

**DISCLOSURE DOCUMENT OF
PORTFOLIO MANAGEMENT SERVICES**

**BEING OFFERED BY
BARODA 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 22 of the SEBI (Portfolio Managers) Regulations, 2020 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 Baroda BNP Paribas Asset Management India Private Limited (as a '**Portfolio Manager**')
- (iii) The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing, and the investors are advised to retain the document for future reference.
- (iv) The name, phone number, e-mail address of the Principal Officer as designated by the Portfolio Manager (and the address of the Portfolio Manager) are as follows:

PRINCIPAL OFFICER:

Mr. Suresh Soni – CEO

Baroda BNP Paribas Asset Management India Private Limited ('Portfolio Manager')

201(A) 2nd Floor, A wing, Crescenzo,

C-38 & 39, G Block, Bandra Kurla Complex,

Mumbai – 400 051, Maharashtra, India

Tel no. +91-22-69209600

Email: suresh.soni@barodabnpparibasmf.in

This disclosure document is dated May 27, 2024.



TABLE OF CONTENTS

S. No.	Particulars	Page No.
1.	Disclaimer clause	4
2.	Definitions	4
3.	Description	6
4.	Penalties & pending litigation	15
5.	Services Offered	16
6.	Risk Factors	16
7.	Client Representation	22
8.	The Financial Performance of the Portfolio Manager	25
9.	Performance of the Portfolio Manager for the last three years	25
10.	Audit Observations	26
11.	Nature of expenses	26
12.	Tax Implications (Portfolio Management Services)	26
13.	Accounting policies	45
14.	Important note on Prevention of Money Laundering & Know Your Customer (KYC) Requirements	46
15.	Diversification Policy for Portfolio Manager	48
16.	Investor Services	48

FORM C

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

It is hereby confirmed that:

- i) the Disclosure Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 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 Baroda 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, (Reg. No. 129763W) having its office at 101, Ratnakunj, Eksar Road, Borivali (West), Mumbai 400 092, Maharashtra, India (Tel No. +91-22-35636054) on May 27, 2024.

For Baroda BNP Paribas Asset Management India Private Limited

Sd/-

Suresh Soni

Principal Officer

201(A) 2nd Floor, A wing, Crescenzo,
C-38 & 39, G Block, Bandra Kurla Complex,
Mumbai – 400 051, Maharashtra, India

Date: May 27, 2024

Place: Mumbai

1) DISCLAIMER CLAUSE:

The Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 (“Regulations”) as amended from time to time and filed with SEBI. This Disclosure Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Disclosure 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 22 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
Accredited Investor	Means any person who fulfils the eligibility criteria as specified by SEBI and is granted a certificate of accreditation by accreditation agency.
Large Value Accredited Investor	Means an Accredited Investor investing minimum amount of INR.10,00,00,000 (Indian Rupees Ten Crore) or such other amount as prescribed by the Regulations.
Accreditation Agency	An Agency recognised by Securities and Exchange Board of India (SEBI) to enable accreditation of Domestic and Foreign Investors as per the norms prescribed by SEBI
Business Day	A day other than: 1. Saturday and Sunday; 2. A day on which the banks (including Reserve Bank of India, Banks in Mumbai) are closed for business / clearing; 3. A day on which the Stock Exchange, Mumbai and / or the National Stock Exchange of India Limited are closed; 4. A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes, unforeseen events / happenings or such other events as the Portfolio Manager may specify from time to time. The Portfolio Manager reserves the right to declare any day as a business day/ working day or otherwise.
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 Baroda 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, 2020 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 (taken in good faith) to the investments or management of the portfolio of securities or the funds of the client, as the case may be.
Equity related Securities	Equity related securities would include convertible bonds, convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares and any other like instrument.
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 2019, 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, which cannot be less than Rs. 50 lakhs or such amount as prescribed in the Regulations. The minimum amount shall not be applicable to Accredited Investor. Further, for Large Value Accredited Investor, the minimum amount shall be INR.10,00,00,000 (Indian Rupees Ten Crores) or such other amount as prescribed by the Regulations.
Money Market Instruments	Includes Commercial Paper, Trade Bill, Treasury Bills, Certificate of Deposit and Usance Bills and such other securities as defined by SEBI/RBI from time to time
NRI	Non - Resident Indian
Non-Discretionary Portfolio Management Services	means a portfolio manager who under a contract relating to portfolio management would manage, inter-alia, securities transaction execution, accounting of the same, recording of benefits, valuation and other reporting aspects as may be decided mutually with the client. Thus clients takes the investment decisions at his own risk solely.
Portfolio	means the total holdings of securities belonging to any person/client/investor
Portfolio Manager or the Company	means Baroda BNP Paribas Asset Management India Private Limited, a private limited company incorporated under the Companies Act, 1956 vide fresh certificate of incorporation dated April 11, 2022 having its Registered Office at 201(A) 2nd Floor, A wing, Crescenzo, C-38 & 39, G Block Bandra Kurla Complex, Mumbai – 400051, Maharashtra, India.
Principal Officer	CEO of the Portfolio Manager, who has been designated as principal officer of the Portfolio Manager and is responsible for: (i) the decisions made by the Portfolio Manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and (ii) all other operations of the Portfolio Manager.
Investment Approach	means Portfolio Management Investment Approach launched by the Portfolio Manager from time to time.

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, 2020 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.
SEBI Act	means the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Securities	shall mean Securities as defined in Securities Contracts (Regulations) Act, 1956 as amended from time to time.

Interpretation

For all purposes of this Disclosure Document, except as otherwise expressly provided or unless the context otherwise requires:

- All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- Words and Expressions used and not defined in this Disclosure Document shall have the same meaning as in the Regulations.

3) DESCRIPTION

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

Present:

Baroda BNP Paribas Asset Management India Private Limited is a private limited company incorporated under the Companies Act, 1956, having its Registered Office at 201(A) 2nd Floor, A wing, Crescenzo, C-38 & 39, G Block Bandra Kurla Complex, Mumbai – 400 051, 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 became a part of BNP Paribas group. There had been an indirect change in the control of Fortis Investment Management (India) Pvt. Ltd. Consequent to this change; Fortis Investment Management (India) Private Limited was renamed as BNP Paribas Asset Management India Private Limited. In this background, SEBI 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 under Registration No. PM/INP000003716. As a pre-condition to the amalgamation of Baroda Asset Management India Limited with BNP Paribas Asset Management India Private Limited, RBI directed vide letter no. DoR.AUT.No.S3289/24.01.002/2021-22

dated January 05, 2022 that the merged entity shall only service the existing Portfolio Management Service (PMS) customers till maturity and not acquire any fresh business under PMS related services till further directions from RBI. Furthermore, RBI vide letter bearing no. DoR.AUT. No. S8094/24.01.2022/2022-23 dated March 20, 2023 has accorded approval for undertaking new Portfolio Management Services (PMS) business through Baroda BNP Paribas Asset Management India Private Limited.

Change in shareholding of the Portfolio Manager due to amalgamation of BNP Paribas Asset Management India Private Limited with Baroda Asset Management India Limited:

Further, BNP Paribas Asset Management Asia Limited (BNPPAMAL) (Promoter of Portfolio Manager) and Bank of Baroda (BOB) entered into binding transaction documents on October 11, 2019 in relation to the merger of Baroda Asset Management India Limited (BAML) into Portfolio Manager, with Portfolio Manager continuing to be the surviving entity. BAMIL is wholly owned subsidiary of BOB.

Pursuant to these binding transaction documents, a Composite Scheme of Amalgamation ('the Scheme') under Sections 230 to 232 and other applicable provisions, filed with National Company Law Tribunal (NCLT) was sanctioned vide its order dated February 12, 2021. The said scheme came into effect on March 14, 2022 whereby Baroda Asset Management India Limited amalgamated with BNP Paribas Asset Management India Private Limited. Further, pursuant to the Scheme, the shareholding of the Portfolio Manager stands changed with BOB holding 50.1% of the share capital and BNPPAMAL holding 49.9% of the share capital of the Portfolio Manager.

