*Tax rate for long-term capital gains on units of a mutual fund (other than specified mutual funds)*

**Table C**

<b>Particulars.</b>	<b>Rate of tax (Refer Note 1)</b>
<i>Resident unit holders</i>	
Listed or unlisted units	20% with indexation benefit
<i>Non-resident unit holders</i>	
FPI (for listed or unlisted units)	10% without foreign currency and indexation benefit
Overseas financial organisation	10% (without indexation benefit)*
Others – Listed units	20% with indexation benefit
Others – Unlisted units	10% without foreign currency and indexation benefit

\*Where gross total income consists only of income from units or income by way of long term capital gains from transfer of units.

c) *Short-term Capital Gains*

Under section 2(42A) of the Act, units of mutual fund held as capital assets for a period of 36 months or less preceding the date of their transfer are regarded as short-term capital assets.

Short-term capital gains earned on the transfer of units of funds other than equity-oriented funds is added to the total income of the assessee and taxed at the following tax rates:

**Table D**

<sup>3</sup> Specified mutual fund means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies. The percentage of equity shareholding held in respect of the Specified mutual fund shall be computed with reference to the annual average of the daily closing figures.



<b>Particulars</b>	<b>Income slab</b>	<b>Rate of tax</b>
Individual/ Hindu Undivided Family (HUF)/ AOP/ BOI <sup>#</sup>	Where total income for a tax year (April to March) is less than or equal to Rs 250,000* (the basic exemption limit)	Nil
	Where such total income is more than Rs 250,000* but is less than or equal to Rs 500,000	5% of the amount by which the total income exceeds Rs 250,000*
	Where such total income is more than Rs 500,000* but is less than or equal to Rs 1,000,000	Rs 12,500 plus 20% of the amount by which the total income exceeds Rs 500,000*
	Where such total income is more than Rs 1,000,000	Rs 112,500 plus 30% of the amount by which the total income exceeds Rs 1,000,000
Co-operative society	Where total income for a tax year (April to March) is less than or equal to Rs 10,000	10% of the total income
	Where such total income is more than Rs 10,000 but is less than or equal to Rs 20,000	Rs 1,000 plus 20% of the amount by which the total income exceeds Rs 10,000
	Where the total income exceeds Rs 20,000	Rs 3,000 plus 30% of the amount by which the total income exceeds Rs 20,000
Co-operative society availing concessional tax rate benefit (subject to prescribed conditions) under section 115BAD of the Act	22%	
Co-operative society availing concessional tax rate benefit (subject to prescribed conditions) under section 115BAE of the Act	15%	
Domestic Corporate (where the total turnover or gross receipts of such company for financial year 2021-22 exceeds Rs 400 crores)/ Partnership firm/ LLP/ Local authority/ FPIs	30%	
Domestic company, where	25%	





the total turnover or gross receipts of such company for financial year 2021-22 does not exceed Rs 400 crores	
Domestic company availing concessional tax rate benefit (subject to prescribed conditions) under section 115BAA of the Act	22%
Domestic company engaged solely in the business of manufacture/ production and availing concessional tax rate benefit (subject to prescribed conditions) under section 115BAB of the Act	15%
AOP/ BOI	30% or such higher rate of tax applicable to the individual members of the AOP/ BOI
Foreign Corporates	40%
FPIs	30%

the Act to provide individuals and HUFs for an optional tax regime in respect of their total income at the following rates w.e.f. 1 April 2023:

**Table E**

<b>Income slab</b>	<b>Tax rate (refer Note 1)</b>
Where total income for a tax year (April to March) is less than or equal to Rs 3,00,000 (the basic exemption limit)	Nil
Where such total income is more than Rs 3,00,000 but is less than or equal to Rs 6,00,000	5% of the amount by which the total income exceeds Rs 3,00,000
Where such total income is more than Rs 6,00,000 but is less than or equal to Rs 9,00,000	Rs 15,000 plus 10% of the amount by which the total income exceeds Rs 6,00,000
Where such total income is more than Rs 9,00,000 but is less than or equal to Rs 1,20,00,000	Rs 45,000 plus 15% of the amount by which the total income exceeds Rs 9,00,000
Where such total income is more than Rs 12,00,000 but is less than or equal to Rs 15,00,000	Rs 90,000 plus 20% of the amount by which the total income exceeds Rs 12,00,000
Where such total income is more than Rs 15,00,000	Rs 1,50,000 plus 30% of the amount by which the total income exceeds Rs



	15,00,000
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he above new tax regime shall be subject to conditions and other provisos laid down under the section 115BAC of the Act.

Further, individuals and HUFs who do not have business income or income from profession can opt for new tax regime on a year on year basis. However, taxpayers earning business income or income from profession can opt into the new tax regime only once on irrevocable basis. Such option will apply to all subsequent tax years and in a case where such option is withdrawn by the taxpayer, he shall not be eligible to avail the concessional slab rates in subsequent years until he ceases to have business income or income from profession.

\* In case of resident individuals of age 60 years or more, but less than 80 years, the basic exemption limit is Rs 300,000. Income between Rs 300,000 and Rs 500,000 will be taxable at the rate of 10%.

In case of resident individuals of age 80 years or more, the basic exemption limit is Rs 500,000. Income exceeding Rs 500,000 but less than or equal to Rs 1,000,000 will be taxable at the rate of 20%.

This section should be read in conjunction with Note 1.

### **Consolidation of mutual fund schemes**

Section 47 of the Act deals with transactions not regarded as transfer for the purpose of computing capital gains chargeable to tax under the provisions of the Act.

Section 47(xviii) of the Act provides that transfer by a unit holder of units held by him on consolidation of schemes of a mutual fund shall not be treated as a transfer provided, they are allotted units in the consolidated scheme of the mutual fund. The aforesaid exemption is provided only where the consolidation is of two or more schemes of an equity-oriented fund or two or more schemes of a non-equity-oriented fund.

Further, the period of holding of the units of the consolidated scheme shall include the period for which the units in the consolidating scheme were held by the assessee. Also, the cost of acquisition of the units of the consolidated scheme shall be deemed to be the cost of acquisition of the units in the consolidating scheme.

Additionally, transfer by a unit holder of units held on consolidation of plans of a mutual fund schemes shall not be treated as transfer provided, they are allotted units in the consolidated plan of that scheme of the mutual fund. The cost of acquisition of the units in the consolidated plan of mutual fund scheme shall be the cost of units in the consolidating plan of a mutual fund scheme and period of holding of the units of the consolidated plan of a mutual fund scheme shall include

the period for which the units in the consolidating plan of a mutual fund scheme were held by the assessee.

### **Segregation of mutual fund schemes**

Paragraph 4.4 of SEBI Master Circular dated May 19, 2023, has permitted creation of segregated portfolio of debt and money market instruments by Mutual Fund schemes. As per the SEBI circular, all the existing unit holders in the affected scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio. Accordingly, on segregation, the unit holders hold same number of units in two schemes –the main scheme and segregated scheme.

Explanation 1 to Section 2(42A) of the Act relating to the period of holding provides that the period of holding of the units of the segregated scheme shall include the period for which the units in the main scheme were held by the assessee.

Similarly, sub-section (2AG) is inserted in section 49 of the Act to provide that the cost of acquisition of a unit or units in the segregated portfolio shall be the amount which bears to the cost of acquisition of a unit or units held by the assessee in the total portfolio, the same proportion as the net asset value of the asset transferred to the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios.

Also, sub-section (2AH) of section 49 of the Act provides that the cost of the acquisition of the original units held by the unit holder in the main portfolio shall be deemed to have been reduced by the amount so arrived at under sub-section (2AG) of the Act.

