DISCLOSURE DOCUMENT OF
PORTFOLIO MANAGEMENT SERVICES

BEING OFFERED BY
BNP PARIBAS ASSET MANAGEMENT INDIA PRIVATE LIMITED

(i)	The Disclosure Document has been filed with SEBI along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.
(ii)	The purpose of the Disclosure Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
(iii)	The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and the investors are advised to retain the document for future reference.

PRINCIPAL OFFICER:
Mr. Sharad Kumar Sharma – Managing Director & CEO
BNP Paribas Asset Management India Private Limited
BNP Paribas House, 1 North Avenue, Maker Maxity,
Bandra Kurla Complex, Bandra - East,
Mumbai – 400051, Maharashtra, India
Tel no. 91-22-33704240
Email**:** sharad.sharma@bnpparibasmf.in

This disclosure document is dated July 03, 2019.

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FORM C

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

It is hereby confirmed that:

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

ii) the disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to BNP Paribas Asset Management India Private Limited as Portfolio Manager;

iii) the Disclosure Document has been duly certified by an independent Chartered Accountant viz Mr. Vikas Morzaria (Membership no. 108691) of M/s Morzaria & Associates, Chartered Accountants, having its office at 102, RBI Sahayog, Eksar Road, Borivali (West), Mumbai 400 092, Maharashtra, India on July 03, 2019.

For BNP Paribas Asset Management India Private Limited

Sd/-
Sharad Kumar Sharma
Principal Officer

Date: July 03, 2019
Place: Mumbai

1) DISCLAIMER CLAUSE:

The Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

2) DEFINITIONS:

In this Disclosure Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

Advisory Services		means advisory services that would be provided to the Clients and may include management of the portfolio depending on the Clients' requirement for an agreed fee structure and for a definite period as described, entirely at the Client's risk.
Agreement		means the agreement executed between the Portfolio Manager and its clients in terms of Regulation 14 and Schedule IV of the Regulations stating therein the terms and conditions on which the Portfolio Manager shall provide portfolio management services to that client.
Applicable Laws		shall mean any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, or other governmental restriction or any similar form of, decision of, or determination by, or any interpretation, policy or administration having the force of law or any of the foregoing, by any governmental authority having jurisdiction over the matter in question.
AUM		Assets Under Management
Client (s) / Investor (s)		means any person/entity that enters into the Agreement with the Portfolio Manager for availing the Portfolio Management Services.
Custodial Services		means Custodial Services as defined in Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996 as amended from time to time.
Custodian		means any entity appointed as Custodian by the Portfolio Manager from time to time and on case to case basis to provide custodial services and to act as a Custodian on the terms and conditions agreed between the Custodian and the Portfolio Manager.
Disclosure Document		this document issued by BNP Paribas Asset Management India Private Limited for offering portfolio management services, prepared in terms of Schedule V of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended from time to time.
Discretionary Portfolio Management Services		means Portfolio Management Services provided by the Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.
"Foreign Portfolio Investor" or "FPI"		Foreign Portfolio Investor as defined under Regulation 2(1)(h) of Security Exchange Board of India (Foreign Portfolio Investors) Regulations 2014, as amended from time to time.
Funds		means the money placed by the Client with the Portfolio Manager and any accretions thereto.

Investment Amount		the money or securities accepted by the Portfolio Manager from the Client in respect of which the portfolio management services are to be rendered by the Portfolio Manager.
NRI		Non - Resident Indian
Portfolio		means the total holdings of securities belonging to any person/client/investor
Portfolio Manager or the Company		means BNP Paribas Asset Management India Private Limited, a private limited company incorporated under the Companies Act, 1956 vide fresh certificate of incorporation dated October 18, 2010 having its Registered Office at BNP Paribas House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra -East, Mumbai – 400051, Maharashtra, India.
Principal Officer		Managing Director & CEO of the Portfolio Manager, who is responsible for the activities of portfolio management and has been, designated as principal officer of the Portfolio Manager.
RBI		Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.
Regulations		shall mean Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 read with rules, amendments, circulars, clarifications and guidelines issued by SEBI in relation thereto from time to time.
SEBI		Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
Securities		shall mean Securities as defined in Securities Contracts (Regulations) Act, 1956 as amended from time to time.

3) DESCRIPTION

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

Present:
BNP Paribas Asset Management India Private Limited is a private limited company incorporated under the Companies Act, 1956, having its Registered Office at BNP Paribas House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra - East, Mumbai – 400051, Maharashtra, India. The Company has been registered with SEBI as a Portfolio Manager vide registration number PM/INP000003716.

History:
ABN AMRO Asset Management (India) Private Limited had received an approval from SEBI vide its letter no. IMD/SP/67987 dated May 29, 2006 for rendering services as Portfolio Manager under SEBI (Portfolio Managers) Regulations, 1993 under Registration no. INP000001728. The Company commenced Portfolio Management Business with effect from September 26, 2006. Due to global restructuring, ABN AMRO Asset Management became a part of Fortis Investments. Accordingly, there had been an indirect change in control of ABN AMRO Asset Management (India) Private Limited. SEBI had granted fresh registration in the name of Fortis Investment Management (India) Private Limited vide its letter no. IMD/SKS/143683/2008 dated November 07, 2008 for rendering services as Portfolio Manager under SEBI (Portfolio Managers) Rules and Regulations, 1993 under Registration no. PM/INP000003039.

Due to a global restructuring of Fortis group, Fortis Investment Management is now a part of BNP Paribas group. There has been an indirect change in the control of Fortis Investment Management (India) Pvt. Ltd. Consequent to this change; Fortis Investment Management (India) Private Limited has been renamed as

BNP Paribas Asset Management India Private Limited. In this background, SEBI has issued a fresh certificate of registration in the name of BNP Paribas Asset Management India Private Limited vide its letter no.IMD/DOF-1/MT/OW/25642/2010 on October 28, 2010 for rendering services as Portfolio Manager under SEBI (Portfolio Managers) Rules and Regulations, 1993.

Other Business:
The Company is an Asset Management Company (AMC) under the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 with the primary business of managing various schemes of BNP Paribas Mutual Fund. BNP Paribas Asset Management India Private Limited is an investment manager to BNP Paribas Mutual Fund, with Quarterly Average Assets under Management (AAUM) of Rs. 7,209.20 crores for the quarter of January 2019 – March 2019 through 16 schemes (as on quarter ended March 2019; source: amfiindia.com).
In accordance with Regulation 24 of SEBI (Mutual Funds) Regulations, 1996, an AMC can undertake portfolio management services and advisory services for other than broad based fund, subject to compliance with the conditions prescribed by SEBI. For the purpose of this regulation, the term 'broad based fund' shall mean the fund which has at least twenty investors and no single investor account for more than twenty five percent of corpus of the fund. The AMC had taken a clearance from SEBI Mutual Funds division to do the business of Portfolio Managers.

(ii) Promoters of the Portfolio Manager, directors, key management and their background:

(a) Promoters:
The paid-up equity share capital of the Company is Rs. 210.97 crore which is 100% held by BNP Paribas Asset Management Asia Limited1 (BNPPAMAL) along with its two nominee shareholders.

BNPPAMAL was incorporated in Hong Kong on October 29, 1991 and is licensed with the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance. BNPPAMAL specializes in the Asian markets for investment funds management / advisory and discretionary mandates.

BNPPAMAL is a member of BNP Paribas Asset Management Holding[2] (BNPPAMH), the autonomous global asset management arm of the BNP Paribas group. BNPPAMH is a top-tier asset management company with a truly global footprint. BNPPAMH has extensive reach, dominance and scale in Europe, large presence in North America and substantial position in Asia.

(b) Particulars of Directors

Name of Director(s), Age & Qualification	Experience	Date of Appointment (DoA) & Previous Position held	Other Directorships in companies
Mr. Chandan Bhattacharya (Independent Director)	Mr. Bhattacharya has served as a Strategic advisor for financial sector practice in India to McKinsey & Co. from 2007 to	**DoA :** July 19, 2011 **From 2007 to 2014** –Strategic Advisor – **Mckinsey & Co.**	• JSW Energy Limited • Phoenix ARC Private Limited

[1] *Erstwhile BNP Paribas Investment Partners Asia Limited*
[2] *Erstwhile BNP Paribas Investment Partners*

Name of Director(s), Age & Qualification	Experience	Date of Appointment (DoA) & Previous Position held	Other Directorships in companies
74 years B.A. (Hons.), C.A.I.I.B.	2014. He was the member of Securities Appellate Tribunal (SAT) during the period 2005 to 2007. He served State Bank of India as Managing Director for the period 2003 to 2005.	**2005-2007 –** Member – **Securities Appellate Tribunal (SAT)** 2003-2005 – **Managing Director –** State Bank of India	
Mr. Ninad Karpe (Independent Director) 58 years B. Com; LLB (Gen.); FCA	Mr. Karpe has been a Managing Director and CEO for Aptech Ltd till November 03, 2016. He was earlier Managing Director, CA (formerly known as Computer Associates) for India & SAARC. He had been associated with CA India since the company's inception in the country. He held numerous management responsibilities in CA India that include setting up offices in India, managing marketing, PR, technical services, HR, operations and fi nance.In his capacity as Managing Director of the Indian operations of the world's fourth largest software company, Ninad's responsibilities included driving the adoption of CA's technology and broadening and strengthening strategic partnerships in India. Earlier, Mr. Karpe was Executive Director of CA India. In the past, he was a consulting specialist for companies seeking to invest in India. He has also authored several books on strategy, taxation and foreign investment in India and contributes regularly to newspapers, magazines and journals. He is also a director on the Board of various companies.	**DoA :** November 16, 2004 **From April 1, 2009 to November 03, 2016 –** Managing Director & CEO **– Aptech Ltd.** **May 2003** to **January 2009** – Managing Director (India & SAARC) – **CA Computer Associates India Pvt. Ltd.** **January 1998** to **May 2003** – Executive Director – **CA Computer Associates India Pvt. Ltd.** **April 2001 to May 2003** - CEO – **CA Satyam ASP Pvt. Ltd.**	• Savita Oil Technologies Limited • Aptech Limited • BJB Career Education Co. Ltd, Cayman Islands • S K Restaurants Private Limited • Sienna Systems Resources Pvt. Ltd. • EDC Limited • NSE Academy Limited
Mr. Sanjay Sachdev 57 years Certificate in	Mr. Sachdev has over 28 years of experience in the global financial services in leadership positions building game changing asset management businesses. He is the Global Chairperson and Board	**DoA :** December 24, 2016 **March 2013 Till Date** – Chairman - **ZyFin Holdings Pte. Limited** **December 2010 to November 2012** - President & CEO - **Tata Asset**	• ZyFin Holding Pte. Ltd • Freedom Financial Services LLC • Freedom

Name of Director(s), Age & Qualification	Experience	Date of Appointment (DoA) & Previous Position held	Other Directorships in companies
Corporate Governance - Wharton School of Management; LL.B – Government Low College, University Of Bombay; Master's Degree in International Management - American Graduate School of International Management (Thunderbird), Phoenix, AZ, USA	Member of Financial Planning Standards Board (FPSB). He is also a Senior Advisor and Board Member to financial institutions including a reputed U.S. family and a private equity fund based in the U.K. called Apis Partners LLC. In addition, he is Chairman of ZyFin Holdings and is currently involved in leading a unique Macro Research and ETF Asset Management business. He has been a strong and vocal advocate for the cause of pension reform in India, working closely with senior government representatives since 1997. He has been a member of the Working Group on Pension Reform established by IRDA in 2000. He was also the co-chairman of the Life Insurance and Pensions Committee, Bombay Chamber of Commerce in 2004. Mr. Sachdev has established several multi-billion-dollar asset management businesses across public & private markets investing across Asia including Japan, India, Indonesia and Singapore. He was President & CEO of Tata Asset Management Limited. Prior to this, he worked for five years as the Managing Director of Shinsei Bank Group for S.E. Asia & India. He was earlier associated with Principal Financial for over 12 years as Global Manager based in US with a focus on emerging markets. He was Managing Director of Principal PNB Asset Management Company Private Limited and founded and established Principal's businesses in India through innovative partnerships. He	**Management Limited** **May 1994 to June 2006 -** Global Manager /Managing Director - **Principal Pnb Asset Management Company Private Limited**	Financial Services Pvt. Ltd. • LAM ZyFin Global Markets UCITS ETF Plc • ZyFin Capital Ltd. • ZyFin Services Ltd. • The Social Loan Company Private Limited

