Disclosure Document
Portfolio Management Services

(Updated up to March 31, 2017)

Interim updation dated September 6, 2017

QUANTUM ADVISORS PRIVATE LIMITED

BUILDING YOUR INDIA PORTFOLIO

Listed Equity	**Private Equity**	**Real Estate**	**Fixed Income**

QUANTUM ADVISORS PRIVATE LIMITED

503-504, Regent Chambers, 5th Floor, Nariman Point, Mumbai- 400021, India

PORTFOLIO MANAGEMENT SERVICES
DISCLOSURE DOCUMENT (March 2017)
As required under Regulation 14 OF SEBI (Portfolio Managers) Regulations, 1993

1. The Disclosure Document **(the Document)** has been filed with the Securities and Exchange Board of India **(SEBI)** along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

2. The Purpose of the Document is to provide essential information about the Portfolio Management Services to assist and enable the investors in making informed decision for engaging a Portfolio Manager.

3. The document contains necessary information about the Portfolio Manager required by an investor before investing. Investors are advised to retain this document for future reference.

4. The Investor should carefully read the Document prior to making a decision to avail the portfolio management services and retain the Document for future reference.

Details of the Portfolio Manager:

Portfolio Manager	: Quantum Advisors Private Limited (QAPL)
SEBI Registration Number (Portfolio Management Services)	: **INP000000187**
Address	: 503-504, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400021, India
Tel. Nos.	: 91-22- 6144 7900/ 91-22-2283 0322
Fax No.	: 91-22- 2285 4318/2287-5111
Website	: **www.QASL.com**

Details of the Principal Officer:

Name	: I. V. Subramaniam
Address	: 503-504, Regent Chambers, 5th Floor, Nariman Point, Mumbai- 400021, India
Tel. Nos.	: 91-22-6144 7902
Email id	: **Subbu@QASL.com**

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1. DISCLAIMER CLAUSE

The particulars of this Document have been prepared by the Management of Quantum Advisors Private Limited ("Quantum Advisors" or "Company") in accordance with the SEBI (Portfolio Managers) Regulations, 1993. This Document has neither been approved nor disapproved by the SEBI nor has the SEBI certified the accuracy or adequacy of the contents of the Document.

Pursuant to Regulation 14(3)(a) of the SEBI (Portfolio Managers) Regulations, 1993, Quantum Advisors hereby declares that the Portfolio Management Services rendered in accordance with the contents hereof, are rendered without guaranteeing or assuring, either directly or indirectly, any returns.

The Portfolio Manager is required to file this Disclosure Document with SEBI every six months or after any material change as deemed necessary by the Portfolio Manager, whichever is earlier, along with a certificate from the Independent Chartered Accountant and a certificate in form C.

The last six monthly Disclosure Document was filed with SEBI on November 24, 2016 with the information updated upto September 30, 2016.
Notwithstanding anything contained in the Disclosure Document, the provisions of SEBI (Portfolio Managers) Regulations, 1993 and the circular / guidelines issued from time to time there under shall be applicable.

This Disclosure Document along with certificate in form C is required to be provided to the Client, at least two days prior to entering into an agreement with the client.

2. DEFINITIONS

(i) **"Accounting Year"** shall mean financial year of Quantum Advisors which is reckoned from 1stApril of a year to 31stMarch of the next year.

(ii) "**Chartered Accountant**" means a Chartered Accountant as defined in Clause (b) of sub section 2 of the Chartered Accountant Act , 1949 (38 of 1949) and who has obtained a certificate of Practice under sub-section (1) of Section 6 of the Act

(iii) "**Client(s)/ Investor(s**)"means any person / entity that enters into an agreement / arrangement for availing portfolio management service with the portfolio manager by executing the portfolio agreement.

(iv) "**Discretionary Portfolio Manager**" means a portfolio manager who exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.

(v) **"Foreign Institutional Investor (FII)**" shall have the meaning defined under SEBI (Foreign Institutional Investor) Regulations, 1995.