Separately, the provisions of the Act are silent on the tax neutrality of receipt of units of segregated portfolio. However, arguably, segregation of portfolio does not result in transfer as investor as the investor continues to hold units of main portfolio and segregated portfolio.

### **(iii) Tax on business income**

Under section 28 of the Act, profit arising on transfer of units of a mutual fund which are held as stock in trade or trading asset, is taxed under the head 'Profits and gains of business or profession'. Such profit is added to the total income of the assessee and taxed at applicable rates.

In case of non-resident Unit holders eligible for availing tax treaty benefits, please refer to paragraph (viii) below.

### **(iv) Deduction from business income**

No deduction would be allowed for STT while calculating capital gains. However, where the units are treated as stock in trade and the profits arising from the sale of units are taxed under the

head ‘Profits and gains of business or profession’, the STT paid by the Unit holder can be claimed as a deduction from such business profits under section 36(xv) of the Act.

**(v) Tax on income from other sources**

Section 56(2)(x) in the Act provides that any property (includes mutual fund units) received without consideration or for consideration less than the Fair Market Value (FMV) is taxable in the hands of the recipient, being any person instead of limiting it to individuals and HUFs. Certain exceptions such as property received from prescribed persons like relatives, etc. or on prescribed occasions like marriage, etc. have been excluded from the purview of section 56(2)(x) of the Act. The following amounts would taxable under the head ‘Income from other sources’ at the rates mentioned in Table D/ Table E above:

**Table F**

Sr No.	Taxable situation	Taxable amount
(a)	Units received without any consideration where the aggregate fair market value of such units exceed Rs 50,000	The aggregate FMV of the units received
(b)	Units received for a consideration where the aggregate FMV of the units received exceeds the consideration by more than Rs 50,000	The difference between the aggregate FMV of the units and the consideration

For this purpose, the FMV means the value to be determined in accordance with the methods prescribed.

For the purpose of computing capital gains on transfer of such units received without consideration or for consideration less than the FMV, the cost of acquisition is deemed to be the value determined under (a) or (b) above, as the case may be.

**(vi) Deduction from total income**

In terms of the provisions of section 80C of the Act, an individual or a HUF is entitled to claim a deduction in respect of the amount of subscription made to any units of any Mutual Fund referred to in section 10(23D), being a fund formulated in accordance with the Equity Linked Savings Scheme, 2005 notified by the Central Government in the Official Gazette vide notification no. SO 1563(E) dated 3 November 2005. The aggregate amount deductible under section 80C in respect of subscription to the units of the Mutual Fund (including the amount of dividend reinvested), being an equity linked savings scheme and other prescribed investments is restricted to Rs 1,50,000.

Further, a new tax regime for the taxpayers like individual and HUF is provided, where taxpayers are given an option to pay taxes at a concessional rate (new slab rates) from FY 2020-21 onwards (refer Table E above for rates effective from 1 April 2023). Any individual/ HUF opting for such the new tax regime from FY 2020-21 onwards will have to discharge taxes on income at the concessional rate prescribed by forgoing specified exemptions and deductions (i.e. house rent allowance, deduction under Chapter VI-A other than the provisions of section 80CCD(2) and section 80JJAA of the Act, without set off of any losses) and satisfaction of certain conditions. Thus, individual or HUF opting for new concessional tax regime shall not be entitled to deduction under section 80C of the Act.

For the purpose of computing the eligible deduction under section 80C of the Act under the old regime, the total income of the assessee shall be reduced by the income earned in the nature of long-term capital gains and short-term capital gains on equity oriented mutual fund.

**(vii) Tax Deduction at Source**

**Table G**

Particulars		TDS Rates under the Act (Refer Note 1)		
		Residents	FPIs	NRIs / Other foreign entities (excluding FPIs)*
Short-term capital gains	Non equity-oriented fund	NIL	NIL	30% for foreign non-corporates 40% for foreign corporate entities
	Equity-oriented Fund	NIL	NIL	15%
Long-term capital gains	Non equity-oriented fund <sup>#</sup>	NIL	NIL	Unlisted - 10% (without foreign currency and indexation benefit) Listed - 20% (after providing indexation benefit in respect of cost of acquisition)
	-Other than specified mutual funds			30% for foreign non-corporates 40% for foreign corporate entities
	-Specified mutual funds	NIL	NIL	



	Equity-oriented Fund	NIL	NIL	10%
Business income	Non-equity and equity oriented mutual fund	NIL	30/ 40% for non-corporate FPIs 40% for corporate FPIs	30/ 40% for foreign non-corporates 40% for foreign corporate entities
Income distribution by Mutual Fund (other than capital gains) <sup>§</sup>	-	10%	20%	20%

<sup>§</sup> Section 194K of the Act provides that a person responsible for paying to a resident any income in respect of units of mutual fund (dividend income) specified under section 10(23D) of the Act shall withhold taxes at the rate of 10% provided such income exceeds INR 5,000.

Please note that, no surcharge and health and education cess shall be charged on the amount of tax to be deducted in case of resident individuals, non-corporates and corporates.

Further, where any person furnishes a NIL/ lower withholding certificate obtained under section 197 of the Act/ certificate in Form 15G/ Form 15H of the Act under section 197A, the same can be considered for withholding tax purposes.

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

#As per section 50AA of the FA 2023, gains arising on transfer, redemption or maturity of specified mutual funds acquired on or after 1 April 2023 will deemed to be 'short-term capital gains' (regardless of the period of holding).

Further, tax shall be withheld at the following rates on the gains arising on transfer, redemption or maturity of specified mutual funds which were acquired before 1 April 2023 and are held for a period of more than 36 months in case of non-resident unitholders:

**Table H**

<b>Particulars</b>	<b>Withholding rates</b>
-Listed funds	20% with indexation benefit in respect of cost of acquisition (plus applicable surcharge and health and education cess)
-Unlisted funds	10% without foreign currency and indexation benefit in respect of cost of acquisition (plus applicable surcharge and health and education cess)

***Withholding on payment made to FPIs***

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

As per section 196AD(2) of the Act, no tax is required to be deducted at source from any income by way of capital gain in respect of transfer of units referred to in section 115AD of the Act.

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

***Withholding on payment made to overseas financial organisation***

As per section 196B of the Act, tax is deductible on long-term capital gains arising on transfer of units of other than equity oriented mutual fund purchased in foreign currency and dividend income, at the rate of 10%. The said tax rate shall be increased by applicable surcharge and cess-

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

As per provisions of section 206AA of the Act, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is higher of 20% or rate specified under the relevant provisions of the Act or rate in force (including surcharge and health and education cess), as may be applicable.

However, section 206AA of the Act provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in section 194LC and any other payment subject to such conditions as may be prescribed.

As per Rule 37BC of the Income-tax Rules, 1962 (Rules), the provisions of section 206AA of the Act shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services, dividend and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:



- Name, email-id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

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

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

- has not filed the return of income for an assessment year (AY) relevant to the previous year immediately prior to the previous year in which tax is required to be deducted,
- has an aggregate of tax deducted at source and tax collected at source of INR 50,000 or more in such previous year; and
- for whom the time limit of filing return of income under section 139(1) of the Act has expired.

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

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

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

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

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

***PAN becoming inoperative***

Rule 114AAA of the Rules as substituted vide Notification no. 15/2023 provides that where an individual does not link his PAN with his Aadhaar number, then PAN of such a taxpayer shall

become inoperative and shall be liable for the following consequences:

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

However, PAN will again become operative as and when the taxpayer links it with the Aadhaar number and makes the payment of fee in accordance with sub-rule (5A) of rule 114 of the Rules.