Name of Director(s), Age & Qualification	Experience	Date of Appointment (DoA) & Previous Position held	Other Directorships in companies
	is credited with establishing a historic partnership with Indian government to open the post office network for financial services.		
Mr. Sharad Kumar Sharma (Managing Director & CEO) 59 years B. Com, MFM CAIIB CFP	Mr. Sharad Kumar Sharma has spent over three decades in the Indian Banking and Financial Services Industry. Mr. Sharma has the distinction of having leadership position experience with Scheduled Commercial Banks (SBI and BNP Paribas) in the area of Corporate Banking, Treasury and Forex, Private Banking and Wealth Management, Retail Banking and Liability management and also Executive Director level experience in managing the operations of Geojit BNP Paribas, India's leading Stock Broking company.	**DoA** : January 08, 2015 He joined the BNP Paribas group in 1989 and worked in various leadership positions before he led the Bank's initiative in the onshore wealth management business as Country Head -Wealth Management. In addition to his responsibilities at the BNP Paribas Group, Mr. Sharma has served as the Chairman of the Examination Committee of Financial Planning Standards Board (FPSB) India for over four years. He has had several board level positions that include member of the FPSB India Board and Financial Planning Corporation (India) Pvt. Ltd board for six years and member of the Board of BNP Paribas Wealth Management (India) Pvt. Ltd. for over 9 years. Mr. Sharma has a Masters Degree in Financial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai, and is a Certified Associate of Indian Institute of Bankers. He has been awarded CFP certification by Financial Planning Standards Board India.	• Kalsha Consultancy Private Limited
Mr. Anand Shah (Associate Director) 44 years • B.E. (REC, Surat) • PGDBA (IIM – Lucknow).	Mr. Shah has over 18 years of experience in asset management. In his position as Deputy CEO & Head of Investments of the Company, Mr. Shah leads a team of investment professionals managing funds across asset classes. In his previous assignment, he was Head - Equities at Canara Robeco Asset Management Company Ltd.	**DoA :** July 16, 2013 **April 2008 – March 18, 2011 -** Head Equities - **Canara Robeco Asset Management Company Limited** **January 2007 – April 2008 -** Co-Head, Equities - **ICICI Prudential Asset Management Company Limited**	Mr. Shah does not hold any other directorship.

Name of Director(s), Age & Qualification	Experience	Date of Appointment (DoA) & Previous Position held	Other Directorships in companies
	from April 2008 - March 18, 2011. Mr. Shah was the Co-Head Equities at ICICI Prudential Asset Management Company Ltd. (Jan 2007 - April 2008) before which he was with Kotak Mahindra Asset Management Company Ltd. for over 6 years. Mr. Anand is an alumnus of Indian Institute of Management, Lucknow and an Engineer from Regional Engineering College, Surat.	**May 2000 – December 2006 -** Vice President, Investments **- Kotak Mahindra Asset Management Company Limited**	
Mr. Rakesh Vengayil (Associate Director) 48 years • Master of Business Administration • Post Graduate Diploma In Finance Management • Honours Diploma in System Management • Bachelor of Science	Mr. Vengayil has over 25 years of experiences in the securities market covering business management, operations, technology, finance and product management. Mr. Vengayil joined BNP Paribas Asset Management (formerly known as BNP Paribas Investment Partners) (the successor of Fortis Investments and ABN AMRO Asset Management) in 2004 as Vice President & Head of Asset Management Operations in India, and was relocated to Hong Kong in 2007 as the Chief Operating Officer of Asia Pacific Region. Further he moved to London in mid-2014 to extend the coverage to Latin America and Emerging European Markets as COO APAC & Emerging Markets. He is currently the Deputy CEO Asia Pacific and Head of Business Strategy & Support and based in Hong Kong. Prior to joining BNP Paribas group, Mr. Vengayil has worked with ABN AMRO Bank, Morgan Stanley and HDFC Bank in India.	**DoA :** September 23, 2015 **July 2014 to Till Date -** Deputy CEO Asia Pacific and Head of Business Strategy & Support (prior to that he was the COO, APAC & Markets Business Line) **- BNP Paribas Asset Management Asia Ltd**. (formerly known as BNP Paribas Investment Partners Asia Ltd.) **Jan 2009 to June 2014 -** COO & CFO APAC **- ABN AMRO Asset Management Asia. Ltd.** **April 2007 to December 2008 -** CFO, APAC **- BNP Paribas Investment Partners Asia Ltd.** (formerly known as ABN AMRO Asset Management Asia Ltd) **January 2009 to June 2014 -** COO & CFO APAC **- BNP Paribas Investment Partners Asia Ltd.** (formerly known as ABN AMRO Asset Management Asia Ltd) **September 2004 to April 2007 -** Head of Asset Management Operations **- ABN AMRO Asset Management India Pvt. Ltd**	• BNP Paribas Asset Management Japan Ltd • BNP Paribas Asset Management Taiwan Ltd (Supervisor of the Board) • BNP Paribas Asset Management Asia Limited • BNP Paribas Asset Management Australia Limited • BNP Paribas Investment Partners (Australia) Holdings Pty Limited

(c) Key Management:
(as per SEBI (Portfolio Managers) Regulations 1993, and guidelines issued thereunder)

Name	Designation & Age	Educational Qualification	Present and Previous Experience
Mr. Sharad Kumar Sharma*	Managing Director & Chief Executive Officer 59 years	• B.Com • MFM • CAIIB • CFP	Mr. Sharad Kumar Sharma is the Managing Director & CEO of BNP Paribas Asset Management India Private Limited and has spent over three decades in the Indian Banking and Financial Services Industry. Mr. Sharma has the distinction of having leadership position experience with Scheduled Commercial Banks (SBI and BNP Paribas) in the area of Corporate Banking, Treasury and Forex, Private Banking and Wealth Management, Retail Banking and Liability management and also Executive Director level experience in managing the operations of Geojit BNP Paribas, India's leading Stock Broking company. He joined the BNP Paribas group in 1989 and worked in various leadership positions before he led the Bank's initiative in the onshore wealth management business as Country Head – Wealth Management. In addition to his responsibilities at the BNP Paribas Group, Mr. Sharma has served as the Chairman of the Examination Committee of Financial Planning Standards Board (FPSB) India for over four years. He has had several board level positions that include member of the FPSB India Board and Financial Planning Corporation (India) Pvt. Ltd board for six years and member of the Board of BNP Paribas Wealth Management (India) Pvt. Ltd. for over 9 years. Mr. Sharma has a Master's Degree in Financial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai, and is a Certified Associate of Indian Institute of Bankers. He has been awarded CFP certification by Financial Planning Standards Board India.
Mr. Anand Shah*	Deputy Chief Executive Officer (Deputy CEO) & Head of Investments 44 years	• B.E. (REC, Surat) • PGDBA (IIM - Lucknow)	1. Deputy CEO & Head of Investments of BNP Paribas Asset Management India Private Limited w.e.f. June 15, 2017 till date. 2. Deputy CEO of BNP Paribas Asset Management India Private Limited w.e.f. January 01, 2017 till June 14, 2017. 3. CIO of BNP Paribas Asset Management India Private Limited since April 2011 till December 31, 2016. 4. Head Equities - Canara Robeco Asset Management Company Limited from April 2008 – March 2011 5. Co-Head, Equities - ICICI Prudential Asset Management Company Limited from January 2007 – April 2008 6. Vice President, Investments - Kotak Mahindra Asset Management Company Limited from May 2000 – December 2006.
Ms. Jyothi Krishnan*	Head – Compliance,	• B. Com • ACS,	1. Head - Compliance, Legal and Secretarial, BNP Paribas Asset Management India Private Limited w.e.f. May 22,

Name	Designation & Age	Educational Qualification	Present and Previous Experience
	Legal & Secretarial 37 years	• BGL	2013 onwards 2. Compliance Officer- IDFC Asset Management Co. Ltd. from March 2009 to May 2013. 3. Legal & Compliance - ING Investment Management India Pvt. Ltd. from April 2005 to March 2009 4. Legal & Compliance-Standard Chartered Mutual Fund from June 2003 to April 2005.
Mr. Brijesh Ved	Head Equities – PMS & Offshore Advisory 42 years	• M.B.A (Finance), • B.Com	1. Head equities – PMS & Offshore Advisoy - BNP Paribas Asset Management India Pvt Ltd w.e.f. January 01, 2017 till date. 2. Senior Portfolio Manager - BNP Paribas Asset Management India Pvt Ltd from February 2015 till December 31, 2016. 3. Executive Director – Fund Manager - Enam Asset Management from August 2004 to January 2015 4. Analyst - KPMG India between 2002 - 2004 covering the Information, Communication & Entertainment sectors 5. Manager M&A - Focus5 Pte. Ltd., Singapore, heading M&A team in a Technology Start-up between 2000 – 2001
Mr. Miten Vora	Dealer 33 years	• B.Com, • CFA (ICFAI University) • MBA (Finance) – FLAME University (Pune)	1. Dealer (PMS division) - BNP Paribas Asset Management India Pvt Ltd from October 2013 till date 2. Research Analyst - IDBI Asset Management from May 2012 to September 2013 3. Research Associate - Antique Stock Broking from June 2009 to May 2012
Mr. Prithipal Singh*	Head – Sales 45 years	• B.A., • M.B.A (Marketing)	1. Head – Sales - BNP Paribas Asset Management India Private Limited August 28, 2014 till date. 2. Head – Retail Sales and Central Distribution Tie Ups, BNP Paribas Asset Management India Private Limited from August 2013 to August 2014. 3. Regional Head – Mumbai – 1, Reliance Capital Asset Management Ltd. from April 2012 to July 2013. 4. Segment Head – Banking & National Distributors – BND, Reliance Capital Asset Management Ltd from April 2008 to March 2012 5. Area Sales Manager – Delhi, GE Countrywide Consumer Financial Services Ltd. from October 2003 to December 2005 6. Territory Sales Manager – Delhi, Castrol India Ltd. from July 1999 to October 2003 7. Assistant Manager – South Delhi, Berger Paints India Ltd. from June 1998 to July 1999.
Mr. Vineet Nayyar*	Chief Financial Officer	• Chartered Accountant	1. Chief Financial Officer - BNP Paribas Asset Management India Private Limited from January 11,

Name	Designation & Age	Educational Qualification	Present and Previous Experience
	39 years	(C.A.) • Cost &Work Accountants (C.W.A.) • Bachelor of Commerce from Lucknow University	2016 till date 2. Head- Finance and Fund Accounting - BNP Paribas Asset Management India Private Limited from July 2012 till January 10, 2016 3. Head- Investment Operations - BNP Paribas Asset Management India Private Limited from July 2010 - June 2012 4. Manager - Operations - FIL Fund Management Private Ltd.- Operations from January 2006 - June 2010 5. Senior Executive – Operations - HDFC Asset Management Company Ltd from October 2004 - January 2006 6. Executive – Client Service Operations - HDFC Asset Management Company Ltd from September 2003 - September 2004
Mr. Vivek Kudal*	Chief Operating Officer 34 years	• CA • B.Com	1. Chief Operating Officer - BNP Paribas Asset Management India Private Limited w.e.f. January 01, 2017 till date 2. Head of Operations - BNP Paribas Asset Management India Private Limited from January 11, 2016 till December 31, 2016. 3. Head - Fund Operations & IT - BNP Paribas Asset Management India Private Limited from December 2014 till January 10, 2016 4. Governance, Risk & Compliance (GRCS)- Financial Services - KPMG from June 2012 till December 2014 5. Risk Advisory-Financial Services – Haribhakti & Co. - from November 2005 till May 2012

- BNP Paribas Asset Management India Private Limited was earlier known as Fortis Investment Management (India) Private Limited and was originally known as ABN AMRO Asset Management India Private Limited.
- *Mr. Sharad Kumar Sharma, Mr. Anand Shah, Ms. Jyothi Krishnan, Mr. Prithipal Singh, Mr. Vineet Nayyar and Mr. Vivek Kudal are the common resources between Mutual Fund & PMS business.
- Investment Research function, Investment Risk function and Investor Relations function are also common for both Mutual fund & PMS business.
- Mr. Brijesh Ved, Head Equities – PMS & Offshore Advisory and Mr. Miten Vora, Dealer are designated as the Key Personnel for the PMS business pursuant to Regulation 6(2)(d) of SEBI (Portfolio Managers) Regulations, 1993.