Further, amalgamation of Baroda Asset Management India Limited with BNP Paribas Asset Management India Private Limited amounts to Change in Status/Constitution in terms of Regulation 2(d) of SEBI (Portfolio Managers) Regulations, 2020 and not tantamount to Change in control in terms of Regulation 2(e) of SEBI (Portfolio Managers) Regulations, 2020.

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 Baroda BNP Paribas Mutual Fund. Baroda BNP Paribas Asset Management India Private Limited is an investment manager to Baroda BNP Paribas Mutual Fund.

In accordance with Regulation 24(b) 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 Manager.

(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. 215.88 crore which is held by Bank of Baroda and BNP Paribas Asset Management Asia Limited to the tune of 50.1% and 49.9% of the share capital.

BOB is a body corporate under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. BOB was founded in 1908 by Maharaja Sayajirao Gaekwad III and was nationalised in 1969. Presently, BOB is an Indian state-owned entity in the banking and financial services sector.

BOB's operations consist of Corporate Banking, Micro, Small and Medium Enterprise (MSME) Banking, Agriculture Banking, Retail Banking and others.

BOB has 8,200 branches in India, with over 77,000 employees. Its international experience spans over 69 years, with 93 branches and offices (including branches of its subsidiaries) across 17 countries. For more information, please see <https://www.bankofbaroda.in/>.

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 (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. For more information, please see <https://www.bnpparibas-am.hk/>

(b) Particulars of Directors

Name of Director(s), Age & Qualification	Experience and Date of Appointment (DoA)	Other Directorships in companies
Mr. Sethuram Iyer Neelakantan 70 years BSc.(Chemistry) and CFP Independent Director	DoA: March 14, 2022 Mr. Sethuram Iyer Neelakantan has extensive experience in the banking industry and asset management industry. He has more than 44 years of work experience, including 31 years with the State Bank of India in various challenging and senior assignments and over 10 years at Asset Management Companies in roles as CEO and Chief Investment Officer.	NA
Mr. Nagesh Ganesh Alai 65 years M. Com., LL.B., ACMA, ACS Independent Director	DoA: March 14, 2022 Mr. Alai has had an extensive professional work experience across various functions namely management, strategy, finance, tax, legal, corporate law, corporate governance and human resources and has held top positions of responsibilities in India and abroad. Subsequent to his corporate stint of over 8 years in the pharma world between 1983 and 1990 in MNCs like Boots Pharmaceuticals (now Abbott) and John Wyeth (now Pfizer), Mr. Alai has been associated with FCB Ulka Advertising Pvt. Ltd. in senior management and leadership roles such as CFO, Company Secretary, General Counsel, Executive Director, CFO Asia Pacific and Africa and Group Chairman. His extensive experience and expertise has seen Mr. Alai playing active leadership roles in industry bodies through his long career including helming the Apex Advertising	<ul style="list-style-type: none"> • Wild Dreams Properties Pvt. Ltd. • Avananta Innovations Pvt. Ltd. • SIWS School Alumni Association

Name of Director(s), Age & Qualification	Experience and Date of Appointment (DoA)	Other Directorships in companies
	Association of India (AAAI) as its President between 2010-12 and the regional advertising industry body, Confederation of Asian Advertising Agencies Association as its Chairman between 2015 - 2017 and with, Consumer Complaints Council of Advertising Standards Council of India (ASCI). Mr. Alai has been on various committees of industry bodies like Confederation of Indian Industry (CII), etc. and is a guest columnist in Business India magazine, covering topical business, economic and finance issues.	
Mr. Sanjay Sachdev 60 years <ul style="list-style-type: none"> Certificate in Corporate Governance - Wharton School of Management; LL.B – Government Law College, University Of Bombay; Master's Degree in International Management - American Graduate School of International Management (Thunderbird), Phoenix, AZ, USA 2018 Harvard ALI Fellow Fellow of the LIMRA Life Insurance Institute Independent Director	DoA: December 24, 2016 Sanjay Sachdev has over 30 years' experience in the global financial services industry in various leadership positions. He is Managing Director of Freedom Financial Services, a family office focused on investing in Financial Services, Technology and Impact businesses as well as advising global companies access investments in cross border opportunities in India and Emerging Markets in Asia. He is also an Advisory Board member of APIS Partners, a successful Emerging Markets Impact Manager in the UK and Board member of Baroda BNP Paribas Asset Management and an Advisory Board member at Brandeis University in Boston. - Sanjay began his career in the Insurance and annuity business areas of Principal Financial Group. He was appointed by the IRDA & Ministry of Finance as the only private sector representative on its Pension Reforms Advisory Board in 2004 and was involved in the development of insurance regulations working with the IRDA from 1998-2000. Sanjay was President & CEO of Tata Asset Management that witnessed substantial growth managing US \$5 Billion including a very successful partnership with Mizuho Bank of Japan. Sanjay worked for five years as the Managing Director of Shinsei Bank Group for S.E. Asia & India. He was the Founding Chairperson of the United Way of Mumbai and Global Chairperson of the Financial Planning Standards Board that issues the Certified Financial Planner (CFP) designation for wealth managers globally and he founded the Body in India. He was also the founding President of the US-India Investment Forum, Head of the Financial Services Group at the American Chamber of Commerce and was ranked by The Week Magazine as one of the 50 top emerging leaders in India in 2004.	<ul style="list-style-type: none"> Freedom Financial Services LLC Freedom Financial Services LLP ZyFin Capital Pvt. Ltd.

Name of Director(s), Age & Qualification	Experience and Date of Appointment (DoA)	Other Directorships in companies
Vincent Trouillard-Perrot 56 years Graduated of INSEEC business school (Paris Bachelor) MBA in CECI (International commerce) and ITM in Paris (Dealing room specialization), both in Paris (France) INSEEC Paris - Business School Associate Director	DoA : March 14, 2022 Mr. Trouillard-Perrot spent all his career at BNP Paribas Group in vast areas of business and responsibilities in Paris and in many regions of the globe especially in Asia and in the Nordic countries. After experiences in CIB, General Inspection and Private Banking, Mr. Trouillard-Perrot joined the Asset Management business line in 2003 as President and CEO of BNPPAM Japan based in Tokyo subsequently he became CEO Asia and head of the regional APAC hub based in Hong Kong. He then joined Alfred Group (a subsidiary of BNPPAM) covering the Nordic and Baltic countries based in Stockholm. In 2018, he was appointed back to the head office of BNPPAM based in Paris, to oversee a wide number of countries where BNPPAM has its operations, from Latam, Asia, EMEA and the Nordic countries. Since 2020, he has the overall responsibility of supervising and developing the strategic participations and Joint-Ventures of BNPP Asset Management. He has over 30 years of diverse experience in financial industry, especially Wealth Management.	<ul style="list-style-type: none"> Alfred Berg Kapitalvorvlatning AS Norway Alfred Berg Kapitalvorvlatning AB Sweden BNPP ABC WMC Co Ltd (China) HFT IM China BEAGF Chile Drypnr (Norway)
David Vaillant 47 years <ul style="list-style-type: none"> Harvard University, Fintech Program Master in Economic Analysis and Policy (applied mathematics), EHESS, Ecole Normale Supérieure Master in Political Sciences and Public Affairs, Science Po Paris Admitted to the Paris Bar, Law, Paris Bar School - EFB Master in Corporate Law, Université 	DoA : March 14, 2022 Mr. Vaillant is in charge of finance, strategy and participations, including our JVs in Asia and Latam, and of business improvement and transformation. He is also Deputy CEO of BNPPAM France, and member of the Executive Committee. Mr. Vaillant is also Board member and Vice Chairman of BEAGF, a Chilean asset manager, and a Board member of the Allfunds Group. He is also a Director at Aquis Exchange, PLC, and Chairman of the supervisory board of Aquis Exchange Europe. Aquis is a technology driven exchange group, listed on AIM. Mr. Vaillant joined from BNP Paribas' Corporate and Institutional Banking / FIC division, where he was Head of Banking for EMEA. Mr. Vaillant started his career as a lawyer with Skadden. He then joined the French central bank (Banque de France). Mr. Vaillant has taught finance, law and economics in various institutions. He holds Master in Management from HEC, a Master in Political Sciences and Public Affairs from Sciences Po, and a Master in	<ul style="list-style-type: none"> BNP Paribas Asset Management France SAS Aquis Exchange Europe Aquis Exchange PLC (UK) Limited Baroda BNPP AM India Private Ltd