Further, in this regard, Central Board of Direct Taxes (CBDT) vide Notification No. 37/2017, F. No. 370133/6/2017-TPL, dated 11 May 2017 has clarified that provisions of section 139AA of the Act shall not apply to an individual who does not possess the Aadhaar number or the Enrolment ID and is a non-resident as per the Act.

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

**Note 1:**

In case of resident individuals and HUF, where the total income as reduced by the long-term capital gains, is below the basic exemption limit (Rs 500,000 in case of resident individuals of age 80 years or more, Rs 300,000 in case of resident individuals of age 60 years or more but less than 80 years, and Rs 250,000 in case of resident in India below 60 years of age), the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to the 10% tax.

The tax rates would need to be increased by below mentioned surcharge rate:

- a) 10% - in case of Individuals/ HUFs/ Association of People (AOP)/ Body of Individuals (BOI), where the total income exceeds Rs 5,000,000 but does not exceed Rs 10,000,000.
- b) 15% - in case of Individuals/ HUFs/ AOP/ BOI, where the total income exceeds Rs 10,000,000 but does not exceed Rs 20,000,000.
- c) 25% - in case of Individuals/ HUFs/ AOP/ BOI, where the total income (excluding dividend income<sup>4</sup> and capital gain income under section 111A, 112, 112A and 115AD(1)(b) of the Act) exceeds Rs 20,000,000 but does not exceed Rs 50,000,000.

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



- d) 37%\* - in case of Individuals/ HUFs/ AOP/ BOI, where the total income (excluding dividend income<sup>Error! Bookmark not defined.</sup> and capital gain income under section 111A, 112, 112A and 115AD(1)(b) of the Act) exceeds Rs 50,000,000.
- e) 15% - in case of Individuals/ HUFs/ AOP/ BOI, where the total income (including the dividend income<sup>Error! Bookmark not defined.</sup> and capital gain income under section 111A, 112, 112A and 115AD(1)(b) of the Act) exceeds Rs 20,000,000 but is not covered in clauses (c) and (d).
- f) 12% - in case of firms/ local authority where the total income exceeds Rs 10,000,000.
- g) 7% - in case of co-operative society where the total income exceeds Rs 1,00,00,000 but does not exceed Rs 10,00,00,000.
- h) 12% - in case of co-operative society where the total income exceeds Rs 10,00,00,000.
- i) 10% - in case of resident co-operative society availing benefit under section 115BAD or 115BAE of the Act irrespective of total income.
- j) 7% - in case of domestic corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- k) 12% - in case of domestic corporate Unit holders, where the total income exceeds Rs 100,000,000.
- l) 10% - in case of domestic corporate Unit holders availing benefit under section 115BAA and 115BAB of the Act irrespective of total income.
- m) 2% - in case of foreign corporate Unit holders, where the total income exceeds Rs 10,000,000 but does not exceed Rs 100,000,000.
- n) 5% - in case of foreign corporate Unit holders, where the total income exceeds Rs 100,000,000.

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

Health and education cess of 4% would be charged on amount of tax inclusive of the applicable surcharge for all Unit Holders.

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

However, where individual has opted for new tax regime under section 115BAC of the Act, a rebate upto Rs 25,000 per annum would be available with total income upto Rs 7,00,000. Further, marginal relief is available to the extent incremental income tax liability exceeds incremental income in excess of Rs 7,00,000 if the resident individual has opted for new tax-regime.

In case of non-resident Unit Holders eligible for availing tax treaty benefits, please refer to paragraph (viii) below.

**(viii) Tax treaty**

In the case of a non-resident Unit Holder who is resident of a country with which India has signed a Double Taxation Avoidance Agreement (DTAA), which is in force, income-tax is payable at the rate provided in the Act or at the rate provided in such agreement, whichever is more beneficial to such non-resident Unit Holder.

Further, where the rate of tax prescribed under the relevant DTAA is lower than that prescribed under the Act, tax would be withheld at such lower rate.

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

Further, section 90(5), provides that the assessee referred to in section 90(4) of the Act, shall also provide such other documents and information, as may be prescribed. The Central Board of Direct Taxes (CBDT) has issued a Notification substituting Rule 21AB of the Rules and prescribing the format of information to be provided under section 90(5) of the Act, i.e. in Form No 10F. An assessee would be required to furnish Form No 10F, where the required information<sup>5</sup> is not explicitly mentioned in the aforementioned certificate of residency; in which case, the Notification additionally requires the assessee to keep and maintain such documents as are necessary to substantiate the information provided.

The non-residents shall be required to keep and maintain the aforesaid documents (i.e. TRC and Form No 10F) in order to substantiate the claim of tax treaty benefits.

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

Section 195(7) of the Act provides that the CBDT may specify a class of persons or cases, where a person responsible for making any payment to a non-resident (other than a company) or a foreign company, shall make an application to the Assessing Officer to determine the appropriate proportion of sum chargeable to tax and upon such determination, tax shall be deducted under section 195(1) of the Act on such chargeable proportion. However, CBDT has not specified any class of persons or cases as on the date.

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<sup>5</sup> - Status (individual, company, firm etc.) of the taxpayer;  
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);  
- Taxpayer's tax identification number in the country or specified territory of residence (In case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the taxpayer claims to be a resident);  
- Period for which the residential status, as mentioned in the certificate of residence is applicable; and  
- Address of the taxpayer in the country or specified territory outside India, during the period for which the certificate is applicable.

**(ix) Tax on Income distributed by the Mutual Fund (dividend income)**

Currently, the income distributed by the Mutual Funds (dividend income) is taxable in the hands of the unitholders at the applicable tax rates (plus applicable surcharge and cess), as below:

**Table I**

Particulars	Tax
Resident (Individuals/ Non-corporates/ Corporates)	Refer tax rates mentioned in Table D/ Table E above.
Non-residents (Individuals/ Non-corporates / Corporates)	Taxed in the hands of unitholders at the rate of 20% under section 115A of the Act (plus applicable surcharge and cess).

Such income from units is now taxable in the hands of investors after the deduction of interest expense incurred if any, and such deduction shall not exceed 20% of the dividend or income from units under section 57 of the Act.

Additionally, taxability in the hands of non-residents shall be subject to DTAA benefits which can be claimed in the return of income to be filed by such investors. The investors should obtain specific advice from their tax advisors regarding the availability of the tax treaty benefits.

Further, it shall also subject to withholding of taxes at source by the Mutual Fund (discussed above).

**(x) Bonus stripping**

Under the provisions of section 94(8) of the Act, where a person buys units (original units) within a period of three months before the record date, receives bonus units on such original units, and then sells (all or part of) the original units within a period of nine months from the record date and continues to hold the bonus units, then the loss incurred on the original units shall be ignored while computing the income chargeable to tax but shall be deemed to be the cost of acquisition of the bonus units.

**(xi) Switching between options**

Switching from one option to another option of a Scheme will be effected by way of redemption of units of the relevant option and reinvestment of the redemption proceeds in the other option selected by the Unit holder. Hence, switching will attract the same implications as applicable on transfer of such units.

**(xii) Set-off and carry forward of losses**

According to the provisions of the Act, the capital loss resulting from sale of units would be available for set off against other capital gains made by the investor and would reduce the tax liability of the investor to that extent. However, losses on transfer of units held as long-term capital assets would be allowed to be set-off only against gains from transfer of long-term capital assets. Where such losses arising from sale of units held as capital asset cannot be wholly set-off, the amount of losses not set-off can be carried forward for a period of eight years.

Under the Act, a loss resulting from the transfer of units held as stock in trade or trading asset would be available for set off against income under any other head other than income under the head 'Salaries'. Where such loss cannot be wholly set-off in accordance with the provisions of the Act, the amount remaining to be set-off can be carried forward for a period of eight years and set-off against income under the head 'Profits and gains of business or profession'.