(vi) **"Foreign Portfolio Investor (FPI)"** shall have the meaning defined under SEBI (Foreign Portfolio Investors) Regulations, 2014.

(vii) "**Fund Manager**" means the manager appointed for day-to-day management and administration of the funds managed under portfolio management service.

(viii) "**Net Asset Value**" or "**NAV**" means the net asset value of the portfolio which is the sum of (a) the value of the securities in the portfolio of the Client, determined in accordance with the valuation policies of the portfolio manager forming a part of the accounting policies as disclosed herein; and (b) the cash balance to the credit of the Client, less (c) accounts payable by the Client.

(ix) "**Non-Resident Indian (NRI)**" shall have the meaning defined under Foreign Exchange Management Act, 1999.

(x) "**Portfolio Management Agreement**" means the agreement entered or to be entered into between the Client and the portfolio manager for availing the portfolio management services rendered by the portfolio manager.

(xi) "**Portfolio Manager**" means QAPL acting through its personnel, specifically designated for the portfolio management service.

(xii) "**Principal Officer**" means an employee of the QAPL, who has been designated as such by the portfolio manager.

(xiii) "**SEBI**" mean the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992.

(xiv) **"Securities"** include shares, scrip, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated Company or other body corporate, derivatives, units or any other instrument issued by any collective investment scheme to the investors in such schemes, security receipt as defined in clause (zg) of Section 2 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, Government Securities, rights or interest in securities and such other instruments as may be declared by the Central Government to be securities and as defined under Securities Contract Regulation Act, 1956 provided that securities shall not include any securities which the portfolio manager is prohibited from investing under the SEBI(Portfolio Managers) Regulations,1993 or any other law for the time being in force.

Any references to laws and regulations in this Document shall be deemed to include such laws and regulations as may be amended, revised, updated and/or supplemented from time to time.

Words importing singular shall include the plural and all reference to masculine gender shall include the feminine gender and vice-versa.

3. DESCRIPTION

Quantum Advisors Private Limited is a limited liability company governed under the laws of India. QAPL is registered as a "Portfolio Manager" with SEBI, as an "Investment Adviser" with the US Securities and Exchange Commission (SEC) and as a "Restricted Portfolio Manager" in the Canadian provinces of British Columbia, Ontario and Quebec. QAPL was originally established in the name of Quantum Financial Services Pvt Ltd in 1990 and later changed its name in 1998 to Quantum Advisors Pvt Ltd. Quantum Advisors was established by Mr. Ajit Dayal as India's first equity research house. QAPL pioneered a quantitative as well as qualitative analytical approach to equity investing in India, providing for the first time consistently applied valuation metrics to evaluate investment opportunities in India's emerging stock markets. Over the years, QAPL has continued and enhanced our tradition of extensive financial analysis and value investing, as it has evolved into an investment adviser and asset manager.

i. **HISTORY, PRESENT BUSINESS AND BACKGROUND OF THE PORTFOLIO MANAGER**:

- **1990:** First pure equity research house in India. Did contractual research for Barings (now ING Barings), Kleinwort Benson, Asian Capital partners and Jardine Fleming.

- **1992:** Exclusive Equity Research and Advisory Services with Jardine Fleming

- **1995:** Terminated Advisory Service with Jardine Fleming

- **1990-1998:** Published the annual Quantum Stock Market Year Book, except for the years 1993 and 1995, where the books were not published.

- **1996-1998:** Equity Research and advisory services to Walden International Investment Group, USA.

- **1996-1998:** Equity Research and advisory services to Prolific Asset Management Limited, UK

- **1998 to April 2004:** Equity Research and advisory services to Hansberger Global Investors Inc., USA.

- **2009:** Registered as "Investment Advisor" with Securities Exchange Commission, USA in July 2009

- **2013:** Set up emerging market team to provide research & advisory services to an associate of the Company

- **2016:** Registered as "Restricted Portfolio Manager" with Canadian Regulators in the provinces of British Columbia, Ontario and Quebec.