Name of Director(s), Age & Qualification	Experience and Date of Appointment (DoA)	Other Directorships in companies
<p>Panthéon Assas (Paris II)</p> <ul style="list-style-type: none"> Master in Business Law, Université René Descartes (Paris V) Master in Communications/ Intellectual Property law, Université Panthéon Sorbonne (Paris I) Master in Management, Community of European Management Schools (Rotterdam University, Bocconi, London School of Economics, etc.) <p>Master in Management, HEC</p> <p>Associate Director</p>	<p>Analysis and Policy in Economics (applied mathematics) from EHESS / Ecole Normale Supérieure, and studied fintech at Harvard. He also holds a Master in communications/ Intellectual Property law from Paris I Sorbonne and a Master in Business Law from Paris II Assas. He is a member of the Paris Bar.</p>	
<p>Aparna Sharma</p> <p>49 years</p> <p>Bachelor of Arts (History, Political Science and Economics)</p> <p>- Maharani Laxmibai College, Bhopal;</p> <p>Post Graduate in Personnel Management & Industrial Relations - Tata Institute of Social Sciences (TISS), Mumbai</p> <p>Independent Director</p>	<p>DoA: July 17, 2021</p> <p>Ms. Aparna Sharma made her foray into the corporate world through NOCIL and moved into different roles in the HR function in organisations like Monsanto, Novartis, UCB, Deutsche Bank, Lafarge & Greaves Cotton.</p> <p>She is currently contributing as a Board Mentor with various boards & as an advisor to various corporates in areas such as Strategic Leadership, Planning, Organization Behaviour & Strategy for Board Room Effectiveness, Organization Culture & Development, Leadership Relationships, Temperamental Traits & Derailment Factors within Boards etc.</p> <p>She is a celebrated author of 2 best selling books - “Reality Bytes-The Role of HR in Today’s World”, (English & Hindi) Foreworded by Dr. T.V Rao & “Between U & Me”, Foreworded by Padma Bhushan Padma Shree Dr. Devi Shetty.</p>	<ul style="list-style-type: none"> Rajratan Global Wire Limited S.M.I.L.E. Microfinance Ltd. Rossari Biotech Limited
<p>Ms. Shinjini Kumar</p> <p>56 years</p>	<p>DoA: August 01, 2022</p>	<ul style="list-style-type: none"> Seven Salts Financial Services Private Limited

Name of Director(s), Age & Qualification	Experience and Date of Appointment (DoA)	Other Directorships in companies
Master of Arts Independent Director	<p>Ms. Kumar has over three decades of work experience in senior positions across various organizations including Reserve Bank of India, Bank of America Merrill Lynch, PricewaterhouseCoopers Private Limited, Paytm Payments Bank and Citibank India.</p> <p>She is the co-founder and Director of Five Salts Private Limited and Seven Salts Private Limited, building a woman-first fintech platform offering personal finance products. Ms Kumar has degrees in English Literature, journalism and Public Policy and is on various Boards and the Executive Council of CGAP.</p>	<ul style="list-style-type: none"> • Five Salts Private Limited • Foster Payments Networks Private Limited • PAYTM Payments Bank Limited • Nium Forex India Private Limited
Mr. Sanjay Kumar Grover 54 years Master in Economics, CAIIB Associate Director	<p>DoA: July 21, 2023</p> <p>Mr. Sanjay Grover, a seasoned banker and treasurer, is a senior executive in Bank of Baroda. His area of expertise is Treasury Operations where he has spent most of his career and gained skills and expertise in the domain in true holistic sense. Presently, as Chief General Manager, he is heading Treasury and Global Markets in Bank of Baroda.</p> <p>Mr Grover is associated with Bank of Baroda since 1993 in different positions. He has completed two sought after stints of overseas posting. One as Treasury Dealer in Dubai, UAE and second as prestigious position of Chief Executive (European Operations) and Managing Director & CEO of Bank of Baroda (UK) Limited. Mr Grover hold Master's degree in Economics and is a certified associate of Indian Institute of Bankers. He has successfully participated in Leadership Development Program of IIM-B which is an initiative of Bank Board Bureau in collaboration with IBA and supported by Department of Financial Service, Ministry of Finance (GoI). Mr. Grover has participated in numerous seminars, workshops and training programs in India and overseas throughout his career.</p>	FIMMDA

(C) Key Management:

Name and Designation	Age and Qualification	Present and Previous Experience
Mr. Suresh Soni* Chief Executive Officer	53 years B.Sc., ACA, Grad CWA	<ol style="list-style-type: none"> 1. Chief Executive Officer – Baroda BNP Paribas Asset Management India Private Limited – From March 14, 2022 till date 2. Associated as Chief Executive Officer with Baroda Asset Management India Limited from August 03, 2021 till March 13, 2022 3. Advisor to Baroda Asset Management India Limited from June 01, 2021 till August 02, 2022 4. Chief Executive Officer with Edelweiss Alternative Asset Advisors Limited from 2018 till 2021 5. Managing Director & CEO – Pramerica Asset Managers Private Limited – From 2016 to 2018 6. Deutsche Asset Management India Private Limited – From 2002 to 2015
Mr. Vivek Kudal* Chief Operating Officer & Chief Financial Officer	39 years CA; B.Com	<ol style="list-style-type: none"> 1. Chief Operating Officer from 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
Mr. Jayesh Gandhi Head Equities - PMS & Offshore Advisory	55 years Master of International Management (MIM) from Thunderbird, USA; Chartered Financial Analyst, USA; Chartered Accountant (ICAI)	<ol style="list-style-type: none"> 1. Associated as Senior Portfolio Manager and Head Equities – PMS & Offshore Advisory with the Company w.e.f. September 20, 2021 till date. 2. Senior Portfolio Manager - Aditya Birla Sun Life AMC Ltd. from October 2014 to June 2020 3. Executive Director - Morgan Stanley Investment Management from August 2007 to June 2014. 4. Fund Manager - Aditya Birla Sun Life AMC Ltd. from September 2004 to August 2007. Senior Research Analyst - Zacks Investment Research (USA) from February 2004 to September 2004.
Ms. Nisha Sanjeev* Compliance Officer	43 years CS LL.B B.Com.	<ol style="list-style-type: none"> 1. Head – Compliance, Legal & Secretarial with effect from March 21, 2024. 2. Head – Compliance, Legal & Secretarial – ITI Asset Management Limited from June 2021 till February 2024. 3. Head – Financial Crime Compliance – HSBC Asset Management (India) Private Limited – April 2017 till December 2020; Vice President Compliance - HSBC Asset Management (India) Private Limited – March 2010 till March 2017.
Mr. Hardik Mehta*	38 years MFM B.Com	<ol style="list-style-type: none"> 1. Head - Risk Management from July 13, 2023. 2. Risk Management – Nippon Life India Asset Management Limited - for 11 years 2 months approximately.

- Baroda BNP Paribas Asset Management India Private Limited was earlier known as BNP Paribas Asset Management India Private Limited.