(iii) Top Ten Group companies/ firms of the Portfolio Manager on turnover basis:

The details of top ten group companies of the Portfolio Manager (other than Portfolio Manager) on turnover basis in India for the financial year 2017-18 are as follows:

Sr. No	Name of the Company	Turnover* (Rs. in 000's)
1.	SBI Life Insurance Company Ltd.	337,550,000

Sr. No	Name of the Company	Turnover* (Rs. in 000's)
2.	Sharekhan Limited	66,450,000
3.	BNP Paribas (Indian Branches)	24,901,574
4.	SREI Infrastructure Finance Limited	17,683,100
5.	BNP Paribas India Solutions Pvt Ltd	11,542,657
6.	Sundaram BNP Paribas Home Finance Ltd.	8,980,700
7.	Geojit BNP Paribas Financial Services Ltd.	3,040,795
8.	BNP Paribas Securities India Pvt Ltd.	2,878,888
9.	BNP Paribas Global Securities Operations Pvt Ltd.	2,526,112
10.	Arval India Pvt Ltd.	1,325,838

** Turnover includes other income.*

(iv) <u>Details of the services being offered: Discretionary & Advisory Services:</u>

DISCRETIONARY SERVICES:

The Portfolio Manager shall be acting in a fiduciary capacity with regard to the Client's account consisting of investments, accruals, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and/or replacements or any other beneficial interest including dividend, interest, rights, bonus as well as residual cash balances, if any (represented both by quantity and in monetary value). The Portfolio Manager shall be acting both as an agent as well as a trustee of the Client's account.

The Portfolio Manager will provide Discretionary Portfolio Management Services which shall be in the nature of investment management, and may include the responsibility of managing, renewing and reshuffling the portfolio, buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described, entirely at the Client's risk.

The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of security as per executed agreement and make such changes in the investments and invest some or all of the Client's account in such manner and in such markets as it deems fit that would benefit the Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Clients account is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines and notifications in force from time to time.
Presently, the Portfolio Manager does not provide non – discretionary portfolio management services.

ADVISORY SERVICES:

The Portfolio Manager will provide advisory portfolio management services, in terms of the SEBI (Portfolio Managers) Regulations 1993, which shall be in the nature of investment advisory and shall include the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the clients portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk. The advisory services shall be provided to all eligible categories of investors who can invest in Indian market including NRIs, FPIs, etc.

The Portfolio Manager shall be solely acting as an advisor to the portfolio of the client and shall not be responsible for the investment / divestment of securities and / or an administrative activity on the client's portfolio. The Portfolio Manager shall, provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and /or the Client, from time to time, in this regard.

The Portfolio Manager shall not in any event and at any point of time be responsible in any manner whatsoever for any investment decision taken by the Client on the basis of the investment advice provided by the Portfolio Manager. The Portfolio Manager may act upon any in-house research, commercially available databases & news services, external meetings and visits, third-party & broker research reports, publicly available information etc. Neither the Portfolio Manager nor any of its affiliates (nor any of their respective control persons, directors, officers, employees or agents) shall be liable to the Client or to any other person claiming through the Client for any claim, loss, damage, liability, cost or expense suffered by the Client or any other person arising out of or related to the advisory services provided therein.

MINIMUM INVESTMENT AMOUNT:

Pursuant to SEBI notification dated February 10, 2012, the minimum amount to be invested under the portfolio is Rs.25,00,000/- (Rupees Twenty five lakh only) unless specified otherwise. The minimum investment amount for different portfolios / products shall be communicated by the Portfolio Manager from time to time. The minimum investment amount per client shall be applicable for new clients and fresh investments by existing clients.

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

(i)	All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or Regulations made thereunder: Nil
(ii)	The nature of the penalty/direction: Not Applicable
(iii)	Penalties imposed for any economic offence and/ or for violation of any securities laws: Nil
(iv)	Any pending material litigation/legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any: Nil
(v)	Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency: Nil
(vi)	Any enquiry/ adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder: SEBI vide its Show cause Notice (SCN) bearing reference no. SEBI/HO/EAD-3/JS/DJ/OW/P/3577/1/2019 dated May 29, 2019 has alleged that BNP Paribas Asset Management India Private Limited (AMC) has traded in the scrip of Manappuram Finance Limited when in possession of Unpublished Price Sensitive information in violation of Section 12A(d) and 12A(e) of the SEBI Act, 1992 read with Regulation 3(i), 3A and 4 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 read with Regulation 12(2) of (Prohibition of Insider Trading) Regulations, 2015. A reply to the said SCN denying the allegations stated therein has been filed with SEBI.

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

5) SERVICES OFFERED:

I. The present investment objectives:

The Portfolio Manager proposes to provide various portfolios/ services based on the mandate of the client and subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the application form / agreement signed by the Client. The investment objectives of the portfolios of the Clients depending on the Clients' needs would be one or more of the following or any combination thereof:

a) to seek to generate capital appreciation / regular returns by investing in equity/ debt/ money market instruments / equity related securities and /or units of Mutual Funds.
b) to seek to generate capital appreciation / regular returns by investing exclusively in units of mutual funds.
c) to seek to generate regular returns by primarily investing in debt and money market instruments.
d) to seek to generate capital appreciation/ regular returns by investing exclusively in gilt securities issued by the Central/State Government securities.

II. Types of services offered:

Investment objectives may vary from client to client. The investment objectives of the client are understood and captured from the application form. The application form captures the client's expectation of returns and risk tolerance. Further, depending on the individual client requirements and specifications, the portfolio can be tailor made. The Portfolio Manager offers the following types of portfolios.

Exclusive Portfolio:

The objective of the Exclusive Portfolio is to seek to generate capital appreciation over the medium to long-term, which is to be achieved by concentrated investments in stocks spanning across various Sectors. Greater concentration will have implications on both the risks and potential returns of the portfolio. The investments will be guided by fundamentals of growth investing and value investing.

Thematic Sector Select Portfolio:

The objective of this portfolio is to generate capital appreciation over the medium to long term by investing in stocks in a few select sectors at a time. Specific details of the sectors may be provided to the client from time to time. The Portfolio Manager may change the underlying sectors within the theme from time to time depending on his views on a particular sector and the prevailing market conditions. The Portfolio Manager may introduce various themes viz; consumption, infrastructure, outsourcing etc. from time to time depending on his views on a particular theme and the prevailing market conditions. Sectoral choices would be made on a top-down basis and for stocks on a bottom-up basis which would be selected within these sectors with a view to represent the sector performance as well as their ability to outperform the benchmark. The sectoral concentration could lead to higher risk and potentially higher returns from the portfolio.

Fixed Income Portfolio:

The objective of the portfolio is to seek to generate capital gains and/or income through investments in fixed income securities and money market instruments (including units of mutual funds). These could include instruments which may be secured, unsecured, rated, listed or unlisted. The securities could be purchased by way of private placement or through public issues or through the secondary market. The investments in the portfolio could comprise of instrument(s) by one or more issuers at the discretion of the Portfolio Manager.

At the discretion of Portfolio Manager and as long as the same is in the best interest of investors, the Portfolio Manager reserves the right to construct different portfolios under the above options depending upon the risk appetite, market outlook, market conditions, Portfolio manager's view thereon and any other relevant factors governing this aspect for any of the above mentioned Portfolios. The Portfolio Manager reserves the right to construct such portfolios with different names / Series. The features of these products including tenure / options, subscription and redemption etc. will be as per the Client agreement and other documents executed with the investor.

Asset Classes generally considered for deployment of investment amount:

Subject to the investment objectives chosen by the Client, the Portfolio Manager shall invest in respect of the Client’s Account in any of the following securities :-

1. shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
2. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
3. security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
4. units or any other such instrument issued to the investors under any mutual fund scheme;
5. Government securities;
6. such other instruments as may be declared by the Central Government to be securities; and
7. rights or interest in securities;

The above mentioned securities are illustrative in nature. Investments will be made in equities, debt securities, units of mutual fund and such other securities permitted by the regulatory authorities from time to time.

Investments in equity and equity related securities will only be in listed scrips. There shall not be any active investments in unlisted securities however there can be an exposure to unlisted securities due to corporate actions. Investments could also be in preference shares and warrants carrying the rights to obtain equity shares.

Investments in debt securities will include debentures (fixed, floating, variable coupon), securitised debt, pass through certificates, bonds, Government securities issued or guaranteed by Central or State Government, non-convertible part of partially convertible securities, corporate debt of public and private sector undertakings, development financial institutions. Debt securities will also include bank (both public and private sector) fixed deposits, commercial papers, certificate of deposit, trade bills, treasury bills, reverse repo, collateralised borrowing & lending obligation (CBLO) and other money market instruments, etc. Such debt securities will be rated and could be listed, unlisted, secured, unsecured, convertible, non convertible, cumulative, non-cumulative etc.

The Portfolio Manager will also invest in units of the Schemes of any SEBI registered mutual fund (including ETFs) including schemes of BNP Paribas Mutual Fund.

The investments could be acquired through secondary market purchases, RBI auctions, open market sales conducted by RBI etc., initial public offers (IPOs), follow up public issue (FPO) new fund offer (NFOs), rights issues, other public offers, bilateral offers, placements, rights, offers, negotiated deals, etc.

Asset Classes for deployment shall be always subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the Agreement.

III. Policies including the types of securities in which Portfolio Manager generally invests/ will generally invest:

The same shall be always subject to the scope of investments as agreed upon between the Portfolio Manager and the Client in the Agreement.

As mentioned in Section 3 (iv) above, the Portfolio Manager provides discretionary and advisory services and does not provide non – discretionary PMS services.

IV. Investment Style:

The investment style would vary depending upon the specific requirements of the client. The broad investment style for discretionary equity portfolios is outlined below:

1. Stock picking:
   The Portfolio Manager believes that there are always good companies to invest in irrespective of the market conditions. The Portfolio Manager endeavours to identify and invest in such companies.

2. Diversified Portfolio:
   The Portfolio manager shall endeavor to have a diversified portfolio in terms of stock and sectors, within the mandate of the product.

3. Investment style anchored in growth:
   The Portfolio Manager will typically invest in stocks which offer growth or an upside on account of a potential re-rating and which are available at reasonable valuations. The valuation measures typically used are Price Earnings multiples (PEx), Price to Book multiples (PBx), Price Earning adjusted to Growth (PEG), Price to Cash flow and such other valuation metrics as the portfolio manager deems fit. Notwithstanding the above, the Portfolio Manager is not averse to participating in momentum stocks within reasonable limits.

4. Taking advantage of market opportunities:
   Active management of the portfolio is essential in today's volatile and dynamic times. The Portfolio Manager will attempt to take advantage of market opportunities in an attempt to maximise returns to investors.

5. Using tactical asset allocation:
   The Portfolio Manager may move between asset classes i.e. equity, fixed income and liquid depending upon market conditions. This will be done mainly with an endeavour & objective of protecting capital when markets are uncertain or have a downward bias.

V. Policies for investments in associates/ group companies of the Portfolio Manager and the maximum percentage of such investments therein subject to the applicable laws / Regulations/ Guidelines.

The Portfolio Manager will, before investing in the securities of associate/ group companies, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Portfolio. Investments under the Portfolio in the securities of the group companies will be subject to the limits prescribed in the Agreement (if any) executed with the respective Client and the same would be subject to the applicable laws/regulations/guidelines.