The above provision shall be subject to bonus stripping provisions as discussed in para (x) above.

**(xiii) Minimum Alternate Tax (MAT)**

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

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

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

The amount of income accruing or arising to a foreign company from capital gains arising on transactions in securities or interest, dividend, royalty, or fees for technical services chargeable to tax at the rates specified in Chapter XII of the Act, shall be excluded from the purview of MAT, if such income is credited to the Profit and Loss Account and the income-tax payable thereon in accordance with the provisions of the Act (other than the MAT provisions), is at a rate less than the MAT rate of 15%. Also, corresponding expenses shall be excluded while computing MAT.

Further, the MAT provisions are not applicable to a foreign company:

- i. If such company is a taxpayer of a country with which India has a DTAA and the taxpayer does not have a Permanent Establishment in India in accordance with the provisions of such DTAA.
- ii. If such company is a resident of a country with which India does not have a DTAA and the taxpayer is not required to seek registration under any law in force relating to companies.

As per the provisions of section 115JAA of the Act, a company paying tax under section 115JB of the Act is eligible to claim tax credit. The tax credit is the difference between the tax payable under section 115JB of the Act and the tax payable under the normal provisions of the Act. Such tax credit shall be carried forward and set-off up to 15 succeeding A.Ys.

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

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

**(xiv) General Anti Avoidance Rules (GAAR)**

The General Anti Avoidance Rule (GAAR), effective from 1 April 2017, allows the Indian Revenue authorities to declare an arrangement entered into by an assessee as an impermissible avoidance arrangement, subject to specified terms and conditions therein and determine tax consequences as appropriate. Further, investments made up to 31 March 2017 would be protected from the applicability of GAAR.

**(xv) Certain deductions available under Chapter VI-A of the Act (Equity Linked Savings Schemes)**

Equity Linked Savings Schemes (ELSS) are schemes formulated under the Equity Linked Savings Scheme (ELSS), 2005, issued by the Central Government.

Accordingly, any investment made by an assessee in the ELSS of the Fund up to a sum of Rs 1,50,000 in a financial year would qualify for deduction under Section 80C of the Act.

An “assessee” as per ELSS 2005 means:-

- (i) an individual; or
- (ii) a Hindu undivided family; or
- (iii) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and Union Territories of Dadra and Nagar Haveli and Daman and Diu by whom, or on whose behalf, investment is made;



Note-

Any individual/ HUF opting to be taxed under the new tax regime (i.e. opting for the option to pay taxes at a concessional rate as per new slab rates) will have to give up certain exemptions and deductions. Since, individuals/ HUF opting for the new tax regime are not eligible for Chapter VI-A deductions, the investment in ELSS Funds cannot be claimed as deduction from the total income.

**B. Tax Implications for the Mutual Fund:**

PGIM India Mutual Fund is a Mutual Fund registered with the Securities and Exchange Board of India and its entire income is exempt from tax under the provisions of section 10(23D) of the Act. The Mutual Fund will receive all Indian sourced income which shall not be subject to any deduction of tax at source under the provisions of section 196(iv) of the Act.

Where the Fund receives any income from investments made in overseas jurisdictions, the same may be subject to withholding tax (or any other tax) in the relevant jurisdiction from where the income is received. As the Fund is exempted from its entire income (including foreign income) in India, credit/ refund in respect of such foreign taxes withheld/ paid by the fund will not be available.

**(i) STT**

Under the Act, as and when the Mutual Fund purchases and sells equity shares/ units/ derivatives, it would be required to pay the STT applicable on such purchases/ sales to the concerned Recognised Stock Exchange. The rates of STT have been listed below.

**Table J**

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



Delivery based sale transaction in units of equity-oriented fund entered into in a recognized stock exchange	Seller	Value at which units are sold	0.001
Non-delivery-based sale transaction in equity shares or units of equity-oriented fund or units of a business trust entered in a recognised stock exchange	Seller	Value at which shares/ units are sold	0.025
Transaction for sale of futures in securities	Seller	Value at which futures are traded	0.0125
Transaction for sale of an option in securities	Seller	The option premium	0.0625
Transaction for sale of an option in securities, where the option is exercised	Purchaser	The intrinsic value i.e. difference between the settlement price and the strike price as against the settlement price.	0.125
Sale of units of an equity-oriented fund to the mutual fund	Seller	Value at which units are sold	0.001
Sale of unlisted equity shares by any holder of such shares under an offer for sale to the public included in an initial public offer and where such shares are subsequently listed on a recognised stock exchange	Seller	Value at which shares are sold	0.2
Sale of unlisted units of a business trust under an offer for sale	Seller	Value at which shares are sold	0.2

**C. Other Considerations:**

- (i) **Wealth-tax:** Finance Act 2015 has abolished the levy of wealth-tax under the Wealth-tax Act, 1957 with effect from the financial year 2015-16.
- (i) **Gift-tax:** The Gift-tax Act, 1958 has ceased to apply to gifts made on or after 1 October 1998. Gifts of units purchased in a scheme of the Mutual Fund would therefore, be exempt from gift-tax.
- (ii) Investments in units of the Mutual Fund will rank as an eligible form of investment under section 11(5) of the Act read with Rule 17C of the Rules, for religious and charitable trusts.

**EACH INVESTOR IS ADVISED TO CONSULT HIS OR HER OWN TAX CONSULTANT WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEME.**

## **B. LEGAL INFORMATION**

### **1. Nomination Facility**

Pursuant to Regulation 29A of the SEBI Regulations, the AMC provides an option to Unit holder to nominate (in the manner prescribed under the SEBI Regulations), a person(s) in whom the Units held by him shall vest in the event of his/her death. Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person(s) in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee(s).

#### **a) Who can nominate/be nominees?**

- **Who can nominate:** Nomination can be made only by individuals on their own behalf, either singly or jointly. Nomination is also available to a sole proprietary concern account.
- **Who cannot nominate:** Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate.
- **Who can be nominated:**
  - i. Resident Indian individuals
  - ii. minors through parent/legal guardian
  - iii. Non-Resident Indian individuals, subject to the exchange controls in force from time to time.
  - iv. religious and charitable trusts and
  - v. Central Government, State Government, a local authority or any person designated by virtue of his office.

Nomination can be made for maximum of 3 nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated clearly against the respective names and such allocation / share should be in whole numbers without any decimals, making a total of 100 percent. In case the percentage of allocation / share for each of the nominees is not clearly indicated in the nomination form, the Mutual Fund /the AMC, by invoking default option, shall settle the claim equally amongst all the nominees.

In case a minor is nominated, the name and address of the guardian of the minor nominee shall be provided by the unit holder(s).

- **Who cannot be nominated:** Nominee shall not be a trust (other than a religious or charitable trust), society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder.

**b) How to Nominate?**

Investors may make the nomination (i) at the time of initial investment for purchase units in a scheme by filling up the form / columns for nomination provided in the application form or (ii) subsequently, using a prescribed Nomination Form, available at all ISCs of the Mutual Fund.

If the units are held jointly, all joint unit holders will be required to sign the nomination form.

**Change or cancellation of Nomination:**

A nomination made can be changed or cancelled subsequently by the unitholder(s) by making an application in the prescribed form to the Mutual Fund for change or cancellation of nomination. Change in / cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination.

**c) Effects of nomination/ change or cancellation of nomination**

A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

**Nomination in respect of units stands rescinded upon transfer of units:-** On cancellation of nomination, the nomination made previously shall stand rescinded and the AMC/Mutual Fund shall not be under any obligation to transfer the units in favour of any of the persons nominated earlier.