- Mr. Jayesh Gandhi, Head Equities – PMS & Offshore Advisory is a designated employee pursuant to Regulation 7(2)(e) of SEBI (Portfolio Managers) Regulations, 2020 w.e.f. September 20, 2021
- *Mr. Suresh Soni, Mr. Vivek Kudal, Ms. Nisha Sanjeev and Mr. Hardik Mehta are the common resources between Mutual Fund & PMS business.
- Investment Research function, Investment Risk function, Compliance, Investor Relations function & Sales are also common for both Mutual fund & PMS business.

(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 (as per latest available data) are as follows:

Sr. No	Name of the Company	Turnover* (Rs. in 000's)
1.	Bank of Baroda	890,011,769.00
2.	Nainital Bank Ltd.	6,421,994.42
3.	IndiaFirst Life Insurance Company Ltd.	40,555,022.55
4.	India Infradebt Ltd.	13,061,818.75
5.	Baroda Gujarat Gramin Bank	9,250,874.64
6.	Baroda Rajasthan Kshetriya Gramin Bank	22,115,764.00
7.	Baroda U.P. Bank	44,659,447.70
8.	BNP Paribas (Indian Branches)	25,419,295.00
9.	BNP Paribas India Solutions Pvt. Ltd	16,500,000.00
10.	Geojit Financial Services Ltd.	4,031,864.00

* Turnover includes other income.

Note: Baroda Asset Management India Limited amalgamated into BNP Paribas Asset Management India Private Limited w.e.f. March 14, 2022. Accordingly, the above group companies details pertains to both the entities for FY 2020-21:

(iv) Details of the services being offered: Discretionary & Advisory Services:

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 Client's 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.

Option Direct on-boarding of clients by Portfolio Manager ('Direct Plan'): The Portfolio Manager provides an option to the clients to be on-boarded directly, without intermediation of persons engaged in distribution services.

ADVISORY SERVICES:

The Portfolio Manager will provide advisory portfolio management services, in terms of the SEBI (Portfolio Managers) Regulations 2020 and circulars issued thereunder, 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.

Currently, the Portfolio Manager doesn't have any active clients under PMS. The Portfolio Manager is registered under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 ('IFSC FME regulations') to operate out of Gujarat International Finance Tec-City (GIFT City) and provides services to existing clients from the branch office located at GIFT city.

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 SEBI or the directions issued by SEBI under the SEBI Act or Rules or Regulations made thereunder: Nil
(ii)	The nature of the penalty/direction: Not Applicable
(iii)	Penalties/fines imposed for any economic offence and/ or for violation of any securities laws: Nil
(iv)	Any pending material litigation/legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any: Nil

(v)	Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency: Nil
(vi)	<p>Any enquiry/ adjudication proceedings initiated by SEBI 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:</p> <p>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 had 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. A reply to the said SCN denying the allegations stated therein was been filed with SEBI by AMC. Thereafter, vide SEBI order dated March 26, 2020, the SCN in the matter was disposed off by SEBI without any penalty for the AMC.</p>

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:

The Portfolio Manager is separately registered as Fund Management Entity under IFSCA operating out of GIFT City and provides services to existing clients from the branch office located at GIFT city. The clients earlier being managed by the Portfolio Manager have now moved to GIFT city. Hence, as on the date of this document, as the Portfolio Manager doesn't have any active clients under PMS, this section on services offered is not relevant.

6) RISK FACTORS:

This section is provided for information purposes. Currently, as on the date of this document, the Portfolio Manager doesn't have any active clients under PMS. However, the Portfolio Manager may in future, offer equity, debt product or a combination of both, which may entail the below risks.

(a) General Risk Factors

- 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 markets 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 Portfolio may pursue only a limited degree of diversification. It may invest in a limited number of equity and equity related securities or invest a greater proportion of assets in the securities of very few issuers or be concentrated on a few market sectors as compared to a diversified portfolio. The scheme is also expected to have higher market liquidity risk on account of concentration. This could have implications

on the performance of the scheme. The scheme may be more sensitive to economic, business, political or other changes and this may lead to sizeable fluctuation in the performance of the portfolio.

(d) Risks at portfolio construction stage:

During the Portfolio Construction stage, the Fund Manager may adopt a more defensive approach by having higher cash for a longer period if it considers that the equity market or economy 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.

(e) 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.

(f) 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.

(g) 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. There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the scheme are not invested and no return is earned thereon
- **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.

- **Sovereign risk:** The Central Government of India is the issuer of the local currency debt in India. The Government raises money to meet its capital and revenue expenditure by issuing debt or discounted securities. Since payment of interest and principal amount has a sovereign status implying least probability of a default, such securities are known as securities with sovereign credit. It also implies that the credit risk on such Government securities is even lower than that on non-government securities with "AAA" rating

and hence yields on government securities are even lower than yields on non-government securities with "AAA" rating.

- **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.
- **Pass through Certificate (PTC)** (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations
- (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. It would be the endeavour of the Fund Manager to invest in the selected Mutual Fund scheme to manage the liquidity requirement, the client will have to incur the expense, load, etc. of the scheme.
- (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.

- (I) **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 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 intent, 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.

- (h) **Conflict of interest in case of transactions of purchase and sale of securities by portfolio manager and/or its employees who are directly involved in investment operations with the transactions in any of the client's portfolio.**

The Portfolio Manager shall not execute any trade against the interest of the clients in its proprietary account. However, employees of Portfolio Manager who are directly involved in investment operations, may face conflicts of interest when transacting in securities for their own accounts because they could stand to benefit by trading in the same securities as those of any of Portfolio Manager's clients. Further, the Portfolio Manager is not required to purchase or sell for any client account securities that any of its employees who are directly involved in investment operations, may purchase or sell for their own accounts or other clients. Within the provisions of law and at its discretion, the Portfolio Manager may make different investment decisions and take other actions with respect to various clients it caters to, including the timing or nature of such investment decisions or actions.

In order to appropriately prevent, limit or mitigate conflicts of interest and to comply with applicable regulations/guidelines, Portfolio Manager has reasonably designed and adopted policies and procedures. These policies and procedures allow the Portfolio Manager to use reasonable endeavours to ensure that any conflicts which may arise will be resolved fairly, and where a conflict or potential conflict of interest arises, the Portfolio Manager will have regard to its obligations to its clients and will treat its clients for which it acts as Portfolio Manager fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to its client than if the conflict or potential conflict had not existed.

Disclosure of conflict of interest related to services offered by group companies of the portfolio manager:

Subject to the SEBI Regulations, the Portfolio Manager from time to time, for the purpose of conducting normal business and the operations of the Portfolio Management may utilise the services of and enter into transactions / arrangement with the group companies, subsidiaries, associates, affiliates, etc., established or to be established at a later date to provide the services to the Portfolio Manager. The Portfolio Manager will conduct its business with the aforesaid company(ies) (including employees or relatives) on arm's length basis and at mutually agreed terms and conditions.

7) CLIENT REPRESENTATION

(i) The details of the Client Representation 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			Advisory
	As on March 31, 2024	1	2,416	
	As on March 31, 2023	1	1,706	
	As on March 31, 2022	1	2,058	

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

In accordance with Accounting Standard 18 (AS-18) on 'Related Party Disclosures' as specified under Section 133 of the Companies Act, 2013, the details pertaining to related parties are as under:

(A) Names of related parties by whom control is exercised with whom there are transactions during the year 2023-24:

Name of the related party	Relationship
Bank of Baroda	Holding Company
BNP Paribas Asset Management Asia Limited	Joint Venturer – Investing Party
Baroda BNP Paribas Trustee India Private Limited	Fellow Subsidiary
BNP Paribas S.A. Singapore Branch	Companies falling under the group of joint Venturer – Investing Party
BNP Paribas S.A. India Branch	
BNP Paribas SA	
BNP Paribas India Solutions Private Limited	
BNP Paribas Wealth Management India Private Limited	

(B) Key Managerial Personnel of Baroda BNP Paribas Asset Management India Private Limited:

- Mr. Suresh Soni – CEO – Baroda BNP Paribas Asset Management India Pvt. Ltd.