- **2000 till date:** Equity research, portfolio management and advisory services to foreign institutional investors (FIIs)/ Foreign Portfolio Investors (FPIs) and Indian individual clients on a discretionary basis.

ii. PROMOTERS, DIRECTORS AND THEIR BACKGROUND

A. Particulars of Promoter[1]:

Name of the Promoter	Ajit Dayal
Address	15, CCI Chambers, Dinshaw Wachha Road, Mumbai - 400 020
% of Equity Shares held	Holds 34.97 %of the equity share capital of Quantum Advisors
Qualification	• Bachelor of Arts (Economics) from Mumbai University - 1981 • M.B.A from University of North Carolina - 1983
Experience **General & Specific**	• **1990 – Till date (Quantum Advisors Private Limited)** Mr. Ajit Dayal is the Founder of Quantum Advisors Private Limited (earlier known as Quantum Financial Services Pvt. Ltd), India's First Equity Research House in 1990. He held the position of CEO & CIO till January 29, 2007. He has resigned from the post of Director effective August 24, 2017 which was held by him since January 1990. However, he continues to be a member of the portfolio team for India equity product of the Firm. • **April 2015 Till date** - Director and Investment Committee Member of QIEF Management LLC (QIEF), an affiliate of Quantum Advisors , since April 1, 2015 **2007 Till March 2015** - Held position of CEO & CIO of QIEF since January 2007. • **1997 – 2004** (Hansberger Global Investors) - Mr. Dayal was Deputy Chief Investment Officer and subsequently offered the role of CEO in December 2003. HGI provided investment advisory services to its own family of mutual funds. • **1992-1995** – (Jardine Fleming) - As Director on the Board of Jardine Fleming Companies, he helped to attract FII Investment into India and also assisted Jardine Fleming companies in investing their corpus in Indian shares and GDRs. • **1988** (UTI) - Mr. Dayal was the Chief Executive Officer of UTI Investment Advisory Services Limited, the Delaware-based investment advisor of The India Growth Fund, a closed-ended fund listed on the NYSE. • **1984-90** (Ashok Birla Group) - Associated with Ashok Birla Group and was responsible for the Birla-Warburg project involving preparation of a business case for the India opportunity and why the Ashok Birla Group would be a good potential joint venture partner for the companies like Yamaha, 3M, and Kennametal. Mr Dayal also led the efforts for the IPO of these three joint ventures in the Indian stock exchange and liaised with the investment bankers and the various management teams during the entire process.

[1] Certain changes have been made in the Promoter's background during our interim updation consequent to resignation of Mr. Ajit dayal from the Directorship of the Company effective August 24, 2017.

- **Ownership details/Shareholding pattern**

➢ Management Team: **50.80%,** of which key individuals are;

- Ajit Dayal, Director, 34.97%
- I V Subramaniam, MD & CIO, 5.80%
- Other management staff including Quantum ESOP Trust 10.03%

➢ External Investors; - HWIC Asia Fund Class Q Shares (HWIC Asia), 49.20%

HWIC Asia is ultimately beneficially owned by Fairfax Financial Holdings Limited (“FFHL”). FFHL is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management activities. FFHL is listed on the Toronto Stock Exchange and is the ultimate parent entity of the Fairfax group.

HWIC Asia is not involved in the day to day management and operations of the business of Quantum Advisors including research and portfolio management. HWIC Asia intended to be a passive financial shareholder of the Company but they will have customary minority protection rights as a passive financial shareholder.