The AMC shall, subject to completion of the necessary formalities by the nominee(s), including KYC Compliance, production of death certificate of the deceased unit holder and duly attested signature of the nominee(s), furnishing of proof of guardianship in case of minor nominee, execution of indemnity bond or such other document as may be required, proceed to effect the payment/transfer of units to the nominee(s).

Transfer of units/payment to a nominee of the sums shall be valid and effectual against any demand made upon the Trust/AMC, and shall discharge the Trust/AMC of all liability towards the estate of the deceased unit holder and his/her successors and legal heirs, executors and administrators.

If the Mutual Fund or the AMC or the Trustee were to incur or suffer any claim, demand, liabilities, proceedings or if any actions are filed or made or initiated against any of them

in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

**d) Nomination For Units held in Electronic (Demat) Mode**

For units of the scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye-laws of the Depository.

Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her legal successors/legal heirs. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

Note: With effect from October 1, 2022, individual investors subscribing to mutual fund units shall mandatorily either nominate a nominee in the format specified in fourth schedule of SEBI (Mutual Funds) Regulations, 1996 or opt out of the nomination through a signed Declaration form.

All the existing individual investors who have not registered for the facility, shall mandatorily either nominate or opt out of the nomination, holding mutual fund units either solely or jointly on or before June 30, 2024, failing which the folios shall be frozen for debits.

**2. Transfer of Units**

Units of the schemes are freely transferable. Further, if a person becomes a holder of the units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the units.

**3. Transmission of Units**

**1. Deletion of names of the deceased unit holders in case of death of 2nd and/or 3rd Holder**

In case units are held by more than one unit holder, then upon death of 2nd and/or 3rd unitholders, the units shall be transmitted in favour of the surviving unitholder, upon the surviving unitholder submitting the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Transmission Request Form (Form T1) for Transmission of Units to the surviving unitholder/s.

- b. Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original Self-attested copy of PAN Card of the Surviving Joint Holder(s) (if PAN is not provided already)
- c. Fresh Bank Mandate Form along with Cancelled cheque of the new first unitholder, with the claimant's name pre-printed OR Recent Bank Statement/Passbook (not more than 3 months old) of the new first holder
- d. Fresh Nomination Form (or Nomination Opt-out form) in case there is no nomination or a change in existing nomination is desired by the surviving unit holders.
- e. KYC Acknowledgment OR KYC Form of the surviving unit holder(s), if not KYC compliant.
- f. Transmission will be completed only once the status of the KYC is "KYC complied".
- g. Additional documentation required:  
ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

**2. Transmission of Units to surviving unit holder(s) in case of death of the 1<sup>st</sup> holder:**

In case units are held by more than one unit holder, then upon death of first holder, the units shall be transmitted in favour of the surviving unitholder(s), upon the surviving unitholder(s) submitting the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Transmission Request Form (Form T2) for Transmission of Units to the surviving unit holder/s.
- b. Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original Self attested Copy of PAN Card of the Surviving Joint Holder(s) (if PAN is not provided already)
- c. Cancelled cheque of the new first unitholder, with the claimant's name pre-printed **OR** Recent Bank Statement/Passbook (not more than 3 months old) of the new first holder.
- d. KYC Acknowledgment OR KYC Form of the Surviving unit holder(s) if not KYC Compliant.
- e. Transmission will be completed only once the status of the KYC is "KYC complied".
- f. Additional documentation required:  
ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

**3. Transmission of Units to the registered Nominee/s in case of death of sole or all unitholders**

In case where the unit holder(s) has/have made a valid nomination, then upon death of the sole unit holder or all the joint unit holders, as the case may be, the units shall be transmitted in favour of the nominee, upon the nominee making an application for settlement of the claim by submitting the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Transmission Request Form (Form T3) for Transmission of Units in favour of the Nominee(s).
  - b. Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original copy of Birth Certificate in case the Nominee is a minor.
  - c. Self-attested copy of PAN card of the Nominee(s) / Guardian (in case the Nominee is a minor).
  - d. KYC Acknowledgment OR KYC Form of the Nominee(s)/ Guardian (where Nominee is a minor). Transmission will be completed only once the status of the KYC is “KYC Complied”. Cancelled cheque with the Nominee’s name pre-printed OR copy of the Nominee’s recent Bank Statement/Passbook (which is not more than 3 months old).
  - e. If the transmission amount is upto 5 Lakhs , Bank Attestation of signature of the claimant by the Bank Manager as per Annexure-I(a). In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the Guardian) shall be attested.
  - f. If the transmission amount is more than 5 Lakh as an operational risk mitigation measure, signature of the Nominee shall be attested by a Notary Public or a Judicial Magistrate First Class (JMFC) with seal and date in the space provided for signature attestation in the TRF itself below the signature of the claimant.
  - g. Additional documentation required:  
ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.
- 4. Transmission of Units to the claimant/s on death of the Sole unitholder or ALL unitholders, where there is NO nomination has been registered**

If the Unit holder has not appointed a nominee, the Units shall be transmitted in favour of the Unit holder’s executor/administrator of estate/legal heir(s), as the case may be, on production of the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- i Transmission Request Form (Form T3) for Transmission of Units to the claimant.
- ii Death Certificate of the deceased unitholder(s) in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original copy of Birth Certificate in case the claimant is a minor.
- iii Self-attested copy of PAN card of the claimant / guardian (in case the claimant is a minor).
- iv KYC Acknowledgment OR KYC Form of the claimant / guardian (in case the claimant is a minor). Transmission will be completed only after the KYC status is updated as “KYC complied”.
- v Cancelled cheque with the claimant’s name pre-printed OR copy of the claimant’s recent Bank Statement/Passbook (which is not more than 3 months old).
- vi Additional documentation required:



ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and OSV seal attested by them.

**A. If the transmission amount is up to ₹ 5 Lakh:**

- a) Bank Attestation of signature of the claimant by the Bank Manager as per Annexure-I(a). In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the Guardian) shall be attested.
- b) Any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s.
- c) Bond of Indemnity as per Annexure-II to be furnished by Legal Heirs for Transmission of Units without production of Legal Representation.  
Provided that in case the legal heir(s)/claimant(s) is submitting the Succession Certificate or Probate of Will or Letter of Administration or appropriate Court order wherein the claimant is named as a beneficiary, an affidavit as per Annexure-III from such legal heir/claimant(s) alone would be sufficient, i.e., Bond of Indemnity is not required.
- d) Individual Affidavit to be given by each legal heir as per Annexure-III
- a) NOC from other legal heirs as per Annexure – IV, where applicable.

**B. If the transmission amount is more than ₹ 5 Lakh :**

- a) Signature of the claimant duly attested by a Notary Public or a JMFC with seal and date in the space provided for signature attestation in the Form T3 itself below the signature of the claimant. In case the claimant is a minor, the signature of the guardian (as per the bank account of the minor or the joint account of the minor with the guardian) shall be attested.
- b) Individual affidavits to be given each legal heir as per Annexure-III
- c) (i) Where transmission value at the PAN-level is more than ₹ 5 lakhs, but less than ₹10 lakhs, any one of the documents mentioned below:
  - ✓ Notarised copy of Registered Will along with a Notarized indemnity bond from the claimant (appropriate beneficiary of the will) to whom the securities are to be transmitted, as per the format specified;
  - OR
  - ✓ Legal Heirship Certificate or its equivalent, along with :
    - (i) a Notarized indemnity bond from the legal heir(s) / claimant(s) to whom the securities are to be transmitted, as per the format specified provided and
    - (ii) No Objection Certificate from all the non-claimants (i.e., remaining legal-heirs), duly attested by a Notary Public, JFMC or by a Gazetted Officer as per the format specified .
  - (ii) Where transmission value at the PAN-level is more than ₹10 lakhs, any one of the documents mentioned below:
    - ✓ Notarised copy of Probated Will; OR
    - ✓ Succession Certificate issued by a competent court, **OR**
    - ✓ Letter of Administration or court decree, in case of Intestate Succession.