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

Particulars	Name of Party	Holding Company	Joint Venturer – Investing Party	Fellow Subsidiary	Group Companies of Joint Venturer – Investing Party	Key Managerial Personnel	Total
<u>Transactions with related parties</u>							
<u>Income</u>							
(i) Advisory fees	BNP Paribas Asset Management Asia Limited	-	590.11	-	-	-	590.11
		(-)	(592.02)	(-)	(-)	(-)	(592.02)
(ii) Interest income (Bank interest)	BNP Paribas S.A. India Branch	-	-	-	-	-	-
		(-)	(-)	(-)	(0.16)	(-)	(0.16)
<u>Expenses</u>							
(i) Information Technology	BNP Paribas India Solutions Private Limited	-	-	-	-	-	-
		(-)	(-)	(-)	(23.97)	(-)	(23.97)
(ii) Information Technology	BNP Paribas S.A. Singapore Branch	-	-	-	-	-	-
		(-)	(-)	(-)	(2.36)	(-)	(2.36)

(vii) Rent Recovery	Baroda BNP Paribas Trustee India Private Limited	-	-	-9.00	-	-	-9.00
		(-)	(-)	(-9.00)	(-)	(-)	(-9.00)
(ix) Rent	BNP Paribas India Solutions Private Limited	-	-	-	-	-	-
		(-)	(-)	(-)	(0.36)	(-)	(0.36)
(x) Staff welfare expenses	BNP Paribas S.A. Singapore Branch	-	-	-	-	-	-
		(-)	(-)	(-)	(0.03)	(-)	(0.03)
(xi) Royalty	Bank of Baroda	5.00	-	-	-	-	5.00
		(5.00)	(-)	(-)	(-)	(-)	(5.00)
(xiii) Finance Costs	BNP Paribas S.A. India Branch	-	-	-	0.24	-	0.24
		(-)	(-)	(-)	(0.23)	(-)	(0.23)
(xiv) Finance Costs	Bank of Baroda	0.03	-	-	-	-	0.03
		(0.01)	(-)	(-)	(-)	(-)	(0.01)
(xvi) Employee benefits expense	Suresh Soni	-	-	-	-	667.04	667.04
		(-)	(-)	(-)	(-)	(383.29)	(383.29)
Expenses write back							
(i) Marketing Expenses	Bank of Baroda	-	-	-	-	-	-
		(6.15)	(-)	(-)	(-)	(-)	(6.15)
(ii) Information Technology	BNP Paribas India Solutions Private Limited	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(140.00)	(140.00)

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

(₹ in Lakhs)

Particulars	Name of Party	Holding Company	Joint Venturer – Investing Party	Fellow Subsidiary	Group Companies of Joint Venturer – Investing Party	Key Managerial Personnel	Total
<u>Balances outstanding at the end of the year</u>							
Trade Payable	BNP Paribas S.A.	-	-	-	23.39	-	23.39

		(-)	(-)	(-)	(23.67)	(-)	(23.67)
Balances with banks	BNP Paribas S.A. India Branch	-	-	-	0.36	-	0.36
		(-)	(-)	(-)	(0.08)	(-)	(0.08)
Balances with banks	Bank of Baroda	0.16	-	-	-	-	0.16
		(0.20)	(-)	(-)	(-)	(-)	(0.20)
Trade Receivables	BNP Paribas Asset Management Asia Limited	-	69.51	-	-	-	69.51
		(-)	(54.61)	(-)	(-)	(-)	(54.61)

Figures in brackets pertain to Previous Year

8) THE FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER

Baroda BNP Paribas Asset Management India Private Limited:

	Rs. In Lakhs		
	For F.Y ended 31 st March, 2024 (Rs.)	For F.Y ended 31 st March, 2023 (Rs.)	For F.Y ended 31 st March, 2022 (Rs.)
Gross Income	13,036.23	10,584.39	10,323.02
Expenses	12,727.78	11,272.00	12,571.37
Profit / (Loss) before Tax	308.45	(687.61)	(2,248.35)
Provision for Taxation	(302.93)	0	(10.76)
Profit / (Loss) after Tax / tax relating to prior years	611.38	(687.61)	(2,237.59)
Balance in Profit & Loss account brought forward	(6,173.53)	(5,485.92)	(1,843.92)
Equity Capital	21,588.31	21,588.31	21,588.31
Free Reserves	(5,562.15)	(6,173.53)	(5,485.92)
Net Worth	16,026.16	15,414.78	16,102.38

9) 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 'TIME WEIGHTED RATE OF RETURN' METHOD IN TERMS OF REGULATION 22 OF THE SEBI (PORTFOLIO MANAGERS) REGULATIONS, 2020.

For the last three years, the Portfolio Manager was providing only advisory services to its clients.

10) AUDIT OBSERVATIONS

There have been no Audit observations in the preceding 3 years.

11) NATURE OF EXPENSES (INDICATIVE):

The Portfolio Manager is separately registered as Fund Management Entity under IFSCA operating out of GIFT City and provides services from the branch office located at GIFT city. The clients earlier being managed by the Portfolio Manager have now moved to GIFT city. Hence, currently, as the Portfolio Manager doesn't have any active clients under PMS, this section on nature of expenses is not relevant.

12) TAX IMPLICATIONS (PORTFOLIO MANAGEMENT SERVICES)

The taxation section herein is provided for information purposes. However, currently, as on the date of this document, the Portfolio Manager doesn't have any active clients under PMS.

As per the taxation laws in force as at the date of the document, the tax implications/ benefits applicable to the Portfolio Management Services ('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, 2024, which came in force from 1 April 2024.

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:

- Dividend on shares and income from 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.); or
- 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. Dividend on shares and income from units of mutual fund

- 1.1 With effect from 1 April 2020, where dividend income is declared, distributed or paid on or after 1 April 2020 from a company or a mutual fund, the same shall be taxable for resident PMS clients as per the rates applicable to other income as per the First Schedule to the Finance Act, 2024. The rates are tabulated below:

Individuals, Hindu Undivided Families ('HUF'), Association of Persons ('AOP'), Body of	Total income for a tax year:	Tax	
	<= Rs. 2.5 lacs	Nil (basic exemption limit#)	