B. Particulars of Directors and their background

<table>
<tr><th colspan="3">Mr. WILLIAM GEOFFREY STEIN</th></tr>
<tr><td>Address</td><td colspan="2">36 Argyle Road, Arlington, MA,02476 USA</td></tr>
<tr><td>Qualification</td><td colspan="2">• Bachelor of Arts from Cornell University
• JD Degree from University of Wisconsin School of Law.</td></tr>
<tr><td>Experience: General & Specific</td><td colspan="2">• From 1998 till date:- Managing Director of Celerity Ventures, LLC, USA - Celerity Ventures focuses on launching new companies and providing advisory services and assisting them in gaining access to venture capital and private equity.
• From 1999 to 2001:- Co-founder of THINQ Learning Solutions Inc. USA. - Served in various capacities as Chief Financial Officer, Vice President, Corporate Development and Secretary with responsibilities in Finance, Administration, Operations, Corporate strategy and mergers and acquisitions.
• From 1995 to 1997:- Vice President & General Counsel of Pure Atria Corporation - Involved in Corporate Venturing activities, structuring, negotiating and closing a wide variety of strategic alliances partnering relationships, mergers & acquisitions
• From 1986 to 1992 :- Associate in Law Firm of Palmer & Dodge and Hutchins, Wheeler & Ditmar – Specialised in venture capital investments, and management lead buy-outs, spin-offs and provided full range of legal services to high technology companies.</td></tr>
<tr><td>Ownership Details in QAPL</td><td colspan="2">Nil</td></tr>
<tr><td>Date of Appointment</td><td colspan="2">June 16, 2004</td></tr>
<tr><td rowspan="11">Other Directorships</td><td>Company/Body Corporate</td><td>Position</td></tr>
<tr><td>Menlo Oak Venture Investments, Mauritius</td><td>Director</td></tr>
<tr><td>QIEF Management LLC, Mauritius</td><td>Director</td></tr>
<tr><td>QIPEF Mauritius Ltd., Mauritius</td><td>Director</td></tr>
<tr><td>Celerity Ventures, LLC, USA</td><td>Managing Director</td></tr>
<tr><td>SBD Holdings, LLC, USA</td><td>Director</td></tr>
<tr><td>PREI Management Ltd, Mauritius</td><td>Director</td></tr>
<tr><td>QIEF Management Corp. USA</td><td>Director</td></tr>
<tr><td>FC 701 Inc</td><td>Director</td></tr>
<tr><td>FC 702 Inc</td><td>Director</td></tr>
<tr><td>QIEF Emerging Market Value Fund</td><td>Director</td></tr>
</table>

Mr. DARIUS E. UDWADIA	
Address	Elphinstone House, 1st Floor, 17 Murzban Road, Mumbai-400 001.
Qualification	• Master of Arts from University of Mumbai • Bachelor of Law from Government Law College • Solicitor (Bombay High Court) from The Bombay Incorporated Law Society • Solicitor of the Supreme Court of England
Experience: General & Specific	• Mr. Udwadia is a Solicitor and Advocate of the Bombay High Court and a Solicitor of the Supreme Court of England. He was a partner of Crawford Bayley & Co., Solicitors & Advocates, Mumbai, for 21 years. He was a founder partner of M/s. Udwadia & Udeshi, Solicitors and Advocates, Mumbai, from July 1997. In 2012, the firm was enlarged and reconstituted as Udwadia Udeshi & Argus Partners where he was a Senior Partner. Mr. Udwadia set up a new firm "Udwadia & Co." in May 2015 of which he is the Sole Proprietor. • Mr. Udwadia has been in active law practice for nearly 54 years. He has over time gained significant experience and expertise in corporate law, joint ventures, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, project and infrastructure finance, intellectual property, international loans and finance related transactions and instruments, mutual funds, real estate and conveyancing. His attendance at the Board and Audit Committee meetings of the Company has been virtually 100%. As an Independent Director he participates actively in the proceedings of the Board and Audit Committee meetings. He sits on the Board of several public listed and private limited companies.
Ownership Details in QAPL	Nil
Date of Appointment	November 7, 2005.