6) **Who can / cannot invest?**

The categories of investors who can invest in the products of Portfolio Manager shall be such individuals/institutions/body corporate etc., as may be decided by the Portfolio Manager from time to time, so long as wherever applicable, they are in conformity with the SEBI Regulations.

However following categories of investors cannot invest in products of Portfolio Manager:

1. Any person who is a foreign national.
2. Overseas Corporate Bodies (OCBs). These would be firms and societies, which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons (OCBs).
3. Non-Resident Indians residing in the United States of America and Canada. *(Kindly note that the products of Portfolio Manager are not being offered in US and Canada).*
4. Individual investors defined as US persons which shall include the following:
   - Designation of the unitholder as a US citizen or resident; or
   - Unitholder with a US place of birth; or
   - Unitholder with a current US residence address or US mailing address (including a US post office box); or
   - Unitholder with a current US telephone number (regardless of whether such number is the only telephone number associated with the account holder); or
   - Unitholder with a current power of attorney or signatory authority granted to a person with a US address as above;
5. Such other investors and/or its/their Related Parties(1) who are subject to sanctions, or have any of their addresses or are citizens of or residing in major sanctioned countries and such other sensitive countries.
6. NRIs residing in non-compliant countries and territories (NCCTs) as determined by the financial action task force (FATF), from time to time.
7. Religious and charitable trusts, wakfs or other public trusts that have not received necessary approvals and a private trust that is not authorized to invest in Portfolio Management Services under its trust deed.

[(1)]Related Parties would include but not limited to any joint holder, any legal representative, beneficial owners for an entity, any senior representative(s) of the investor who is/are in a position to respond on behalf of the entity and/or responsible for managing affairs of the entity for eg. MD, Director, CEO, CFO, COO, President, Treasurer, Legal or Compliance Representative, or other authorized representative.

The Portfolio Manager reserves the right to include / exclude new / existing categories of investors from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any. The Portfolio Manager retains the sole and absolute discretion/ right to reject any application with/ without providing any explanation/ reason for such rejection.

7) **RISK FACTORS:**

(a) <u>**General Risk Factors**</u>

- Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Portfolio will be achieved.
- Past performance of the Portfolio Manager or any of its Group/ Global Associate Companies do not indicate the future performance of the portfolio.
- Investors are not being offered any guaranteed or assured return/s i.e. either of principal or appreciation on the portfolio.

- The names of the product/Portfolio do not in any manner indicate their prospects or returns. The various factors which may impact the value of the portfolio investments include, but are not limited to, fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- Investors may note that Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.

(b) **Market Risk:**

Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Portfolio will be achieved. The valuation of the portfolio's investments, may be affected generally by factors affecting securities markets, such as economic activity, price and volume volatility in the capital markets, interest rates, currency exchange risk, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. There will be no prior intimation or prior indication given to the Clients when the composition/ asset allocation pattern changes.

The securities that the Portfolio Manager invests in would be exposed to price changes on a day-to-day basis. These price changes may occur due to instrument specific factors as well as general macroeconomic conditions.

Markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Portfolio may be subject to price volatility due to factors such as interest sensitivity, market perception, and creditworthiness of issuer and market liquidity.

Different parts of the market can react differently to these developments. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Portfolio. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended securities purchases due to settlement problems could cause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio due to the absence of a well-developed and liquid secondary market would result, at times, in potential losses to the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.

- The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated securities offering higher yields. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market securities & fixed income securities lack a well-developed secondary market, which may restrict the selling ability of the Portfolio and may lead to the investment incurring losses till the security is finally sold.

- The Portfolio Manager may, subject to authorisation by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell / lend out securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.

(c) **Concentration Risk:** The product may pursue only a limited degree of diversification. It may invest a greater proportion of assets in the securities of very few issuers (within the limits permitted by regulation)(e.g. only 5 corporate bond issuers) and/or be concentrated on only one or a few market sectors. This could have negative implications on the performance of the product. The product may be more sensitive to economic, business, political or other changes and this may lead to sizeable fluctuation in the Net Asset Value of the product.

(d) **Liquidity Risk:** The liquidity of the Portfolio's investment is inherently restricted by trading volumes in the securities in which the Portfolio invests.

A lower level of liquidity affecting an individual security or derivative or an entire market at the same time, may have an adverse bearing on the value of the Portfolio's assets. More importantly, this may affect the Portfolio's ability to sell particular securities quickly enough to minimise impact cost, as and when necessary to meet requirements of liquidity or to sell securities in response to triggers such as a specific economic/corporate event.

Trading volumes, settlement periods and transfer procedures may restrict the liquidity of a few or all of the investments and may affect the liquidity of the investments of the Portfolio.

The Portfolio may be unable to implement purchase or sale decisions when the markets turn illiquid, missing some investment opportunities or limiting ability to face redemptions. The lack of liquidity could also lead to the risk that the sale price of a security could be substantially lower than the fair value of the security.

(e) Risk associated with investing in equities:

The risks associated with investments in equities (and similar instruments) include significant fluctuations in prices. The impact of fluctuations is likely to be accentuated for short-term investments. The risk that the performance of one or more companies declines or stagnates may have a negative impact on the performance of the Portfolio as a whole at any given time.

Stock markets are volatile and can decline significantly in response to political, regulatory, economic, market and stock-specific developments etc. Different parts of the market can react differently to these developments. The stock-specific volatility may also change over a period of time as the characteristic of the stock undergoes a change in terms of market-cap category. The Portfolio may hold such securities for only a very short time, which could tend to increase the costs.

The Portfolio may invest in growth stocks which may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react with more volatility to variations in profit growth.

The objective of the Portfolio may be to amplify market movements, which results in a higher-than-average volatility.

The Portfolio Manager may temporarily adopt a more defensive approach if it considers that the equity market or economy of the countries in which the Portfolio invests is experiencing excessive volatility, a persistent general decline, or other unfavourable conditions. In such circumstances, the Portfolio may be unable to achieve or pursue its investment objective.

The Portfolio may invest in companies making an initial public offering. In such cases there is a risk that the price of the newly floated share is more volatile due to factors such as the absence of previous trading, unseasonal transactions and the limited number of securities available for trading.

(f) Risk associated with investing in fixed income instruments:

- **Interest Rate Risk & Reinvestment Risk**: The value of an investment may be affected by interest rate fluctuations. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate, inflation, etc. The value of debt and fixed income securities held in the portfolio generally will vary inversely with the changes in prevailing interest rates. In general, price of debt and fixed income securities go up when interest rates fall, and vice versa. Securities of any issuer that has higher duration could be more risky in terms of price movements relative to those with lower duration. Thus any impact of interest rate changes would be higher on securities with higher duration irrespective of the status of the issuer of the security. The investments made by the portfolio manager are subject to reinvestment risk. This risk refers to the interest rate levels at which cash flows received from the securities in the portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

- **Credit and Counterparty risk:** Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security or honor its contractual obligations).

  Counterparty risk refers to the counterparty's inability to honor its commitments (payment, delivery, repayment, etc.) and to risk of default. This risk relates to the quality of the counterparty on which the Portfolio has exposures. Losses can occur in particular for the settlement/delivery of financial instruments or the conclusion of financial derivatives contracts.

  The value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit and counterparty risk as well as any actual event of default.

  If the credit rating of an issue, issuer or counterparty is downgraded this may cause the value of the related debt securities in which the Portfolio has invested to fall.

  The severity of the risk varies depending on the quality of the securities in the Portfolio. To the extent that the Portfolio invests in high-yield bonds, this presents a higher than average risk. There are different types of debentures available on the market. Some of them could be more risky. Lower-quality debt securities and certain types of securities involve greater risk of default or price changes due to changes in the credit quality of the issuer. They are not in the first rank of debts in case of default. The value of lower-quality debt securities and certain types of other securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market or economic developments.

- **Risks associated with securitized debt:** The Portfolio may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS / MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS / MBS or the originator of the underlying receivables. The ABS / MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt (such as ABS / MBS) holders would suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt such as ABS / MBS is normally exposed to a higher level of reinvestment risk. Some securitized debt could be illiquid.

(g) **Risks associated with investing in Mutual funds:** To the extent of the investments in mutual funds, scheme specific risk factors of such mutual fund scheme will be applicable to the Portfolio. All risks associated with such schemes, including performance of their underlying stocks, derivative instruments; stock-lending, overseas investments etc. will therefore be applicable to the Portfolio.

(h) **Legal Risk**: The Portfolio may be affected by the actions of governments and regulatory bodies. Legislation could be imposed retrospectively or may be issued in the form of internal regulations which the public may not be aware of. Legislation (including legislation relating to tax) or regulation may be introduced which inhibits the Portfolio from pursuing their strategies or which renders an existing strategy less profitable than anticipated. Such actions may take any form, for example restrictions on investment strategies in any given market sector (for example restrictions on short selling in the financial sector) or changing requirements (for example increased disclosure to market) and may be imposed without prior warning by any regulator.

(i) **Inflation Risk:** Over time, yields of short-term investments may not keep pace with inflation, leading to a reduction in the investors' purchasing power.

(j) **Taxation Risk:** The value of an investment may be affected by the application of tax laws, including withholding tax, or changes in government or economic or monetary policy from time to time as may be applicable to specific clients. As such, no guarantee can be given that the financial objectives will actually be achieved. The tax information described in this Disclosure Document is as available under the prevailing taxation laws. This could be changed at any moment by regulation. Further, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the specified Portfolio as applicable to specific Clients will endure indefinitely.

(k) **Valuation Risk:** This risk relates to the fact that markets, in specific situations and due to lack of volumes of transactions, do not enable an accurate assessment of the fair value of invested assets. In such cases, valuation risk represents the possibility that, when a financial instrument matures or is sold in the market, the amount received is less than anticipated, incurring a loss to the portfolio.

(l) **Operational Risk:** Operational risk addresses the risk of trading and back office or administration issues that may result in a loss to the Portfolio. This could be the result of oversight, ineffective securities processing procedures, computer systems problems or human error. There could also be risk associated with grouping of orders. For instance, at the time of placing the trades, the portfolio manager shall group orders on behalf of all clients managed by him, provided it is unlikely to be detrimental overall for any of the clients whose orders have been included. However, such grouping may have a detrimental effect to the client compared to the execution of an individual order for the client. Some markets may be less regulated than most of the other international markets, hence, the services related to custody and liquidation for the Portfolio in such markets could be more risky.

Specific Risk Factors pertaining to Exclusive Portfolio

Subject to the stated investment objective, since this is a relatively concentrated investment strategy, if the selected stocks do not perform as expected by the Portfolio Manager of the portfolio, the portfolio's performance may be adversely affected due to a risk associated with low diversification. As the portfolio intends to make concentrated investment in stocks with limited degree of diversification, portfolio may be overweight on those stocks which may impact performance negatively to a considerable extent and hence, the benchmark index provided herein may or may not be outperformed. Further, the Portfolio may be more sensitive to economic, business, political or other changes and this may lead to sizeable fluctuation in the value of the Portfolio.

Specific Risk Factors pertaining to Thematic Sector Select Portfolio

Subject to the stated investment objective, since this is a relatively concentrated investment strategy, if the selected sectors do not perform as expected by the Portfolio Manager of the portfolio, the portfolio's performance may be adversely affected due to a risk associated with non-diversification. As the portfolio intends to make primary investment in stocks of companies in a few select sectors, therefore portfolio could be concentrated or may be overweight on those stocks which may impact performance negatively to a considerable extent and hence, the benchmark index provided herein may or may not be outperformed. Further, the Portfolio may be more sensitive to economic, business, political or other changes and this may lead to sizeable fluctuation in the value of the Portfolio.

Specific Risk Factors pertaining to Fixed Income Portfolio

The risks of this portfolio are similar to those applicable to debt securities i.e. credit risk, default risk, interest rate risk and liquidity risk. Concentration risk may apply to those portfolios which invest in a limited number of issuer(s)/ instrument(s).