Individuals ('BOI') and non-resident individuals	> Rs. 2.5 lacs and <= Rs. 5 lacs	5% of total income exceeding Rs. 2.5 lacs															
	> Rs. 5 lacs and <= Rs. 10 lacs	Rs. 12,500/- plus 20% of amount exceeding Rs. 5 lacs															
	> Rs. 10 lacs	Rs. 1,12,500/- plus 30% of amount exceeding Rs. 10 lacs															
	#Basic exemption limit for resident individuals of the age of 60 years or more is Rs. 3 lacs, for individuals of the age of 80 years or more (very senior citizens) is Rs. 5 lacs.																
	Rebate from tax upto Rs.12,500 is available for a resident individual whose total income is below Rs. 5 lacs																
	<table><tr><th>Total income for a tax year:</th><th>Tax</th></tr><tr><td><= Rs. 3 lacs</td><td>Nil (basic exemption limit)</td></tr><tr><td>> Rs. 3 lacs and <= Rs. 6 lacs</td><td>5% of total income exceeding Rs. 3 lacs</td></tr><tr><td>> Rs. 6 lacs and <= Rs. 9 lacs</td><td>Rs. 15,000/- plus 10% of amount exceeding Rs. 6 lacs</td></tr><tr><td>> Rs. 9 lacs and <= Rs. 12 lacs</td><td>Rs. 45,000/- plus 15% of amount exceeding Rs. 12 lacs</td></tr><tr><td>> Rs. 12 lacs and <= Rs. 15 lacs</td><td>Rs. 90,000/- plus 20% of amount exceeding Rs. 15 lacs</td></tr><tr><td>> Rs. 15 lacs</td><td>Rs. 1,50,000/- plus 30% of amount exceeding Rs. 15 lacs</td></tr></table>			Total income for a tax year:	Tax	<= Rs. 3 lacs	Nil (basic exemption limit)	> Rs. 3 lacs and <= Rs. 6 lacs	5% of total income exceeding Rs. 3 lacs	> Rs. 6 lacs and <= Rs. 9 lacs	Rs. 15,000/- plus 10% of amount exceeding Rs. 6 lacs	> Rs. 9 lacs and <= Rs. 12 lacs	Rs. 45,000/- plus 15% of amount exceeding Rs. 12 lacs	> Rs. 12 lacs and <= Rs. 15 lacs	Rs. 90,000/- plus 20% of amount exceeding Rs. 15 lacs	> Rs. 15 lacs	Rs. 1,50,000/- plus 30% of amount exceeding Rs. 15 lacs
	Total income for a tax year:	Tax															
	<= Rs. 3 lacs	Nil (basic exemption limit)															
	> Rs. 3 lacs and <= Rs. 6 lacs	5% of total income exceeding Rs. 3 lacs															
	> Rs. 6 lacs and <= Rs. 9 lacs	Rs. 15,000/- plus 10% of amount exceeding Rs. 6 lacs															
> Rs. 9 lacs and <= Rs. 12 lacs	Rs. 45,000/- plus 15% of amount exceeding Rs. 12 lacs																
> Rs. 12 lacs and <= Rs. 15 lacs	Rs. 90,000/- plus 20% of amount exceeding Rs. 15 lacs																
> Rs. 15 lacs	Rs. 1,50,000/- plus 30% of amount exceeding Rs. 15 lacs																
An individual/ HUF, having no business or professional income, can exercise his option of choosing tax regime, every year, based on his deductions.																	
An individual/ HUF, having income from business or professional, can exercise his option for the new tax regime, only once and the option once exercised, for a previous year shall be valid for that previous year and all subsequent years. The option can be withdrawn once in lifetime where it was exercised by the Individual/ HUF having business income in the previous year other than the year in which it was exercised except where Individual/ HUF ceases to have any business income.																	
Rebate from tax upto Rs. 25,000 is available for a resident individual whose total income is below Rs. 7 lacs. Further, the concept of marginal rebate has been introduced under section 87A, if the total income marginally exceeds Rs. 7 lacs.																	
Residents (Firms & Companies)																	
Partnerships [including Limited Liability Partnerships ('LLP')]	30%																
Resident companies	25%																

Turnover <= Rs. 400 crores (turnover or gross receipts in FY 2022-23)	15% [Minimum alternate tax (‘MAT’) rate]		
Other companies	30% 15% (MAT rate)		
Alternate regime under section 115BAA of the Act (subject to certain conditions)	22% (Exempt from MAT)		
Tax regime under section 115BAB of the Act for domestic companies engaged in manufacturing activities (subject to certain conditions)	15% (Exempt from MAT)		
Co-operative societies			
Existing Tax Regime	Total income for a tax year:	Tax rates	
	<=Rs. 10,000	10%	
	> Rs. 10,000 and <= Rs. 20,000	Rs. 1,000 plus 20% of total income exceeding Rs. 10,000	
	> Rs. 20,000	Rs. 3,000/- plus 30% of amount exceeding Rs. 20,000	
Alternate tax regime under section 115BAD of the Act for the co-operative societies (subject to certain conditions)	22%		
Tax regime under section 115BAE of the Act for domestic co-operative societies engaged in manufacturing activities (subject to certain conditions)	15%		

Non-residents [Foreign portfolio investors ('FPI') & Foreign Companies]	
FPI [includes Foreign Institutional Investor and Qualified foreign investor (‘QFI’)]	20%
Non-corporates (other than non-resident individuals)	20%* / 30%
Foreign Companies	20%* / 40%

*The rate of 20% shall be on the income received in respect of units, purchased in foreign currency.

Note: The above rates are to be increased by the surcharge and health and education cess as mentioned in

Annexure 1.

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 (‘DTAA’) (which is in force), income-tax is payable

at the rate provided in the Act or the rate provided in the said DTAA, 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 their home country's tax authorities. Further, the non-residents would also be required to furnish additional information in electronically filed 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.

1.2 Tax deduction at source ('TDS') [applicable in case dividend paid on or after 1 April 2020]:

Tax shall be withheld on dividend on shares/ income from mutual fund unit to the below prescribed assessee at the prescribed rates:

Sr. No.	Particulars	Rate
1	Residents	10%
2	Non-residents – non corporates (DTAA benefit can be given subject to documentation)	20%* / 30%*
3	FPIs – Corporate/ Non-corporate (DTAA benefit can be given subject to documentation)	20%*
4	Non-resident corporates (DTAA benefit can be given subject to documentation)	20%* / 40%*

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

- Tax shall not be withheld in the case of a resident shareholder/ unit holder where the dividend/ income paid by the company/ unitholder does not exceed Rs. 5000.
- It is important to note that the dividend referred above covers the dividends on preference shares also i.e., tax is to be deducted on dividends on preference shares.
- Higher rate of tax under section 206AA of the Act in the case of a non-resident not having permanent account number ('PAN') with respect to the payments of 'dividend' shall not be applicable in case the conditions specified under Rule 37BC of the Income-tax Rules, 1962 ('the Rules') are complied with.
- Higher rate of tax under section 206AB of the Act shall be applicable for non-filers of income-tax return on any sum or income or amount paid or payable by a person to a specified person (as mentioned in para 2.2 below).

2. Income from interest on fixed income securities.

2.1 Taxability of interest income earned

Residents:

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, 2024. The rates shall be as tabulated above under point 1.1.

Non-residents:

Sr. No.	Particulars	Tax Rates
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 1 July 2012 but before the 1 July 2023; or (b) by way of issue of any long-term bond including long-term infrastructure bond at any time on or after the 1 July 2012 but before the 1 July 2023	5%
	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 1 July 2023	5%
	Interest income payable in respect of long-term bond or rupee denominated bond issued on or after 1 April 2020 but before 1 July 2023, listed on recognised stock exchange located in IFSC	4%
	Interest income payable in respect of long-term bond or rupee denominated bond issued on or after 1 July 2023, listed on recognised stock exchange located in IFSC	9%
	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.	
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	FPI (other than those mentioned above)	20%

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**.

Non-residents – availability of tax treaty benefits

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

For non-residents claiming such tax treaty benefits, it is mandatory to obtain a TRC from their home country's tax authorities. Further, the non-residents would also be required to furnish additional information in electronically filed 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.

2.2 TDS on interest income

Particulars		Tax rate
For Residents		
1	Interest other than interest on securities	10%
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 1 July 2012 but before the 1 July 2023; or (b) by way of issue of any long-term bond including long-term infrastructure bond at any time on or after the 1 July 2012 but before the 1 July 2023 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 1 July 2023 Interest income payable in respect of long-term bond or rupee denominated bond issued on or after 1 April 2020 but before 1 July 2023, listed on recognised stock exchange located in IFSC Interest income payable in respect of long-term bond or rupee denominated bond issued on or after 1 July 2023, listed on recognised stock exchange located in IFSC 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% 4% 9%
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	FPI (other than those mentioned above)	20%

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, 2016 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 Act, 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. Further, dividend has also been included in Rule 37BC. 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.

Further as per Rule 114AAA of the Rules, in the case of a resident person, whose PAN has become inoperative due to PAN – Aadhaar not being linked, it shall be deemed that he has not furnished the PAN and section 206AA of the Act shall be applicable for not furnishing the PAN with effect from 31 March 2022. A penalty has been introduced for not linking Aadhaar with PAN till 31 March 2022. In case Aadhaar has been linked with PAN post 30 June 2022, the penalty shall be Rs. 1000.