- d) Identity proof (e.g., copy of PAN card, redacted Aadhaar card, passport) of all legal heirs signing the NOC/affidavit other than claimant/s (i.e., legal heirs other than the claimant mentioned in Probate or Letters of Administration or Succession Certificate).

**5. Change of Karta upon death of the Karta of Hindu Undivided Family (HUF)**

If the case of a HUF, a Hindu Undivided Family, the property of the family is managed by the Karta and the HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will need to appoint a new Karta, who needs to submit following documents for transmission:

- a. Request Form (Form T4) for change of Karta upon demise of the registered Karta.
- b. Death Certificate of the deceased Karta in original OR photocopy of the death certificate self-attested and attested by a notary public/gazette officer in original.
- c. Bank's letter certifying that the signature and details of the new Karta have been updated in the bank account of the HUF & attesting the signature of the new Karta as per Annexure-1(b)
- d. KYC acknowledgment OR KYC form of the new Karta and the HUF, if not KYC-compliant. Transmission will be completed only after the KYC status is updated as "KYC complied".
- e) Indemnity Bond as per Annexure V signed by all surviving coparceners (including the new Karta).
- f) Any appropriate document evidencing relationship of the new Karta and the other coparceners with the deceased Karta.  
Additional documentation required:
  - a) ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased Karta attested by the new Karta, duly notarized or originals to be shown at the AMC branches.
  - b) If the transmission amount is for more than ₹ 5 lakh, the signature of the new Karta shall be attested by a Notary Public or a JMFC in the space provided for signature attestation in the TRF itself below the signature of the claimant.

**6. Transmission of Units to the claimant/s upon death of the Karta of HUF, where there is no surviving co-parcener or the HUF has been dissolved/partitioned after demise of the Karta**

- i. Transmission Request Form (Form T5) for Transmission of Units to the Claimant.
- ii. Death certificate of the deceased Karta in original OR photocopy thereof attested by a notary public/gazette officer in original copy of birth certificate.
- iii. Self -attested copy of PAN Card of the claimant(s) / guardian (in case the claimant is a minor).

- iv. KYC acknowledgment or KYC form of the claimant(s) /guardian (in case the claimant is a minor). Transmission will be completed only after the status of the KYC is updated as “KYC complied”.
- v. Cancelled cheque with the claimant’s name pre-printed thereon OR copy of the claimant’s recent bank statement/passbook which is not more than 3 months old.
- vi. If the transmission amount is upto ₹ 5 lakh, attestation of the signature of the claimant by bank manager as per Annexure-I(a). In case the claimant is a minor, the signature of the guardian (as per the minor’s bank account / minors joint account with the guardian) shall be attested.  
If the transmission amount is for more than ₹ 5 lakh, the signature of the claimant shall be attested by a Notary Public or a JMFC in the space provided for signature attestation in the TRF itself below the signature of the claimant.
- vii. Bond of Indemnity to be furnished by the Claimant as per Annexure-VI. AMFI BPG - Updated Guidelines on Transmission of Units - Jan. 2024
- viii. If the HUF has been dissolved/partitioned by the surviving members after demise of the Karta, the transmission of units shall be processed on the basis of any of the following documents:
  - a) Notarized copy of Settlement Deed, OR
  - b) Notarized copy of Deed of Partition, OR
  - c) Notarized copy of Decree of the relevant competent Court.

Additional documentation required:

- ID proof [PAN/Redacted Aadhaar/Voter ID / Passport or any other valid OVD as per PMLA guidelines] of the deceased person attested by the claimant(s), duly notarized or originals can be shown at the AMC branches and Original Seen & Verified stamp attested by them.

Unit holders may please note that, in addition to the abovementioned documents, the AMC/Registrar may, depending on the circumstance of each case seek additional documents.

Please note that nominee / legal heir(s) of a deceased unitholder need to comply with KYC documentation prior to applying for transmission of units

## **1. Transfer and Transmission of Units held in Demat Mode**

For units of the Scheme(s) held in demat form, the Units will be freely transferable and will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018 as may be amended from time to time.

The delivery instructions for transfer of units will have to be lodged with the DP in the requisite form as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form.

## **2. Change in Guardian in case of a minor unit holder**

The Guardian can be changed in a folio held “on behalf of a minor”, either due to mutual consent or demise of the existing guardian. However, the new guardian can only be either a natural guardian (i.e. father or mother) or a court appointed legal guardian. New guardian should submit documentary evidence confirming the relationship with the minor, bank attestation attesting his/her signature and KYC compliance acknowledgement.

### **3. Minor attaining majority – Status Change**

When a minor unit holder attains majority on completion of 18 years of age, the unitholder is required to make an application to the AMC/Registrar to change his / her status from "minor" to "individual" and register his / her signature with the Registrars, submitting the following documents:

- A prescribed Service Request form duly filled or request letter, containing details such as the name of the unitholder, folio numbers, scheme name etc., and details of new Bank mandate, where the account is changed from minor to major and also submit cancelled original cheque leaf. The Signature of the major unit holder on the form/letter should be duly attested by his / her bankers. Alternatively a Signature attestation certificate/ letter issued by a manager of a scheduled bank may be submitted.
- KYC acknowledgement/ FATCA details of the major unit holder.

In this regard, Unit holders may please note the following:

- a. The AMC/Registrar shall endeavor to send advance notice at the registered correspondence address, advising the minor and guardian to submit prescribed documents, in order to effect change of status from ‘minor’ to ‘major’.
- b. In case the requisite documents to change the status are not received by the date when the minor attains the age of majority, no further transactions (financial and non-financial) will be permitted in the Folio(s) till the regularization of the Folio/s in a manner prescribed by the AMC / Mutual Fund and Folio(s) will be frozen for operation by the representing guardian and all transactions will be suspended.
- c. The AMC/ Mutual Fund will register standing instructions like SIP/ STP/SWAP etc. for a folio held by a minor Unitholder from the parent/ legal guardian only till the date when the minor Unitholder attains the age of majority, even though the instructions may be for a period beyond that date.

### **4. Duration of the Schemes**

The duration of open-ended Schemes is perpetual, while that of the close-ended schemes is as mentioned in the relevant SIDs. However, in terms of the Regulations, open-ended schemes is to be wound up anytime, and close-ended scheme may be wound up at any time prior to the maturity date, under the following circumstances:

- a) On happening of any event, which in the opinion of the Trustee, requires the Scheme concerned to be wound up; OR
- b) If 75% of the unit holders of the Scheme concerned pass a resolution that the Scheme be wound up; OR
- c) If SEBI so directs in the interests of unit holders.

In addition to the above, an open-ended scheme may also be wound up if the scheme fails to fulfil the condition of a minimum of 20 investors on an ongoing basis for each calendar quarter.

Further, an average AUM of Rs. 20 crore on half yearly rolling basis has to be maintained for all open ended debt oriented schemes. In case of breach of the this provisions, the AMC shall scale up the AUM of such scheme within prescribed period so as to comply with the provisions, failing which the provisions of Regulation 39(2)(c) of the Regulations related to winding up of scheme would become applicable.

Where a scheme is to be wound up under the circumstances mentioned above, the trustees shall give notice within one day, disclosing the circumstances leading to the winding up of the scheme:- to the Board and in two daily newspapers having circulation all over India, a vernacular newspaper circulating at the place where the mutual fund is formed.