Other Directorships	**Company/Body Corporate**	**Position**
	ABB India Limited	Director
	MPS Limited.	Vice-Chairman
	The Bombay Burmah Trading Corporation Limited	Director
	ITD Cementation India Limited	Director
	JM Financial Limited	Director
	HabasitIakoka Pvt. Ltd.	Director
	JM Financial Trustee Company Private Limited	Director
	Rossi Gearmotors (India) Private Ltd	Director
	Conservation Corporation of India Pvt. Ltd.	Director
	JM Financial Credit Solutions Limited	Director
	Bombay Gymkhana Ltd.	President
	Concast (India) Limited	Director

<table>
<tr><th colspan="3">Mr. NABANKUR GUPTA</th></tr>
<tr><td>Address</td><td colspan="2">11, Jayshree, 75, Worli Seaface, Worli, Mumbai – 400 030</td></tr>
<tr><td>Qualification</td><td colspan="2">Electrical & Electronics Engineering Graduate form IIT, Delhi</td></tr>
<tr><td>Experience: General & Specific</td><td colspan="2">• Co- Founder of Blue Ocean Capital & Advisory Services Pvt. Ltd
• From 2005 till date - Founder & CEO of Nobby Brand Architects & Strategic Marketing Consultants
• From 2000 – 2005 -Group President of Raymond Group
• From 1989 - 2000 Executive Director of Videocon International Limited
• From 1972 – 1989 Worked in different senior assignments for 18 years for Philips (India) Limited</td></tr>
<tr><td>Ownership Details in QAPL</td><td colspan="2">Nil</td></tr>
<tr><td>Date of Appointment</td><td colspan="2">December 2, 2005</td></tr>
<tr><td rowspan="11">Other Directorships</td><td>Company/Body Corporate</td><td>Position</td></tr>
<tr><td>Raymond Limited</td><td>Director</td></tr>
<tr><td>J.K. Helene Curtis Limited</td><td>Director</td></tr>
<tr><td>Cravatex Limited</td><td>Director</td></tr>
<tr><td>PritishNandy Communications Ltd.</td><td>Director</td></tr>
<tr><td>PNC Wellness Limited.</td><td>Director</td></tr>
<tr><td>Blueocean Capital and Advisory Services Pvt. Ltd.</td><td>Chairman</td></tr>
<tr><td>Magma Fincorp Limited</td><td>Director</td></tr>
<tr><td>VIP Industries Ltd</td><td>Director</td></tr>
<tr><td>Gomukhi Indus Capital Advisory Private Limited</td><td>Chairman</td></tr>
<tr><td>Videocon d2h Limited (Formerly Bharat Business Channel Limited)</td><td>Director</td></tr>
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<table>
<tr><th colspan="3">Mr. S. S. THAKUR</th></tr>
<tr><td>Address</td><td colspan="2">1161, Abdul Court, Flat No. 20, 7th Floor, Suryavanshi Marg, Dadar, Mumbai-400028</td></tr>
<tr><td>Qualification</td><td colspan="2">• M.Com, from Sagar University
• CAIIB</td></tr>
<tr><td>Experience: General & Specific</td><td colspan="2">• Senior Advisor in Subhadra Local Area Bank Ltd effective February 1, 2016

• Currently holding the position of an Independent Director in various Companies as indicated below

• June 2001–August 2010: <u>Central Depository Services (India) Limited</u> - Worked as a Non-Executive Chairman

• 1994–2000:<u>HDFC Bank</u> - Worked as non-Executive Chairman of the Board

• 1988–1993: Was a Senior Advisor of United Nations Development Programme and worked as Adviser to the Governor, Bank of Zambia on the UN assignment. Contributed to various reforms in central banking areas, including foreign exchange management and was involved in major relaxations of exchange controls on current and capital account transactions.