The Portfolio Manager reserves the right to invest in a single or multiple issuers as per its discretion and the Portfolio Manager's decision (taken in good faith) will not be questioned in this regard or be open to review at any time except on the ground of malafide, fraud, conflict of interest or gross negligence. Furthermore the client acknowledges the entire risk arising on account of investments under this portfolio and the Client will not hold the Portfolio Manager responsible for the performance of the underlying securities.

The Non-Convertible Debentures (NCDs) may or may not be listed or could be listed but is illiquid. Consequently, they may quote below their face value/ valuation price. The Portfolio Manager does not guarantee the returns and / or maturity proceeds thereon.

The issuer of the NCDs or any person acting on behalf of the issuer of NCDs may have an interest/position as regards the Portfolio Manager and/or may have an existing banking relationship, financial, advisory or other relationship with them and/or may be in negotiation/discussion with them as to transactions of any kind.
Additional risks and uncertainties not presently known to the Portfolio Manager, or those it currently deems immaterial may also have an adverse impact on the Product's prospects and business.

Potential investors are advised to read risk factors stated in "Information Memorandum" issued by the issuer carefully before making an investment. Documentation shall be in form and substance customary for such transactions including but not limited to, the Debenture documents, the Forex Hedging contracts, the security documents and On-shore/off-shore put option agreements containing conditions precedent, representations and warranties, covenants, event of default, material adverse change, cross default, provision of information or request of any holder of the NCDs and default interest and any other terms & conditions that may be provided for in the above documentation will be available with the issuer/lead manager. For making an investment decision, potential investors must rely on their own examination of the issuer.

8) CLIENT REPRESENTATION

(i) The details of the Client Representation as on June 17, 2019 are as under:

	Category of clients	No. of clients	Funds Managed (Rs. in Cr)	Discretionary/ Non-Discretionary/ Advisory services (if available)
A	Associates /group companies	1	2487	Advisory
B	Non- Associates /group companies	Nil	Nil	Discretionary
1	**Non-Individual**			
	Resident	9	14.17	
	Non- Resident	Nil	Nil	
2	**Individual**			
	2a. Resident Individual	139	72.83	
	2b. Non- Resident Individual	24	41.10	
	TOTAL (B)	**215**	**167.87**	

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

The related party disclosure (as per AS18) of BNP Paribas Asset Management India Private Limited for FY 2018-19 is as follows:

(A) Names of related parties by whom control is exercised with whom there are transactions during the year 2017-18

Name of the related party	Relationship
BNP Paribas S.A.	Ultimate Parent
BNP Paribas Asset Management Asia Limited (Erstwhile BNP Paribas Investment Partners Asia Limited)	Holding company
BNP Paribas S.A. Singapore Branch	Branches of Ultimate Parent
BNP Paribas S.A. India Branch	
BNP Paribas Trustee India Private Limited	Fellow Subsidiary
BNP Paribas India Solutions Private Limited	Associate
BNP Paribas Wealth Management India Private Limited	Associate
Geojit BNP Paribas Financial Services Limited	Associate
Sundaram BNP Paribas Fund Services Limited	Associate
BNP Paribas Asset Management Latam SA (Erstwhile BNP Paribas Investment Partner Latam SA)	Associate
BNP Paribas Asset Management U.K. Ltd (Erstwhile BNP Paribas Investment Partners U.K. Ltd)	Associate
BNP Paribas London Branch	Associate

BNP Paribas Asset Management Belgium SA	Associate
BNP Paribas Asset Management France	Associate
BNP Paribas Asset Management Nederland N.V.	Associate

(B) Key Managerial Personnel:

- Mr. Sharad Sharma - Managing Director & CEO
- Mr. Anand Shah – Executive Director & Deputy CEO and Head of Investments

(C) Transactions with related parties (in Rs.):

Particulars	Ultimate Parent	Holding Company	Branches of Ultimate Parent	Fellow Subsidiaries	Associates	KMP	Total
Transactions with related parties							
- Advisory fees	-	97,676,872	-	-	-	-	97,676,872
	-	(197,355,623)	-	-	-	-	(197,355,623)
- IT expenses *	-	-	23,155,120	-	43,943,431	-	67,098,551
	-	-	(6,295,467)	-	(15,267,426)	-	(21,562,893)
- Reimbursement of expenses	-	46,165	-	328,385	-	-	374,550
	-	-	-	(300,000)	-	-	(300,000)
- Recovery of expenses *	-	2,700,328	-	-	-	-	2,700,328
	-	-	-	-	-	-	-
- Interest received	-	-	35,289	-	-	-	35,289
	-	-	(27,038)	-	-	-	(27,038)
- Rental expenses *	-	-	64,493,607	-	-	-	64,493,607
	-	-	(64,522,737)	-	-	-	(64,522,737)
- Sales Promotion activities *	-	-	-	-	26,763,420	-	26,763,420
	-	-	-	-	(50,064,416)	-	(50,064,416)
- Other expense booked	-	-	3,114,801	-	7,750,690	-	10,865,491
	-	-	(3,375,064)	-	(9,532,711)	-	(12,907,774)
- Key Managerial Personnel Remuneration paid							
- Mr. Sharad Sharma	-	-	-	-	-	26,471,771	26,471,771
	-	-	-	-	-	(26,457,938)	(26,457,938)
- Mr. Anand Shah	-	-	-	-	-	44,393,087	44,393,087
	-	-	-	-	-	(50,156,223)	(50,156,223)

** Expenses have been disclosed inclusive of goods and service tax amounts charged*

(D) Balances with related parties (in Rs.):

Particulars	Ultimate Parent	Holding Company	Branches of Ultimate Parent	Fellow Subsidiaries	Associates	KMP	Total
Balances outstanding at the end of the year							
- Trade receivables	-	7,184,344	-	-	-	-	7,184,344
	-	(14,118,035)	-	-	-	-	(14,118,035)
- Expenses receivables	-	2,700,328	208,607	328,385	4,968,276	-	8,205,596

	-	-	(24,859)	(300,000)	(119,402)	-	(444,261)
- Advance paid (IT Expenses)	-	-	-	-	4,215,396	-	4,215,396
	-	-	-	-	(493,872)	-	(493,872)
- Key Managerial Personnel Remuneration							
-Mr. Sharad Sharma	-	-	-	-	-	309,894	309,894
	-	-	-	-	-	-	-
- Mr. Anand Shah	-	-	-	-	-	8,155,851	8,155,851
	-	-	-	-	-	(16,613,515)	(16,613,515)
- Balance in current account	-	-	868,049	-	-	-	868,049
	-	-	(948,401)	-	-	-	(948,401)

Note: Figures in bracket relate to the previous year

9) THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER

	For F.Y ended 31st March, 2019 (Rs.)	For F.Y ended 31st March, 2018 (Rs.)	For F.Y ended 31st March, 2017 (Rs.)
Gross Income	961,193,985	1,210,414,171	792,990,431
Expenses	947,224,239	1,168,913,856	622,314,776
Profit / (Loss) before Tax	13,969,746	41,500,315	170,675,655
Provision for Taxation	1,927,046	23,131,308	36,424,916
Profit / (Loss) azfter Tax	15,896,790	18,369,007	134,250,739
Balance in Profit & Loss account brought forward	(66,483,851)	(84,852,858)	(219,103,597)
Balance in Profit & Loss account carried forward	(50,587,061)	(66,483,851)	(84,852,858)
Equity Capital	1,077,322,740	2,109,675,000	2,109,675,000
Free Reserves	(50,587,061)	(66,483,851)	(84,852,858)
Net Worth	1,026,735,679	2,043,191,149	2,024,822,142

10) PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER FOR THE LAST THREE YEARS, AND IN CASE OF DISCRETIONARY PORTFOLIO MANAGER DISCLOSURE OF PERFORMANCE INDICATORS CALCULATED USING WEIGHTED AVERAGE METHOD IN TERMS OF REGULATION 14 OF THE SEBI (PORTFOLIO MANAGERS) REGULATIONS, 1993, AS AMENDED FROM TIME TO TIME.

Discretionary Portfolio Management:

Name of the Portfolio	Category	Since Inception Returns	Return Current Year (Year (January 1, 2019 till June 17, 2019)	Return F.Y. (2018-19)	Return F.Y. (2017-18)	Return F.Y. (2016-17)
BNP Paribas India Select Stock Portfolio	Individual	14.41%	4.53%	-12.24%	7.65%	24.32%
Benchmark Return (Nifty 200)		13.48%	4.68%	10.56%	10.97%	22.32%

BNP Paribas India Select Stock Portfolio	Corporate	15.73%	5.51%	-11.28%	9.69%	24.72%
Benchmark Return (Nifty 200)		12.41%	4.68%	10.56%	10.97%	22.32%
BNP Paribas Core Equity Portfolio - Series I	Individual	3.21%	2.02%	-5.40%	2.39%	13.83%
Benchmark Return (Nifty 50)		12.83%	7.45%	14.93%	10.25%	17.52%
BNP Paribas Core Equity Portfolio - Series I	Corporate	0.23%	2.37%	-5.27%	2.40%	12.62%
Benchmark Return (Nifty 50)		10.88%	7.45%	14.93%	10.25%	16.17%
BNP Paribas Growth Portfolio	Individual	-8.22%	3.00%	-14.14%	-3.83%	-
Benchmark Return (Nifty 200)		6.11%	4.68%	10.56%	2.16%	-
BNP Paribas Growth Portfolio	Corporate	-7.84%	3.83%	-13.57%	-3.49%	-
Benchmark Return (Nifty 200)		6.98%	4.68%	10.56%	4.02%	-
BNP Paribas Emerging Opportunities Portfolio	Individual	-8.93%	-1.21%	-20.47%	2.88%	-
Benchmark Return (Nifty Midcap 100)		-1.96%	-2.89%	-2.66%	3.95%	-
BNP Paribas Emerging Opportunities Portfolio	Corporate	-7.95%	-0.46%	-19.82%	3.88%	-
Benchmark Return (Nifty Midcap 100)		-3.11%	2.89%	-2.66%	2.97%	-

Inception Date for BNP Paribas India Select Stock Portfolio For Individual: 1-Oct-13; Inception Date For Corporate: 10-Dec-13.
Inception date for BNP Paribas Core Equity Portfolio - Series I for Individual: 27-May-16; Inception Date For Corporate: 17-Jun-16
Inception date for BNP Paribas Emerging Opportunities Portfolio for Individual: 29-Jun-17; Inception Date For Corporate: 19-Jul-17
Inception date for BNP Paribas Growth Portfolio for Individual: 25-Jul-17; Inception Date For Corporate: 11-Jul-17

Note for computation of returns:-

1) The percentage of returns is worked out on the basis of Time based Weighted Average Rate of Return applying AIMR (Association of Investment Management & Research) standards, as generated by (Wealth Spectrum), the System used by the Portfolio Manager. The above returns are consolidated returns for all the clients. The returns for each client may differ. The above returns are net of all fees and charges levied by the Portfolio Manager.
2) The Benchmark Index for BNP Paribas India Select Stock Portfolio revised to Nifty 200 w.e.f. September 01, 2014.
3) BNP Paribas Focus Consumption Portfolio Series I ceased to exist w.e.f July 11, 2014 and hence the performance for this Product is not being provided.

11) NATURE OF EXPENSES (INDICATIVE):

The Portfolio Manager may charge fees and expenses connected with managing the portfolios. The exact nature of these fees and expenses would form part of the Client Agreement. The fees and expenses could vary depending on the asset class / type of portfolio and not all these fees may apply to all portfolios.

(i) Investment management and advisory fee:

The portfolio manager would charge either fixed fee or performance linked fee for providing investment management and advisory services as agreed in the client agreement. This fee could be in the form of up-front fee and/or annual fee. The fee would be charged as a percentage of the invested amount or the assets under management. The fee could include a performance linked fee which is charged depending on the portfolio return exceeding an agreed benchmark.

Performance shall be computed on the basis of high water mark principle over the life of the investment for charging of performance / profit sharing fee. High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

(ii) Custodian fee / Depository fee:
The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts. For Resident Indian clients as well as Non-Resident Indian and Foreign clients, a custody fee as mentioned in the agreement shall be charged. These are current rates of charges, but may vary in future depending on the fees that may be charged by the Custodian from time to time. Custody fees would be subject to applicable taxes at prevailing rates.