Provided that where a scheme is to be wound up under clause (a) trustees shall obtain consent of the unit holders participating in the voting by simple majority on the basis of one vote per unit and publish the results of voting within forty five days from the publication of notice

Provided further that in case the trustees fail to obtain the required consent of the unitholders under clause (a), the schemes shall be reopened for business activities from the second business day after publication of results of the voting.

## **5. Procedure and Manner of Winding Up**

The Trustee shall call a meeting of the unit holders to approve by simple majority of the unit holders present and voting at the meeting for authorising the Trustee or any other person to take steps for winding up of the scheme concerned. The Trustee or the person authorised as above, shall dispose off the assets of the scheme concerned in the best interest of the unit holders of the scheme.

The proceeds of sale realised in pursuance of the above shall be first utilised towards discharge of such liabilities as are due and payable under the scheme, and after meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the scheme, as on the date when decision for winding up was taken. On completion of the winding up, the Trustee shall forward to SEBI and unit holders a report on the winding up, detailing, the circumstances leading to the winding up, the steps taken for disposal of the assets of the scheme before winding up, net assets available for distribution to the unit holders and a Certificate from the auditors of the Mutual Fund. Notwithstanding anything contained herein above, the

provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the scheme concerned ceases to exist. After the receipt of the report referred to above, under “Procedure and Manner of Winding Up”, if SEBI is satisfied that all measures for winding up of the scheme concerned have been complied with, the scheme shall cease to exist. Pursuant to Paragraph 7.2 of SEBI Master Circular dated May 19, 2023, schemes which are in the process of winding up in terms of Regulation 39(2)(a) of MF Regulations shall be listed on recognized stock exchange, subject to compliance with listing formalities as stipulated by the stock exchange. Further, pursuant to listing, trading on stock exchange mechanism will not be mandatory for investors, but an optional channel to exit such schemes.

The aforesaid provisions pertaining to “Procedure and Manner of Winding Up” shall apply in respect of each individual scheme and to the extent possible shall apply mutatis mutandis to each Investment Plan.

#### **6. KYC Requirements and Requirements of Prevention of Money Laundering Act**

Please refer Section 3. Prevention of Money Laundering and Know Your Client (‘KYC’) Requirements.

#### **7. Consolidation of Folios**

In case an investor has multiple folios, the AMC reserves the right to consolidate all the folios into one folio, based on such criteria as may be determined by the AMC from time to time. In case of additional purchases in same scheme/ fresh purchase in new scheme, if the investor fails to provide the folio number, the AMC reserves the right to allot the units in the existing folio, based on such integrity check as may be determined by the AMC from time to time.

#### **8. Default Option/Plan/Scheme in case of incomplete or inconsistent information**

Investors may note that in case of fresh / additional purchases, if the name of the Scheme on the application form / transactions slip differs with the name on the Cheque / Demand Draft / payment instrument / transfer letter, then the AMC will allot units under the scheme mentioned on the application form. In case of fresh/additional purchases, if the scheme name is not mentioned on the application form / transaction slip, then the units will be allotted under the scheme mentioned on the cheque / demand draft / payment instrument / transfer letter. The Plan / Option that will be considered in such cases if not specified by the customer will be the default option of the scheme as per the SID. However, in case of additional purchase if the scheme name is not specified by the customer then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh purchase.

#### **9. Unclaimed Redemption / Income Distribution cum Capital Withdrawal (IDCW) Amount**

The unclaimed redemption and IDCW amounts may be deployed by the Mutual Fund in call money market or money market instruments or a separate plan of only Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Fund specifically for deployment of the unclaimed amounts. Provided that such schemes where the unclaimed



redemption and dividend amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per Paragraph 17.5 of SEBI Master Circular dated May 19, 2023. AMC's shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower.

Investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at prevailing NAV at the end of the third year. The income earned on such funds will be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. The Fund shall not be liable to pay any interest or compensation on unclaimed amount.

**Payment of unclaimed redemption/IDCW amounts to investor:**

Investors who claim the unclaimed amount during a period of three years from the due date will be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, will be paid initial unclaimed amount along-with the income earned on its deployment till the end of third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education.

For more details on how to claim the unclaimed redemption/IDCW amount, please refer to the website of the Fund viz. [www.pgimindiamf.com](http://www.pgimindiamf.com).

## 10. Pledge of Units

The Units under the respective Scheme(s) (subject to completion of Lock-in Period, if any) may be offered as security by way of a pledge / charge in favor of scheduled banks, financial institutions, non-banking finance companies (NBFC's), or any other body. The AMC/RTA will note and record such Pledged Units. A standard form for this purpose is available on request at all ISCs. The AMC shall mark a lien on the specified units only upon receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem/switch Units that are pledged until the entity to which the Units are pledged provides a written authorisation to the Mutual Fund that the pledge / lien/ charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units. Dividends declared on Units under lien will be paid / re-invested to the credit of the Unit Holder and not the lien holder unless specified otherwise in the lien letter.

**For Units held in Electronic (Demat) Mode:-** For units of the Scheme(s) held in electronic (demat) form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of units of the Scheme(s). Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different DPs.



## **11. Website**

The website of the Fund/AMC is intended solely for the use of Resident Indians, Non Resident Indians, Persons of Indian Origin and Foreign Institutional Investors registered with SEBI. It should not be regarded as a solicitation for business in any jurisdiction other than India. In particular the information is not for distribution and does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where such activity is prohibited. Any persons resident outside India, who nevertheless intend to respond to this material must first satisfy themselves that they are not subject to any local requirements, which restrict or prohibit them from doing so. Information other than that relating specifically to the AMC/Fund and its products is for information purposes only and should not be relied upon as a basis for investment decisions. The AMC cannot be responsible for any information contained in any website linked from the Mutual Fund's website.

The investors are requested to read the Terms and Conditions given on the said Website carefully before using the Website. By using the said Website, the investor will be deemed to have agreed that the Terms and Conditions specified apply to the use of the investor of the said Website, any information obtained from the site, and our products and services. If the investor does not agree to the specified Terms, the investor may not use the said Website or download any content from it.

## **12. Disclosure of Investors' Information to Service Providers and Intermediaries**

The investors may note that the Mutual Fund or AMC need to use the services of intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the investor by cheques, drafts, warrants, electronic mode, etc.

The AMC may share investors' personal information with the following third parties:

- Registrar, Banks and / or authorised external third party service providers who are involved in transaction processing, dispatches, etc., of investors' investment in the Scheme;
- Distributors or Sub-brokers through whom applications of investors are received ; or
- Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti-money laundering laws.

The investor expressly agrees and authorises the Mutual Fund or AMC or their intermediaries to correspond with the investor or make payments through intermediaries including but not limited to post office, local and international couriers, and banks. The investor clearly understands that the Mutual Fund or AMC uses such intermediaries for convenience of the investor and such intermediaries are agents of the investor and not the Mutual Fund or AMC.

## **13. Compliance with Foreign Account Tax Compliance Act**

The Hiring Incentives to Restore Employment Act was signed into US law in March 2010 and includes provisions commonly referred to as Foreign Account Tax Compliance Act

(‘FATCA’). FATCA require financial institutions to report to the US Internal Revenue Service (“IRS”) certain information on US persons (based on one or more specified US indicia), holding accounts outside the US, as a safeguard against U.S. tax evasion. FATCA provisions imposes a 30% withholding tax on certain U.S. source payments (including dividends and gross proceeds from the sale or other disposal of property that can produce U.S. source income) when made to an individual or entity that does not comply with FATCA provisions. The 30% withholding could also apply to payments otherwise attributable to US source income. Any amounts withheld under FATCA may not be refundable by the IRS.