1956–1987: Worked in RBI for over 31 years and was Controller of Foreign Exchange and discharged responsibilities of administration of exchange controls under FERA & initiated various exchange control relaxations and reforms</td></tr>
<tr><td>Ownership Details in QAPL</td><td colspan="2">Nil</td></tr>
<tr><td>Date of Appointment</td><td colspan="2">March 14, 2007</td></tr>
<tr><td rowspan="12">Other Directorships</td><td>Company/Body Corporate</td><td>Position</td></tr>
<tr><td>KEC International Ltd</td><td>Director</td></tr>
<tr><td>DSP Black Rock Trustee Co. Pvt. Ltd.</td><td>Director</td></tr>
<tr><td>Shrenuj & Co. Ltd.</td><td>Director</td></tr>
<tr><td>Quantum Information Services Pvt. Ltd.</td><td>Director</td></tr>
<tr><td>Urban Infrastructure Ventures Capital Ltd.</td><td>Director</td></tr>
<tr><td>Responsive Industries Ltd.</td><td>Director</td></tr>
<tr><td>Harirani Investment and Trading Pvt. Ltd.</td><td>Director</td></tr>
<tr><td>Equity Master Agora Research Pvt. Ltd.</td><td>Director</td></tr>
<tr><td>HDFC Securities Ltd</td><td>Director</td></tr>
<tr><td>Common Sense Living Private Ltd.</td><td>Director</td></tr>
<tr><td>Kamat Hotels (India) Ltd</td><td>Director</td></tr>
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Mr. I.V. SUBRAMANIAM	
Address	605/6 Raheja Acropolis, Athena Building, Deonar-Pada Road, Deonar Village, Chembur, Mumbai- 400 088
Qualification	• Bachelor of Commerce from Osmania University • Bachelor of Law from Osmania University • Company Secretary from ICSI • Diploma in Business Finance from ICFAI • CFA Charter holder CFA Institute USA
	• **Quantum Advisors Pvt. Ltd (QAPL)** ➢ Currently Managing Director & CIO, W.e.f. May 16, 2013 (earlier designated as CEO & CIO) ➢ CIO from January 29, 2007 to December 16, 2009; ➢ Deputy CIO from Nov 15, 2006 to Jan 28, 2007 ➢ Portfolio Manager & Head Research carrying on Equity Research on Indian Stocks since joining in 1996 till Oct. 2005. • Quantum Asset Management Company Private Limited - Sr. Fund Manager & Head Research of QAMC (a 100% subsidiary of Quantum Advisors Private Limited) from Oct 2005 to Nov 2006. **Prior to 1996-** • Industry and Company Analysis for Securities Capital (I) Private Limited. • Apprenticeship with Company Secretary, Homi H VimaDalal • Project Reports and Fund Management for Sunku Auto Limited • Handling of Public Issues in Registrar Division of Karvy Consultants • Managing Operations for D.B.T. Kumar Member Hyderabad Stock Exchange
Ownership Details in QAPL	Owns 5.80% equity shares of QAPL.
Date of Appointment	Managing Director of Quantum Advisors Private Limited since May 16, 2013

Other Directorships	**Company**	**Position**
	Helpyourngo.com India Private Limited	Director
	Quantum Asset Management Company Pvt. Ltd.	Director
	Money Simplified Services Private Limited	Director
	Personalfn Insurance Services India Ltd	Director
	Equity Master Agora Research Pvt. Ltd.	Director
	Quantum Information Services Pvt. Ltd.	Chairman
	Primary Real Estate Advisors Pvt. Ltd.	Director
	G. Corp Homes Pvt. Ltd.	Director
	G. Corp Spaces Pvt. Ltd.	Director
	Common Sense Living Private Limited	Director
	Goodtime Real Estate Development Pvt Ltd	Director
	Amalfi Realty Pvt. Ltd.	Director
	HelpYourNGO Foundation	Director
	Naturals Streets for Performing Arts Foundation	Director