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

(iv) Brokerage and transaction costs:
Brokerage and related transaction costs (e.g. other taxes and charges including exchange charges, etc.) are part of the acquisition cost / sale realization. These costs are charged at actual to the portfolio. Applicable Securities Transaction Tax (STT) will be charged separately.

(v) Fund accounting costs:
Fund Accounting charges are borne by the AMC. Audit charges at actual will be recovered from the Client. Applicable taxes will be charged separately.

(vi) Certification, professional charges & incidental expenses
Charges payable for out sourced professional services like accounting, taxation and legal services, notarizations etc. for certifications, attestations required by bankers or regulatory authorities

Incidental expenses may include expenses in connection with the courier expenses, stamp duty, applicable taxes, postal, telegraphic, opening and operation of bank accounts etc.

The above charges are present and indicative charges. All the fees & charges shall be levied on the actual amount of client's investment amount and are subject to revision from time to time as agreed between the Portfolio Managers and Clients. It may be noted that in addition to the above, in case of investments in Mutual Fund Units, the Investor would be subject to the expenses charged by the underlying scheme in accordance with SEBI (Mutual Funds) Regulations, 1996.

12) TAX IMPLICATIONS (PORTFOLIO MANAGEMENT SERVICES)

As per the taxation laws in force as at the date of the Document, the tax implications applicable to the PMS clients of the Portfolio Manager as advised by an independent Chartered Accountant.

The tax benefits described in this Document are as per the provisions of the Income-tax Act, 1961 ('the Act') as amended by the Finance Act, 2019, subject to relevant conditions.

The information given is included only for general purpose and is based on advice received by the Portfolio Manager regarding the law and practice currently in force in India and the PMS Clients should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position prevailing at the time of an investment will endure indefinitely. In view of the individual nature of tax consequences, each PMS client is advised to consult his / her or its own professional tax advisor.

Tax Implications to different categories of investors for various streams of income

A PMS Client may earn:
- Income from dividend on shares and units of mutual fund
- Income from interest on Fixed Income Securities.
- Short-term and/or long-term capital gains (or losses) on sale of Securities (shares, debentures, rights renunciations, units, etc.)
- Business Income (loss) from purchase and sale of Securities (shares, debentures, rights renunciations, units, etc.)

Each such income has a separate tax treatment in the hands of the PMS Client as discussed hereunder.

1. Income from dividend on shares and units of mutual fund

1.1 Dividend referred to in section 115O of the Act received in respect of shares of an Indian Company, is exempt from tax under Section 10(34) of the Act.

1.2 Dividend received by a specified assessee from a domestic company in excess of INR 10 lakhs are to be taxed at 10 per cent of the dividend on gross basis.

1.3 Income received in respect of units of a mutual fund specified in section 10(23D) of the Act, is exempt from tax under Section 10(35) of the Act. Exemption from income-tax under section 10(35) of the Act shall however not apply to any income arising from the transfer of these units.

Specified Assessee means a person other than the following:

(i) a domestic company; or

(ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or

(iii) a trust or institution registered under section 12A section 12AA.

2. Income from interest on Fixed Income Securities.

2.1 Tax Deduction at Source on interest income

For Residents

	Particulars	Rate
1	Interest other than Interest on securities	10%

	Particulars	Rate
2	Interest payable on (a) any debentures or securities for money issued by or on behalf of any Local Authority, Corporation established by Central, State or Provincial Act (b) any listed debenture issued by a company (c) any security issued by the Central or State Government	10%
For Non – residents		
1	Interest from notified infrastructure debt fund	5%
2	Interest income paid by Indian Companies in respect of monies borrowed by it in foreign currency from a source outside India approved by Central Government (*a*) under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July 2020; or (b) by way of issue of any long-term bond including long-term infrastructure bond at any time on or after the 1st day of October, 2014 but before the 1st day of July, 2020 Interest income paid by Indian Companies in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July, 2020 Note: To the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment.	5%
3	Interest payable by Government or an Indian concern on money borrowed or debt incurred by Government or Indian concern in foreign currency (not being interest mentioned in point 1 and 2 above)	20%
4	Interest on investment in government securities or rupee denominated corporate bond payable to FPI for the period beginning from 1 June 2013 but before 1 June 2020 Note: The rate of interest in respect of bond shall not exceed the rate as may be notified by the Central Government in this behalf.	5%
5	FPI (other than those mentioned above)	20%

* Provided that the rate shall not exceed the rate as notified by Central Government in this behalf.

The above mentioned rates of tax should be further increased by applicable surcharge and health and education cess, in case of payments to non-residents as mentioned in ***Annexure 1***.

An amendment had been made in the Act through the Finance (No.2) Act, 2009 to provide for applying a penal rate of TDS in case of payments to investors who do not furnish PAN. The penal rate of TDS is 20 % or any higher rate of TDS, as may be applicable.

Higher TDS rate of 20% under Section 206AA of the Act will not apply to interest earned on long term bonds by non-residents under section 194LC (point no. 2 mentioned above) of the Act.

Further, Finance Act, 2017 provided that the above provisions shall not apply to a non-resident (not being a Company), or to a foreign company subject to conditions prescribed below.

The Central Board of Direct Taxes (‘CBDT’), vide notification dated 24 June 2016 introduced Rule 37BC clarifying that the provisions of higher rate of tax prescribed under Section 206AA of the Income-tax Act, 1961 shall not apply in respect of payments received by the non-residents (including foreign company) which are in nature of interest, royalty, fees for technical services and payments on transfer of any capital asset. The benefit of the same shall be available if the non-resident recipient furnishes the following details/ documents to the deductor:

• name, e-mail 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 that 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 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.

2.2 Taxability of Interest income earned

Interest on securities stripped by sale and buyback should be taxable as income of the owner of the securities. [Section 94(1) of the Act]

Interest income is taxable as normal business income / income from other sources, depending upon whether the securities are held as investments / stock in trade for resident PMS clients as per the rates applicable to other income as per First Schedule to the Finance Act, 2018. The rates are tabulated below:

For residents		
Individuals, Hindu Undivided Families, Association of Persons, Body of Individuals, Non resident Indians and POIs	**Total income for a tax year:**	**Tax**
	<=Rs. 2.5 lac	: Nil (basic exemption limit#)
	> Rs. 2.5 lac and <=Rs 5 lac	: 5% of total income exceeding Rs 2.5 lac
	> Rs 5 lac and <=Rs 10 lac	: Rs. 12,500/- plus 20% of amount exceeding Rs 5 lac
	> Rs 10 lac	: Rs.1,12,500/- plus 30% of amount exceeding Rs 10 lac
	# Basic exemption limit for resident individuals of the age of 60 years or more is Rs. 3 lac, for individuals of the age of 80 years or more (very senior citizens) is Rs. 5 lac.	
Partnerships (including LLP's)	**30%**	
Resident companies		
Turnover > 250 crores	30%	
Turnover <=250 crores	25%	
(turnover or gross receipts in FY 2016-17)		
Other Companies	30%	
Companies set-up and registered on or after 1 March 2016 engaged solely in the business of manufacture or production of article or thing may at their option be taxable at 25 per cent provided they do not claim specified benefits or deductions.		

For Non – residents		
Sr. No.	**Particulars**	**Rate**
1	Interest from notified infrastructure debt fund	5%
2	Interest income paid by Indian Companies in respect of monies borrowed by it in foreign currency from a source outside India approved by Central Government (*a*) under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July 2020; or (b) by way of issue of any long-term bond including long-term infrastructure bond at any time on or after the 1st day of October, 2014 but before the 1st day of July,2020 Interest income paid by Indian Companies in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July, 2020 Note: To the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment.	5%
3	Interest payable by Government or an Indian concern on money borrowed or debt incurred by Government or Indian concern in foreign currency (not being interest mentioned in point 1 and 2 above)	20%
4	Interest on investment in government securities or rupee denominated corporate bond payable to FPI for the period beginning from 1 June 2013 but before 1 June 2020 Note: The rate of interest in respect of bond shall not exceed the rate as may be notified by the Central Government in this behalf.	5%
5	FPI (other than those mentioned above)	20%

The above rates are to be increase by the surcharge rate and health and education cess as mentioned in ***Annexure 1***.

3. Characterization of Income derived from sale of securities

The applicable tax rate depends on the nature of income i.e., capital gains or business income. Gains on disposition of securities that are held as “stock-in-trade” should be considered as “business profits” whereas those held as “investment” should be considered as “capital gains”.

Judicial precedents have not evolved any specific test that could be universally applied in determining whether gains on disposition of securities are “capital gains” or “business profits”. The answer to this question would necessarily depend upon all relevant factors and circumstances of a case.
The Central Board of Direct Taxes (‘the CBDT’) in its instruction no.1827 dated August 31, 1989 had laid down certain tests to distinguish between shares held as stock-in-trade and shares held as investment.
The CBDT has issued draft instructions seeking comments from all stakeholders on the supplementary instructions proposed to be issued. The following supplementary instructions in this regard will provide further guidelines for determining whether a person is a trader in stocks or an investor in stocks:

- Whether the purchase and sale of securities was allied to his usual trade or business / was incidental to it or was an occasional independent activity;
- Whether the purchase is made solely with the intention of resale at a profit or for long term appreciation and/or for earning dividends and interest;
- Whether scale of activity is substantial;
- Whether transactions were entered into continuously and regularly during the assessment year;
- Whether purchases are made out of own funds or borrowings;
- The stated objects in the Memorandum and Articles of Association in the case of a corporate assessee;
- Typical holding period for securities bought and sold;
- Ratio of sales to purchases and holding;
- The time devoted to the activity and the extent to which it is the means of livelihood;
- The characterization of securities in the books of account and in balance sheet as stock in trade or investments;
- Whether the securities purchased or sold are listed or unlisted;
- Whether investment is in sister/related concerns or independent companies;
- Whether transaction is by promoters of the company;
- Total number of stocks dealt in; and
- Whether money has been paid or received or whether these are only book entries.

The Assessing Officers also advised that no single criterion listed above is decisive and total effect of all these criteria should be considered to determine the nature of activity.

On 15 June 2007, the CBDT issued Circular no. 4/2007, to update its earlier instruction for the guidance of the tax officer. This circular provides further guidance on determining whether the shares are held by the assessee as investment or stock-in-trade.

This circular is a supplement to instruction no.1827 dated 31 August 1989.

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

With effect from 1 April 2014, any security held by Foreign Portfolio Investor (Foreign Institutional Investors) would be treated as capital asset and any income arising from transfer of such security would be in nature of capital gains.

The CBDT further issued instructions to the AO regarding the treatment to be adopted when surplus is generated from sale of listed securities – Circular No. 6/2016
The AO in holding whether the surplus generated from the sale of listed shares or other securities would be treated as capital gain or business income, shall take into account the following:-

a) Where the assessee itself, irrespective of the period of holding the listed shares and securities, opts to treat them as stock-in-trade, the income arising from transfer of such shares/securities would be treated as its business income,
b) In respect of listed shares and securities held for a period of more than 12 months immediately preceding the date of its transfer, if the assessee desires to treat the income arising from the transfer thereof as Capital Gain, the same shall not be put to dispute by the Assessing Officer. However, this stand, once taken by the assessee in a particular Assessment Year, shall remain applicable in

subsequent Assessment Years also and the taxpayers shall not be allowed to adopt a different/contrary stand in this regard in subsequent years;

c) In all other cases, the nature of transaction (i.e. whether the same is in the nature of capital gain or business income) shall continue to be decided keeping in view the aforesaid Circulars issued by the CBDT.

Further, the CBDT has issued a clarification on 2 May 2016 vide F. No. 225/12/2016/ITA. II that the income arising from transfer of unlisted shares would be considered under the head 'capital gain 'irrespective of the period of holding, with a view to avoid disputes / litigation to maintain a uniform approach. However this would not apply in situations where:-

i) The genuineness of transactions in unlisted shares itself is questionable; or

ii) The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or

iii) The transfer of unlisted shares is made along with the control and management of underlying business.