Section 206AB

As per Finance Act 2021, where tax is required to be deducted at source under the provisions of Chapter XVIIIB, other than sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB 194LBC, 194M or 194N of the Act, on any sum or income or amount paid, or payable or credited, by a person to a specified person, the tax shall be deducted at the higher of the following rates, namely:—

- (i) at twice the rate specified in the relevant provision of the Act; or
- (ii) at twice the rate or rates in force; or
- (iii) at the rate of five per cent.

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

However, *vide* the Finance Act, 2023, the definition of specified person was amended to mean a person who has not filed its return of income ('ROI') for the assessment year ('AY') relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit of filing the ROI under sub-section (1) of section 139 has expired and the aggregate of TDS and tax collected at source in his case is rupees fifty thousand or more in the said previous years.

Provided that the specified person shall not include:

- (i) a non-resident, who does not have a permanent establishment in India which includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.
- (ii) a person who is not required to furnish the ROI for the AY relevant to the said previous year and is notified by the Central Government in this behalf.

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 CBDT in its instruction no. 1827 dated 31 August 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 AY;
- 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 ('AO') 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 FPI (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 of the listed shares and securities, opts to treat them as stock-in-trade, then 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 AO. However, this stand, once taken by the assessee in a particular AY, shall remain applicable in subsequent AYs 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;
- 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 (‘STT’) 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 STT 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 Securities and Exchange Board of India (‘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 1.

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 AY.

Further, if such loss cannot be set off against any other head in the same AY, 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 AYs.

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.

Further, 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 Company/ Mutual Fund for the purposes of entitlement of dividend to the shareholders/ income to unit holders to receive the said 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 securities or 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 PMS 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, 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 lac, would be chargeable to tax at a concessional rate of 10% (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 on 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:

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

FMV:

Listed on recognized stock exchange	Listed on recognized stock exchange but not traded on 31 January 2018	Unit – Not listed on recognized 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	Net asset value 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%, provided such transaction of sale is chargeable to STT 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.

STT 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 DTAA (which is in force), income-tax is payable at the rate provided in the Act or the rate provided in the said DTAA, 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 their home country's tax authorities. Further, the non-residents would also be required to furnish additional information in electronically filed 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

Specified Mutual Funds & Market Linked Debentures

As per the provisions of section 50AA of the Act, capital gains arising on sale of a unit of Specified Mutual Fund acquired on or after 01 April 2023 or Market Linked Debentures, shall be deemed to be short term capital gains, irrespective of the period of holding.

For the purpose of this section:

'Specified Mutual Fund' means a Mutual Fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies.

'Market Linked Debentures' means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a market linked debenture by the SEBI.

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, specified mutual funds and market linked debentures), shall be chargeable under section 112 of the Act, as per the rates mentioned in the table below.

Resident investors	
Income	Tax 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 (other than specified mutual fund) [indexation benefit available]	20%
C) Bonds and debentures (other than market linked debentures) [without indexation]	Listed - 10% Unlisted - 20%
Foreign Investors (Other than FPI)	
D) Unlisted shares, unlisted securities and unlisted units of debt mutual funds (other than specified mutual fund & market linked debentures)	10%

[without indexation and foreign currency fluctuation benefit]	
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 specified mutual funds, market linked debentures, listed shares and units chargeable to STT) shall be liable to tax at the rates provided under section 115AD, section 112 and section 112A of the Act at the rate of 10% 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 (including specified mutual funds), market linked debentures and listed securities arising to investors other than 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	15% / 22% / 25% / 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:

Total income for a tax year:	Tax*
<= Rs. 2.5 lacs	Nil (basic exemption limit#)

> Rs. 2.5 lacs and <= Rs. 5 lacs	5% of total income exceeding Rs. 2.5 lacs
> Rs. 5 lacs and <= Rs. 10 lacs	Rs. 12,500/- plus 20% of amount exceeding Rs. 5 lacs
> Rs. 10 lacs	Rs. 1,12,500/- plus 30% of amount exceeding Rs. 10 lacs

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

Rebate from tax upto Rs.12,500 is available for a resident individual whose total income is below Rs. 5 lacs.

Alternatively, on satisfaction of certain prescribed conditions, an individual (resident/ non-resident) or HUF may opt to compute tax in respect of total income (without considering prescribed exemptions/ deductions), as per the following:

Total income for a tax year:	Tax*
<= Rs. 3 lacs	Nil (basic exemption limit)
> Rs. 3 lacs and <= Rs. 6 lacs	5% of total income exceeding Rs. 3 lacs
> Rs. 6 lacs and <= Rs. 9 lacs	Rs. 15,000/- plus 10% of amount exceeding Rs. 6 lacs
> Rs. 9 lacs and <= Rs. 12 lacs	Rs. 45,000/- plus 15% of amount exceeding Rs. 12 lacs
> Rs. 12 lacs and <= Rs. 15 lacs	Rs. 90,000/- plus 20% of amount exceeding Rs. 15 lacs
> Rs. 15 lacs	Rs. 1,50,000/- plus 30% of amount exceeding Rs. 15 lacs

An individual/ HUF, having no business or professional income, can exercise his option of choosing tax regime, every year, based on his deductions.

An individual/ HUF, having income from business or professional, can exercise his option for the new tax regime, only once and the option once exercised, for a previous year shall be valid for that previous year and all subsequent years.

The option can be withdrawn once in lifetime where it was exercised by the Individual/ HUF having business income in the previous year other than the year in which it was exercised except where Individual/ HUF ceases to have any business income.

Rebate from tax upto Rs. 25,000 is available for a resident individual whose total income is below Rs. 7 lacs. Further, the concept of marginal rebate has been introduced under section 87A, if the total income marginally exceeds Rs. 7 lacs.

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

For FPI

Short-term capital gains arising on unlisted shares, units of mutual funds (including specified mutual funds), market linked debentures 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 % and the applicable surcharge and health and education cess mentioned in *Annexure 1*.

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

For non-residents claiming such tax treaty benefits, it is mandatory to obtain a TRC from their home country's tax authorities. Further, the non-residents would also be required to furnish additional information in electronically filed 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.

Individuals and HUF can claim deduction from total income, under section 80C of the Act, in respect of specified investments made during the year upto Rs. 1.5 lacs.

In case the individual or HUF opts for alternate scheme of taxation, then they shall not be allowed any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32) of section 10 or section 10AA or section 16 or clause (b) of section 24 [in respect of property referred to in sub-section (2) of section 23] or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or clause (iia) of section 57 or under any provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or sub-section (2) of section 80CCH or section 80JJAA.

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 AYs.

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.

Further, 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 Company/ Mutual Fund for the purposes of entitlement of dividend to the shareholders/ income to unit holders to receive the said 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 securities or 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 ***MAT***

All Corporate Investors

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 DTAA and it does not have a permanent establishment in India or it is a resident of a country with which India does not have a DTAA and it is not required to seek registration under any law relating to the companies. These provisions are applicable retrospectively with effect from 1 April 2001.

The Finance Act, 2017 has introduced special provisions for computing MAT in cases of Indian Accounting Standards compliant companies. Further, MAT carry forward period has also been extended from ten to fifteen years.

The provisions of MAT shall not apply to a person who has exercised the alternate tax regime under section 115BAA and section 115BAB of the Act.

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% 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 heading 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 the following:

- a) Such person who has exercised the option under section 115BAC or section 115BAD or section 115BAE of the Act; or
- b) Income-tax payable in respect of the total income of such person is computed under sub-section (1A) of section 115BAC of the Act.

Further, the credit of AMT can be carried forward to fifteen subsequent years and set off in the year(s) where regular income exceeds the AMT.

4. STT

Investor shall be liable to pay STT 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	0.0125
Transaction for sale of an option in securities	Seller	The option premium	0.0625
Transaction for sale of an option in securities, where the option is exercised	Purchaser	The 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 set up under a scheme of a mutual fund specified under clause (23D) of section 10 of the Act 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% 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% 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% 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 shall be computed with reference to the annual average of the monthly averages of opening and closing figures.

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.