FATCA is globally applicable from July 1, 2014 and in order to comply with FATCA obligations, the Fund will, with effect from July 1, 2014 seek additional information/documentation from investors while accepting applications or otherwise (at its discretion), in order to ascertain their U.S. Person status. Further, with effect from July 1, 2014, the Fund reserves the right not to accept applications which are not accompanied with information/documentation required to establish the U.S. Person status from the investors.

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

### C. GENERAL INFORMATION

#### 1. Associate Transactions

- Underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issues of associate companies and devolvement if any, of such commitments, during the last 3 fiscal years:- NIL
- Subscription by the schemes in issues lead managed by associate companies during the last 3 fiscal years: - NIL
- Total business given to associate brokers and the percentage of brokerage commission paid to them during the last 3 fiscal years: - NIL
- Distribution of units performed by associate companies during the last 3 fiscal years: -

#### Commission paid to associates/related parties/group companies of sponsor/AMC:

PGLH of Delaware, Inc. acquired remaining 50% shareholding in the AMC and Trustee Company from the existing shareholders on July 31, 2019 and consequently became 100% shareholder of AMC and Trustee Company. As a result of above change in shareholding / ownership structure, Dewan Housing Finance Corporation Limited (DHFL) and group / associate companies of DHFL have ceased to be associate companies of the AMC w.e.f. July 31, 2019. Wadhawan Wealth Managers Private Limited (WWMPL) ceased to be to be associate companies of the AMC w.e.f. May 28, 2019. In terms of regulatory requirement for disclosure of historical information for associate transactions for last three fiscal years of the schemes of the Mutual Fund under the management of the AMC, the following disclosure for commission paid to associates/related parties/group companies of sponsor/AMC pertains to transactions when DHFL was a co-sponsor.

Financial Year	Name of associate /related parties/group companies of sponsor/AMC	Nature of Association / Nature of relation	Business given (in Rs. Cr. & % of total business received by the Fund)		Commission paid (in Rs. Cr. & % of total commission paid by the fund)	
			in Rs. Cr.	%	in Rs. Cr.	%
2019-2020	DHFL	Erstwhile Sponsor	1.8221	0.005	0.135	0.602
2019-2020	WWMPL	Group Company	0.00001154	0.00000003	0.000064	0.002122
2020-2021	NA					
2021-2022	NA					

The above transactions were made at arms-length basis and within the limits set by the Regulations, wherever applicable.

Any investment made by the schemes of the Mutual Fund in group companies of the sponsor or the sponsor shall be in accordance with the provisions of the Regulations.

The AMC may however, for the purposes of providing certain services utilize the services of the Sponsor, group companies and any other associate company of the Sponsor, who is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the its associate/group companies (including their employees or relatives) on commercial terms and on arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the SEBI Regulations. Appropriate disclosures, wherever required, shall be made by the AMC.

## **2. Inter-Scheme Transfer of Investments**

Transfers of investments from one scheme to another scheme of the same Mutual Fund shall be allowed only if:

- a) Inter-scheme transactions were carried out at prices as provided by the valuation agencies appointed by AMFI, at the time of such inter-scheme transactions.
- b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- c) the same are in line with Paragraph 12.30 of SEBI Master circular dated May 19, 2023.

## **3. Stock Lending by the Mutual Fund**

Subject to the SEBI (Mutual Funds) Regulations, 1996 and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

The Investment Manager will apply the following limits, should it desire to engage in Stock Lending:

- a) Not more than 20% of the net assets of a scheme can generally be deployed in Stock Lending;
- b) Not more than 5% of the net assets of a scheme can generally be deployed in Stock Lending to any single counter party.

## **4. Borrowing by the Mutual Fund**

The Mutual Fund is allowed to borrow to meet the temporary liquidity needs of the schemes for the purpose of repurchase, redemption of units or payment of interest or Income Distribution cum Capital Withdrawal (IDCW) to the unit holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each scheme and the duration of such borrowing shall not exceed a period of six months.

## **5. Underwriting by the Mutual Fund**

Subject to SEBI (Mutual Funds) Regulations, 1996 the Schemes of the Mutual Fund may enter into underwriting agreements after the Mutual Fund obtains a certificate of registration

in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993 authorising it to carry on activities as underwriters. The capital adequacy norms for the purpose of underwriting shall be the net assets of the respective Scheme/ Plans and the underwriting obligation of the respective Scheme/ Plans shall not at any time exceed the total net asset value of the respective Scheme/ Plans.

## **6. Documents available for inspection**

The following documents will be available for inspection at the office of the Mutual Fund at Laxmi Towers, C Wing, 4th Floor, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 during business hours on any Business day (excluding Saturdays, Sundays and public holidays):

1. Memorandum and Articles of Association of the AMC
2. Investment Management Agreement
3. Trust Deed and amendments thereto, if any
4. Mutual Fund Registration Certificate
5. Agreement between the Mutual Fund and the Custodian
6. Agreement with Registrar and Share Transfer Agents
7. Consent of Auditors to act in the said capacity
8. Consent of Legal Advisors (if any) to act in the said capacity
9. Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
10. Indian Trusts Act, 1882

## **7. Investor Grievances Redressal Mechanism**

Investors may contact any of the Investor Service Centres (ISCs) of the AMC for any queries / clarifications at 1800 266 7446 (toll free), Fax number (022) 61593017. In order to protect confidentiality of information, the customer service representatives may require personal information of the investor for verification of the investor's identity.

Investors may also send an e-mail to [care@pgimindia.co.in](mailto:care@pgimindia.co.in) for their grievances/ feedback/ suggestions.

The Head Office of the AMC will follow up with the respective Investor Service Centres and the Registrar on complaints and enquiries received from investors to ensure timely redressal and prompt investor services. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.

Mr. Ratan Ghosh is the Investor Relations Officer for the Mutual Fund. All unresolved queries, complaints may be forwarded to him at the AMC's Head Office at the abovementioned address or forwarded via e-mail to: [care@pgimindia.co.in](mailto:care@pgimindia.co.in) or by Fax to +91 22 6159 3017. He can be contacted at telephone number: +91 22 6159 3017.

### **Online Dispute Resolution (ODR) Portal:**

Pursuant to SEBI Circular no. SEBI/HO/OIAE/OIAE\_IAD-1/P/ CIR/2023/131 dated July 31, 2023 read with Master Circular for Online Resolution of Disputes in Indian Securities Market dated August 04, 2023, on Online Resolution of Disputes in the Indian Securities Market, disputes between Investors and intermediaries arising out of latter's activities in the securities market, can be resolved in accordance with the circular and by harnessing online conciliation and/or online arbitration as specified in the circular.

The link to SEBI ODR portal viz. <https://smartodr.in> is also made available on our website (<https://www.pgimindiamf.com/>) for your ready reference and complete understanding.

Details of investors complaints received and redressed during the period April 1, 2020 to March 31, 2024 are as under:-

Period	Number of Complaints		
	Received	Redressed	Pending
April 01, 2020 till March 31, 2021	40	40	NIL
April 01, 2021 till March 31, 2022	124	124	NIL
April 01, 2022 till March 31, 2023	412	412	NIL
April 01, 2023 till March 31, 2024	325	325	NIL

#### **8. Soft-Dollar Policy**

Soft-dollar arrangement refers to an arrangement between asset management companies and brokers in which an asset management company executes trades through a particular broker and in turn the broker provides benefits such as free research, hardware, software or even non-research-related services, etc., to that asset management company. The AMC may, from time to time, have soft dollar arrangements with its brokers and while entering into such arrangements the AMC shall ensure that such arrangements are limited to only benefits (like free research report, etc.) that are in the interest of investors.

**Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.**

[END OF THE DOCUMENT]