3.1 PROFITS AND GAINS OF BUSINESS OR PROFESSION

3.1.1 As per the Finance Act 2008, deduction in respect of securities transaction tax paid is allowed in the computation of business income. However, if the income on sale of securities is treated as capital gains (treatment separately discussed), no deduction of securities transaction tax paid will be allowed from the gains derived.

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

3.1.3 However, Finance Act 2005 has inserted proviso (d) to Section 43(5), whereby transactions in respect of trading in derivatives shall not be considered as a Speculative Transaction, provided the transaction is carried out electronically on screen based systems through a stock broker or sub-broker or intermediary registered under SEBI or by banks or mutual funds on a recognized stock exchange and is supported by time stamped contract note.

Profits/ loss arising on sale / purchase / close out of derivatives on the recognized stock exchange should be considered as Business Profits.

3.1.4 There is no withholding tax on income arising on sale trades through the recognized stock exchange and so tax is payable as advance tax during the year of sale.

3.1.5 Business Profits are taxed as normal income at the rates mentioned above in paragraph 2.

3.1.6 Losses under the head business income

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

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

Where the principal business of the company is of trading in shares such company shall not be deemed to be carrying on speculation business. So in case of assessee, which has its principal business of trading in shares, the loss on sale of shares ought to be treated as business loss (and not speculative loss)

Under the provisions of Section 94(7) of the Act, short-term capital loss arising on sale of shares, which are bought within 3 months prior to the record date of declaration of dividend and sold within 3 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such shares.

Under the provisions of Section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the income) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Additionally, as per section 94(8) of the Act, wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

3.2 Capital Gains Tax

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

As per the provisions of section 2(42A) of the Act, short-term capital asset means capital asset held for a period of not more than 36 months immediately preceding the date of transfer. In case of a listed share held in a company or any other listed security or units of equity oriented mutual fund or specified zero coupon bonds, the period of 36 months is reduced to 12 months

Further as per the recent amendment in the Act, unlisted shares will be held as short-term capital asset, if held for a period of not more than 24 months.

Long-term capital asset is asset other than short-term capital assets.

3.2.1 Where sale transaction of shares and units are chargeable to STT

All Investors
Long Term Capital Gains

As per Section 112A of the Act applicable from 1 April 2018 onwards, long term capital gains exceeding Rs. 1 lakh, would be chargeable to tax at a concessional rate of 10 percent (to be increased by applicable surcharge and health and education cess as mentioned in Annexure 1). Such gains shall be calculated without inflation index and currency fluctuations.

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

- Cost of acquisition of securities, and
- Expenditure incurred wholly and exclusively in connection with such transfer.

A cost step up by way of substitution of the actual cost of acquisition for the fair market value as of 31 January 2018 is provided. The cost of acquisition in respect of long term capital assets acquired before 1 February 2018, shall be deemed to be higher of the following:

Actual cost of acquisition of such asset; and
Lower of
Fair Market Value ('FMV') of such asset; and
Full value of consideration received or accruing as a result of transfer of such asset.
FMV

Listed on recognised stock exchange	Listed on recognised stock exchange but not traded on 31 January 2018	Unit – Not listed on recognised stock exchange
Highest price quoted on 31 January 2018	Highest price of asset (when the said asset was traded) on date immediately prevailing before 31 January 2018	NAV as on 31 January 2018

In case of Individuals and HUF (being a resident), where taxable income as reduced by such long-term capital gains is upto / below the basic exemption limit, the long-term capital gains shall be reduced to the extent of the shortfall and only the balance long-term capital gains shall be subjected to the flat rate of income-tax.

Short Term Capital Gains
As per Section 111A of the Act, short-term capital gains arising from the sale of shares, unit of an equity oriented fund or sale of such unit of an equity oriented fund to the mutual fund or sale of unlisted securities in an Initial Public Offer shall be taxed at rate of 15 per cent, provided such transaction of sale is chargeable to securities transaction tax increased by applicable surcharge and health and education cess as mentioned in ***Annexure 1***.

However, in case of Individuals and HUF (being a resident), where taxable income as reduced by short-term capital gains arising on sale of equity shares or units of an equity oriented fund is upto / below the basic exemption limit, the short-term capital gains shall be reduced to the extent of the shortfall and only the balance short-term capital gains shall be subjected to the flat rate of income-tax.
Securities transaction tax is not deductible while computing capital gains.

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

For non-residents claiming such tax treaty benefits, it is mandatory to obtain a tax residency certificate ('TRC') from the home country tax authority. Further, the non-residents would also be required to furnish additional information in Form no. 10F along with the TRC.

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

3.2.2 In case of sale transaction in shares, units and other securities (other than derivatives) which are not chargeable to STT

Long-term Capital Gains

Long-term capital gains arising on sale of securities (other than derivatives, listed shares and units of equity oriented fund referred to above), shall be chargeable under Section 112 of the Act, as per the rates mentioned in the table below.

Resident investors	
Income	**Rates ***
A) Listed shares (other than shares on which STT is payable and listed securities (excluding units of mutual funds, bonds and debentures)	20 (with indexation) 10 (without indexation)
B) Units of Mutual Fund (indexation benefit available)	20
C) Bonds and debentures (without indexation)	20
Foreign Investors (Other than FPI)	
D) Unlisted shares, unlisted securities and unlisted units of debt mutual funds (without indexation and foreign currency fluctuation benefit)	10
E) Listed units of debt mutual funds (indexation benefit available)	20
F) Listed securities (other than shares and debentures)	20 (with indexation) 10 (without indexation)

The above rates shall be increased by the applicable surcharge and health and education cess as mentioned in ***Annexure 1.***

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

- Cost of acquisition of securities as adjusted by Cost Inflation Index notified by the Central Government, and
- Expenditure incurred wholly and exclusively in connection with such transfer.

In case of Individuals and HUF (being a resident), where taxable income as reduced by long-term capital gains arising on sale of securities (other than derivatives, shares and unit of an equity oriented fund) is upto / below the basic exemption limit, the long-term capital gains shall be reduced to the extent of the shortfall and only the balance long-term capital gains shall be subjected to the flat rate of income-tax.

FPI investors

Long-term capital gains arising on unlisted shares, units of mutual funds and listed securities and units of equity oriented fund arising to FPI (other than transactions of listed shares and units chargeable to STT) shall be liable to tax at the rates under Section 115AD and Section 112 and 112A of the Act at the rate of 10 per cent as increased by applicable surcharge and health and education cess mentioned in ***Annexure 1.***

Such gains shall be calculated without inflation index and currency fluctuation adjustment.

Short-term capital gains

All investors other than FPI

Short-term capital gains arising on unlisted shares, units of mutual funds and listed securities arising to FPI (other than transactions of listed shares and units chargeable to STT) shall be taxed as mentioned in the table below:

Foreign Company	40
Domestic Company	30

Short-term capital gains – Individuals (including NRI) and HUF

Short-term capital gains arising to individuals and HUFs are taxable on progressive basis, as given below:

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

The basic exemption limit for resident individuals of the age of 60 years or more is Rs. 3 lac, for individuals of the age of 80 years or more (very senior citizens) is Rs. 5 lac.

The said tax rates shall be increased by surcharge and health and education cess, as mentioned in ***Annexure 1.***

For FPI

Short-term capital gains arising on unlisted shares, units of mutual funds and listed securities arising to FPI (other than transactions of listed shares and units chargeable to STT) shall be taxed as per the provisions of Section 115AD of the Act at the rate of 30 per cent and the applicable surcharge and health and education cess metioned in ***Annexure 1***.

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

For non-residents claiming such tax treaty benefits, it is mandatory to obtain a tax residency certificate (‘TRC’) from the home country tax authority. Further, the non-residents would also be required to furnish additional information in Form no. 10F along with the TRC.

Where sale is made during the minority of the child, tax will be levied on either of the parents, whose income is greater, where the said income is not covered by the exception in the proviso to section 64(1A) of the Act. When the child attains majority, such tax liability will be on the child.

An individual resident, whose total income does not exceed Rs. 5,00,000, shall be eligible for a rebate lower of - amount income-tax payable on the total income for any assessment year or Rs. 12,500 with effect from 1 April 2019..

Individuals and HUF can claim deduction from total income, under a section 80 C of the Act, in respect of specified investments made during the year upto Rs. 150,000/-.

Deduction u/s 80 CCG is available for investment in listed equity shares and listed equity oriented mutual fund (as per the schemes notified by Central Government and conditions prescribed) to the extent of lower of the 2 options mentioned below:

1. 50% of the investments
2. Rs. 25000/-

This deduction will be available only if the resident individual has gross total income upto Rs. 12,00,000 and also lock-in period of such investment should be 3 years. In case of failure to comply with any of the conditions mentioned above, such deduction claimed will be treated as income of the individual.

Further, no deduction under section 80 CCG to be available from AY 2018-19. An assessee, who has acquired listed equity shares or listed units of an equity oriented fund in accordance with the said scheme and claimed deduction under this section for any assessment year commencing on or before the 1st day of April, 2017, shall be allowed deduction under this section till the assessment year commencing on the 1st day of April, 2019, if he is otherwise eligible to claim the deduction in accordance with the other provisions of this section.

3.3. Set off of Capital losses

3.3.1 All Investors

The long-term capital loss suffered on sale of securities (other than derivatives as well as shares and unit of equity oriented fund referred to in para 3.2.1) shall be available for set off against long-term capital gains arising on sale of other assets and balance unabsorbed long-term capital loss shall be carried forward for set off only against long-term capital gains in subsequent years.

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

Such carry forward is admissible maximum upto eight assessment years.

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

Under the provisions of Section 94(7) of the Act, short-term capital loss arising on sale of shares, which are bought within 3 months prior to the record date of declaration of dividend and sold within 3 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such shares.

Under the provisions of Section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the income) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Additionally, as per section 94(8) of the Act, wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

3.3.2 Minimum Alternate Tax

All Corporate Investors

The Finance Act, 2006 amended the Minimum Alternate Tax (MAT) provisions whereby long-term capital gains arising on sale of shares and unit of equity oriented fund though exempt under section 10(38) of the Act, would not be excluded from the book profits to calculate profits chargeable to MAT.

Any income accruing or arising to any foreign company by way of capital gains from transactions in securities, interest, royalty or fees for technical services shall be excluded from the ambit of MAT i.e., by excluding both the income and corresponding expenses in the computation.

The provisions of section 115JB of the Act have been further amended by the Finance Act 2016 to provide that MAT provisions shall not be applicable to a foreign company if it is resident of a country with which India has a tax treaty and it does not have a PE in India or it is a resident of a country with which India does not have a tax treaty and it is not required to seek registration under any law relating to companies. These provisions are applicable with retrospective effect from 1 April 2001.

The Finance Act, 2017 has introduced special provisions for computing MAT in cases of Ind-AS compliant Companies. Further MAT carry forward period has also been extended from ten to fifteen years.

3.3.3 Alternate Minimum Tax ("AMT")

The Finance Act 2012 has extended the levy of AMT to tax unit holders (other than companies) at the rate of 18.5 percent on the adjusted total income. In a situation where the income-tax computed as per normal provisions of the Act is less than the AMT on "adjusted total income", the unit holder shall be liable to pay tax as per AMT. "Adjusted total income" for this purpose shall be the total income increased by deductions claimed under section C of chapter VI-A (other than section 80P), deduction claimed, if any, under section 10AA and deduction claimed under section 35AD reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed. The provisions of AMT shall apply to any person who has claimed any deduction under chapter VI-A (other than section 80P) or under section 10AA or under section 35AD. AMT will not apply to an Individual, HUF, AOP, BOI or an Artificial Juridical Person if the adjusted total income of such person does not exceed INR 20 lakhs. Further, the credit of AMT can be carried forward to fifteen subsequent years and set off in the years(s) where regular income tax exceeds the AMT.