General Anti-Avoidance Rule 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, 2024; 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*
Domestic company opting for alternate tax regime/ engaged in manufacturing activities (section 115BAA & section 115BAB of the Act respectively)	10*
Individuals, HUFs, AOP or BOI, whether incorporated or not, and artificial juridical person with income not exceeding Rs. 5,000,000	NIL*
Individuals, HUFs, AOP or BOI, whether incorporated or not, artificial juridical person and non-corporate FPI for income exceeding Rs. 5,000,000 but upto Rs. 10,000,000	10*
Individuals, HUFs, AOP or BOI, whether incorporated or not, artificial juridical person and non-corporate FPI for income exceeding Rs. 10,000,000 but upto Rs. 20,000,000	15*
Individuals, HUFs, AOP or BOI, whether incorporated or not, artificial juridical person and non-corporate FPI for income exceeding Rs. 20,000,000 but upto Rs. 50,000,000 However, - Enhanced surcharged as introduced in Finance (No. 2) Act, 2019 shall not apply on short term capital gains under section 111A and long term capital gains under	25*

<p>section 112 and 112A arising on sale of equity share or unit of equity oriented mutual fund or unit of real estate investment trust/ infrastructure investment trust and long term capital gain on sale of any type of assets in the hands of individual, HUF, AOP, BOI and artificial juridical person.</p> <ul style="list-style-type: none"> - The enhanced surcharge shall not apply to capital gains arising on sale of any security including derivatives, debentures, bonds, etc. in the hands of FPI. - The enhanced surcharge shall not apply to dividend income earned from shares. - The enhanced surcharge shall not apply to AOP consisting of only companies as its members. <p>Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.</p>	
<p>Individuals, HUFs, AOP or BOI, whether incorporated or not, artificial juridical person and non-corporate FPI for income exceeding Rs. 50,000,000</p> <p>However,</p> <ul style="list-style-type: none"> - The enhanced surcharge shall not apply in case the assessee opts to pay tax as the new regime. - Enhanced surcharged as introduced in Finance (No. 2) Act, 2019 shall not apply on short term capital gains under section 111A and long term capital gains under section 112 and 112A arising on sale of equity share or unit of equity oriented mutual fund or unit of real estate investment trust/ infrastructure investment trust and long term capital gain on sale of any type of assets in the hands of individual, HUF, AOP, BOI and artificial juridical person. - The enhanced surcharge shall not apply to dividend income earned from shares. - The enhanced surcharge shall not apply to capital gains arising on sale of any security including derivatives, debentures, bonds, etc. in the hands of FPI. - The enhanced surcharge shall not apply to AOP consisting of only companies as its members. - The enhanced surcharge shall not apply to dividend income received by FPIs. <p>Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.</p>	37*
Co-operative society, local authority and firms (including LLP) for income not exceeding Rs. 10,000,000	NIL*
Co-operative society for income exceeding Rs. 10,000,000 but not exceeding Rs. 100,000,000	7*
Co-operative society for income exceeding Rs. 100,000,000	12*
Co-operative society opting for alternate tax regime / engaged in manufacturing activities (section 115BAD & section 115BAE of the Act respectively)	10*
Local authority and firms (including LLP) 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

The section herein is provided for information purposes. However, currently, as on the date of this document, the Portfolio Manager doesn't have any active clients under PMS.

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) . Investments in units of mutual funds will be valued at the NAV declared and available on the Association of Mutual Funds in India (AMFI) or by respective Fund house for the relevant Scheme.
- 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.
- i) In case securities have been received towards initial/additional corpus, the closing market value of securities on the date immediately preceding the day of activation of the account/receipt of securities in the books, as initial/additional corpus, is considered as capital contribution and deemed to be the cost of investments.
- j) In case securities have been withdrawn towards partial/full redemption, the closing market value of securities on the date immediately preceding the day of such partial/ full redemption is considered for the purpose of determining the value of the capital withdrawn. The difference in cost and market value of securities at the time of partial/ full redemption is recorded as a gain/loss on the portfolio for accounting purpose.

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.

SEBI has, from time to time, issued circulars/directives with regard to Know Your Client (KYC), Client Due Diligence (CDD), Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) specifying the minimum requirements. The Guidelines issued with the circular are in the context of the recommendations made by the Financial Action Task Force (FATF) on anti-money laundering standards.

SEBI vide their Master Circular Ref SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 – guidelines on Anti Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT), has given guidelines on Anti Money Laundering (AML) Standards/ Combating the Financing of Terrorism (CFT).

All these circulars lay down the minimum requirements of controls and due diligences to address concerns of money laundering and suspicious transaction undertaken by clients. Directives to all intermediaries registered under SEBI are issued to ensure compliance with the standards set by FATF and FIU-IND on AML and CFT.

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, now covered in para 16.2.4.4 of SEBI Master Circular dated May 19, 2023 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, now covered in para 16.2.4.4 of SEBI Master Circular dated May 19, 2023 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.

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.

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 client's 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) DIVERSIFICATION POLICY FOR PORTFOLIO MANAGER

This section is provided for information purposes. However, currently, as on the date of this document, the Portfolio Manager doesn't have any active clients under PMS.

The Portfolio Manager aims to provide optimal diversification based on the investment strategy of the Investment approach, to minimize the concentration risk in the portfolio. With respect to Investment Approaches investing predominantly in equity and equity related securities, the Portfolio Manager shall endeavour to achieve diversification of the portfolio at the constituent level by allocating between 10 to 40 constituents based on the stated investment strategy. The Portfolio Manager will also strive to achieve diversification of constituents across various sectors based on assessment of various macro-economic conditions. Diversification across sectors may not be optimal for sectoral / thematic strategies due to the nature of the strategies. Strategies investing predominantly in Mutual Funds/ETFs shall invest in fewer constituent mutual funds / ETFs.

16) INVESTOR SERVICES:

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

Name : Mr. Vivek Kudal
Address : Baroda BNP Paribas Asset Management India Private Limited
201(A) 2nd Floor, A wing, Crescenzo,
C-38 & 39, G Block Bandra Kurla Complex, Mumbai – 400 051.
Tel.: 91-22- 69209600 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 SEBI Complaints Redress System (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.

The Complaints lodged on SCORES against the Portfolio Manager shall be automatically forwarded through SCORES for resolution and submission of ATR. Portfolio Manager shall resolve the Complaint and upload the ATR on SCORES within 21 calendar days of receipt of the Complaint. The ATR will be automatically routed to the complainant.

In cases where investors raise issues, which require adjudication on any third party rights, on questions of law or fact or which is in the nature of a lis between parties, or if investors are not satisfied with disposal on SCORES post SEBI review, they shall seek appropriate remedies through the Online Dispute Resolution mechanism in securities market. In addition, investors have the option to approach legal forums including civil courts, consumer courts etc.

Investors can approach the Online Dispute Resolution mechanism or other appropriate civil remedies at any point of time. In case the complainant opts for Online Dispute Resolution mechanism or other appropriate civil remedies while the complaint is pending on SCORES, the complaint shall be treated as disposed 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 shall be handled through arbitration or Online Dispute Redressal Mechanism. In case of Arbitration proceedings shall be held at Mumbai.

Investors can approach the Online Dispute Resolution mechanism or other appropriate civil remedies at any point of time. In case the complainant opts for Online Dispute Resolution mechanism or other appropriate civil remedies while the complaint is pending on SCORES, the complaint shall be treated as disposed 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 shall be handled through arbitration or Online Dispute Redressal Mechanism. In case of Arbitration proceedings shall be held at Mumbai.

Name and Signature of any two Directors of the Portfolio Manager

	Name of Directors	Signature
1.	Mr. Sethuram Iyer Neelakantan	Sethuram Iyer Neelakantan Digitally signed by Sethuram Iyer Neelakantan Date: 2024.05.27 12:24:06 +05'30'
2.	Ms. Aparna Sharma	Aparna Sharma Digitally signed by Aparna Sharma Date: 2024.05.27 12:23:01 +05'30'