4. SECURITIES TRANSACTION TAX

Investor shall be liable to pay securities transaction tax in respect of certain transactions listed hereunder:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates (%)
Delivery based purchase/sale transaction of equity shares entered in a recognized stock exchange	Purchaser/ seller	Value at which shares are bought / sold	0.1
Delivery based purchase transaction in units of equity oriented fund entered in a recognized stock exchange	Purchaser	Value at which units are bought	Nil
Delivery based sale transaction in units of equity oriented fund entered 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 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	0.01
Transaction for sale of an option in securities	Seller	The option premium	0.05
Transaction for sale of an option in securities, where the option is exercised	Purchaser	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
Transaction on sale on unlisted securities in an Initial Public Offer	Seller	Value at which units are sold	0.20

"Equity oriented fund" means a fund:

From 1 April 2018, equity oriented fund" has been defined to mean a fund set up under a scheme of a mutual fund specified specified under clause (23D) of section 10 of Income-tax Act, 1961 and,—

i. In a case where the fund invests in the units of another fund which is traded on a recognized stock exchange,-

   a) A minimum of 90 per cent. of the total proceeds of such funds is invested in the units of such other fund ; and
   b) such other fund also invests a minimum of 90 per cent. of its total proceeds in the equity shares of domestic companies listed on recognized stock exchange; and

ii. 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 recognized stock exchange.
   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 opening and closing figures.

With effect from 1 April 2018, any income distribution made by equity oriented mutual fund shall attract distribution tax under Section 115R of the Act, at the rate of 12.942% (grossed up and inclusive of surcharge at 12% on income-tax and an additional surcharge by way of health and education cess at 4%).

Widening of taxability of Capital Gains

In the context of taxation of capital gains, the definitions of "capital asset" and "transfer" are widened with retrospective effect from 1 April 1962 specifically with a view to tax, in the hands of non-residents, gains from direct or indirect transfer of assets in India.

GAAR is effective from 1 April 2017.

The above taxation details sets forth Portfolio Manager's views based on the reliance on the relevant provisions of:

- the Income-tax Act, 1961 (as amended and the rules and regulations thereunder) currently in force;
- The Finance Act, 2019; and
- the judicial and administrative interpretations of the same,

which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could be sometimes retroactive, could have an effect on the validity of the details provided above.

Annexure 1

Type of person	Surcharge (%)
Foreign company (income not exceeding Rs.10,000,000 in a year)	NIL
Foreign company (income exceeding Rs.10,000,000, but upto Rs. 100,000,000 in a year)	2*
Foreign company (income exceeding Rs.100,000,000 in a year)	5*
Domestic company (income not exceeding Rs.10,000,000 in a year)	NIL
Domestic company (income exceeding Rs.10,000,000, but upto Rs. 100,000,000 in a year)	7*
Domestic company (income exceeding Rs.100,000,000 in a year)	12*
Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, and artificial juridical person with income not exceeding Rs. 5,000,000	NIL*
Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, artificial juridical person and Non-corporate Foreign Portfolio investors for income exceeding Rs. 5,000,000 but upto Rs. 10,000,000	10*
Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, artificial juridical person and Non-corporate Foreign Portfolio investors for income exceeding Rs. 10,000,000	15*
Co-operative society, local authority and firms (including Limited liability partnership) for income not exceeding Rs. 10,000,000	NIL*
Co-operative society, local authority and firms (including Limited liability partnership) for income exceeding Rs. 10,000,000	12*

*An additional surcharge, by way of health and education cess, is payable at the rate of 4 per cent on the amount of tax payable plus surcharge, if any, as calculated above.

13) ACCOUNTING POLICIES FOLLOWED BY THE PORTFOLIO MANAGER WHILE ACCOUNTING FOR THE PORTFOLIO INVESTMENTS OF THE CLIENTS

Accounting under the respective portfolios is being done in accordance with general accepted accounting principles. The following accounting policy will be applied for the portfolio investments of the clients:-

a) Dividend income earned by the Portfolio shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on the stock exchange, dividend income would be recognized when the right to receive such dividend is established.

b) In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to interest recoverable account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to interest recoverable account.
c) In determining the holding cost of investments and the gains or loss on sale of investments, the "First In First Out" method shall be followed for each security.
d) Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
e) Transactions for purchase or redemption of investments in case of units of mutual fund schemes, shall be recognized as of the trade date (applicable NAV based on applicable cut off time) and not as of the settlement date.
f) Bonus shares to which the portfolio becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the recognized Stock Exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-right basis.
g) The cost of investments acquired or purchased shall include grossed-up brokerage, stamp charges and any charge customarily included in the broker's bought note excluding securities transaction tax. In respect of privately placed debt instruments any front-end discount offered may be reduced from the cost of the investment.
h) Underwriting commission, if any, shall be recognized as revenue only when there is no devolvement on the Portfolio. Where there is devolvement on the Portfolio, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

14) IMPORTANT NOTE ON PREVENTION OF MONEY LAUNDERING & KNOW YOUR CUSTOMER (KYC) REQUIREMENTS:

The Government of India has put a policy framework to combat money laundering through the Prevention of Money Laundering Act, 2002 (PMLA 2002). PMLA 2002 and the Rules notified there under (PMLA Rules) came into effect from July 1, 2005. Director, FIU-IND and Director (Enforcement) have been conferred with exclusive and concurrent powers under relevant sections of the Act to implement the provisions of the Act. Consequently, SEBI has mandated that all registered intermediaries to formulate and implement a comprehensive policy framework on anti money laundering and adopt 'Know Your Customer' (KYC) norms. Further, SEBI vide Circular No. CIR/ISD/AML/3/2010 dated December 31, 2010 (which supersedes all the earlier circular) issued a 'Master Circular for Anti Money Laundering (AML) Standards/ Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002' consolidating all the requirements/instructions/obligations of Securities Market Intermediaries.

Accordingly, the investors should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of Income Tax Act, Prevention of Money Laundering Act, Anti Corruption Act and or any other applicable laws enacted by the Government of India from time to time. The Portfolio Manager is committed to complying with all applicable anti money laundering laws and regulations in all of its operations. The Portfolio Manager recognizes the value and importance of creating a business environment that strongly discourages money launderers from using the portfolio management route. To that end, the Portfolio Manager and its Group companies (in India and outside India) are required to and may take any action to meet their obligations pertaining to (i) laws or international guidance and internal policies or procedures, (ii) any demand or request from authorities or reporting, disclosure or other obligations under laws, and (iii) laws requiring us to verify the identity of our customers relating to or in connection with the detection, investigation and prevention of money laundering and other financial crimes in accordance with the laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to money laundering and other financial crimes. Accordingly, the Portfolio Manager may take, and may instruct (or be instructed by) any of its Group Companies to take, any action which it or such other member, in its sole and absolute discretion, considers appropriate to take in accordance with all such laws, regulations and requests. Such action may include but is not limited to (a) combining investor information with other related information in the possession of the BNP Paribas Group, and/or (b) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming investor's identity and status (c) share information on a confidential basis with such Group offices whether located in India or overseas in relation to prevention of money laundering and other financial crimes.

Further, the Portfolio Manager shall restrict investments from clients, in case such client and/or its/their Related Parties who are subject to sanctions, or have any of their addresses or are citizens of or residing in major sanctioned countries and such other sensitive countries. The Portfolio Manager may also seek additional information/perform additional due diligence for such clients (and/or its/their Related Parties) having any of their addresses or are citizens of or residing in any of the sensitive countries.
Considering the above obligations, the Portfolio Manager reserves the right to reject or refund or freeze the account of the client or terminate agreement with Client if the client doesn't comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements. Further, the Portfolio Manager has put in place client due diligence measures including screening procedures, which shall be conducted during on-boarding of client and during periodic review of such clients, whereby names of the Clients (including, but not limited to, related parties such as directors, trustees, partners, authorised signatories, power of attorney holders, beneficial owners etc.) will be screened against such database considered appropriate by the Portfolio Manager. Further, the Portfolio Manager shall take necessary action including rejection of application / refund of application money / freezing of client account for future transactions / termination of agreement with Client / submitting Suspicious Transactions Report (STR) to law enforcement authorities if the Portfolio Manager has reasonable grounds to believe / suspect that the transactions involve Money Laundering or Terrorist Financing or proceeds of crime.

The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account / rejection or refund of the application / termination of agreement with Client etc. due to non-compliance with the provisions of any of the aforesaid Regulations or Applicable Laws or the internal AML Policy followed by the Portfolio Manager.

To ensure appropriate identification of the Client during on-boarding or periodic review and with a view to monitor transactions for the prevention of money laundering, the Portfolio Manager reserves the right to: (a) scrutinize and verify the identity of the Client and the source of the funds invested, to be invested by Client; (b) ask for the required additional information to substantiate the source of investments is genuine (c) reject any application, prevent further transactions by the Client; (d) to mandatorily redeem the investments held by the Client either upon or prior to termination of the agreement with Client and (e) reject the transaction / redemption / freeze or seize Client's account if the Portfolio has a reasonable ground to do so (f) and report the relevant details to the competent authority and take such other actions as may be required to comply with the applicable law as the Portfolio Manager may deem proper at their sole option.

The Portfolio Manager shall also identify and verify the identity of persons, during on-boarding of Client and during periodic review of Client, who beneficially own or control (beneficial owner) the Client's account in lines with its internal policies and guidelines framed by competent authorities from time to time in this regard. The beneficial owner shall be the 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 exercises ultimate effective control over a legal person or arrangement.

The Portfolio Manager may share clients personal information with any organization for compliance with any legal or regulatory requirements or to verify the identity of Clients for complying with anti-money laundering requirements.

Clients are requested to note that KYC is mandatory for all investors. SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011 and CIR/MIRSD/ 11 /2012 dated September 5, 2012 has mandated that the uniform KYC form and supporting documents shall be used by all SEBI registered intermediaries in respect of all new clients from January 1, 2012. Further, SEBI vide circular no. MIRSD/Cir-23/2011 dated December 2, 2011, has developed a mechanism for centralization of the KYC records in the securities market to bring about uniformity in securities markets. Accordingly, KYC registration is being centralised through KYC Registration Agencies (KRA) registered with SEBI. Thus each client has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KRA. Applications shall be liable to be rejected if the clients do not comply with the aforesaid KYC requirements.

15) INVESTORS SERVICES:

(i) Name, address and telephone number of the Investor Relations Officer, who shall attend to the investor queries and complaints:

Name : Mr. Allwyn D'Silva Monteiro

Address : BNP Paribas Asset Management India Private Limited
BNP Paribas House, 1 North Avenue, Maker Maxity,
Bandra Kurla Complex, Bandra - East,
Mumbai – 400051
Tel.: 91-22- 33704000 or 1800-102-2595 (Tollfree)

(ii) Grievance redressal and dispute settlement mechanism:

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. The Investment Relation Officer(s) shall be responsible for redressing the grievances of the clients. In case the client is not satisfied with the response or redressal of grievances by Portfolio Manager, the Client may approach SEBI for the same through **S**EBI **CO**mplaints **RE**dress **S**ystem (SCORES).

SCORES is a centralized web based complaints redress system which enables clients to lodge and follow up their complaints / grievances and track the status of redressal of such complaints / grievances online from anywhere. Clients can visit the website http://scores.gov.in for further details on SCORES.

All disputes, differences, claims and questions whatsoever arising from (i) the Agreement between the Client and the Portfolio Manager and (ii) the services to be rendered by the Portfolio Manager and/or their respective representatives shall be attempted to be resolved by discussions between the Parties and amicable settlement. In case the disputes remain unsettled, the same shall be referred to a sole arbitrator and such arbitration shall be in accordance with and subject to the provisions of The Arbitration and Conciliation Act 1996, or any statutory modification or re-enactment thereof for the time being in force. Such Arbitration proceedings shall be held at Mumbai.

Name and Signature of any two Directors of the Portfolio Manager

	Name of Directors	Signature
1.	Mr. Chandan Bhattacharya	
2.	Mr. Ninad Karpe	
3.	Mr. Sanjay Sachdev	
4.	Mr. Sharad Kumar Sharma	
5.	Mr. Anand Shah	
6.	Mr. Rakesh Vengayil	