Ms. Marsha J. Vande Berg	
Address	2584 Filbert St, San Francisco, CA 94123
Qualification	• Ph.D. from Vanderbilt University • Master Degree from Duke University
Experience: General & Specific (in Brief)	• **2016:** Fellow, Stanford University Distinguished Career Institute • **2015:** Member Advisors Network, Official Monitory & Financial Monitory & Financial Institution Forum (OMFIF), London, 2015 • **2005-2014 :** Chief Executive Officer, Pacific Pension Institute, a **non-profit and** educational resource for institutional investor,. • **2014-2016:** Fellow, Harvard University Program on International Financial Systems **Board and Committee Experience** • Member, Council on Foreign Relations (CFR) National Committee, New York. • Director, RAND Center/Asia Pacific Policy Advisory Board RAND CAPP Corporate and Membership Committee, 2008 • Co-chair, Stanford Distinguished Careers Institute Alumnae Steering Committee, 2017 Director, Japan Society, Northern California, and member, Corporate Membership Committee 2016 • Director, 1990 Institute and member, Nominations & Governance Committee, 1998 - • Director, IWF Legacy Foundation, 2014
Ownership Details in QAPL	Nil
Date of Appointment	July 2, 2014

Note 1: Mr. Hemang Dave, Non- Executive Director of QAPL has resigned from the Company effective February 23, 2017.
Note 2 – Mr. Ajit Dayal has resigned as a Director of QAPL effective August 24, 2017

iii. GROUP COMPANIES / FIRMS OF THE PORTFOLIO MANAGER ON TURNOVER BASIS (BASED ON LATEST AUDITED FINANCIAL STATEMENTS)

1. HWIC Asia Fund Class Q Shares
2. Quantum Asset Management Company Pvt. Ltd.
3. PREI Management Limited – Mauritius
4. Equitymaster Agora Research Pvt. Ltd
5. QIEF Management LLC, Mauritius
6. Primary Real Estate Advisors Pvt. Ltd.
7. Helpyourngo.com (I) Pvt. Ltd
8. Quantum Information Services Pvt. Ltd.
9. QIEF Management (HK) Ltd
10. Common Sense Living Private Limited
11. QIEF Management Corp, USA

iv. DETAILS OF SERVICES BEING OFFERED

Discretionary/Non-discretionary/Advisory
Quantum Advisors Private Limited offers following types of Services:

Category of Clients	Type of Services
Individual Clients	• Discretionary Portfolio Management Services
Institutional Clients - Foreign Institutional Investors (FIIs)/ Foreign Portfolio Investors (FPIs)and their sub-accounts	• Discretionary Portfolio Management Services. • Research & Portfolio Advisory services in relation to; 1. India Focused Separately managed accounts 2. India focused Equity Private Fund 3. India focused Fixed Income Fund 4. Emerging Market focused Equity Private Fund

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

(i)	All cases of penalties imposed by the SEBI or the directions issued by the SEBI under the Act or Rules or Regulations made there under.	None
(ii)	The nature of the penalty/direction.	Not Applicable
(iii)	Penalties imposed for any economic offence and/or for violation of any securities laws.	None
(iv)	Any pending material litigation/legal proceedings against the portfolio manager, key personnel with separate disclosure regarding pending criminal cases, if any.	None
(v)	Any deficiency in the systems and operations of the portfolio manager observed by the SEBI or any regulatory agency.	None
(vi)	Any enquiry/ adjudication proceedings initiated by the 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 there under.	None

5. SERVICES OFFERED

(a) Equity Product:-

(i) Investment Philosophy

Our Investment strategy is to invest in companies which we believe are attractively priced in the market as compared to our valuation of the company.

We set the valuations of the companies in which we invest based on their businesses, the strength of their balance sheets and cash flow relative to their long term goals and other factors including our assessment of the skill and expertise of the company's management team and the long term potential for both the company and the markets in which it operates. Such opportunities may arise for a variety of reasons ranging from the belief that the markets have undervalued a company, to an assessment that there is opportunity for significant profit or market share growth given the dynamics of the sector in which a company operates, or as a result of the company's competitive or proprietary advantages.

Our investment portfolio will generally consist of Listed Equity Shares of Companies in India having an average daily trading volume of USD 1 million or above over last one year and the weight of any one company shall be generally in the range of 2% to 6% of the total market value of the portfolio at cost and 10% at current market prices. The process of building the portfolio is a team driven process.

We will avoid investment in companies:

- With record of poor treatment of minority shareholders; that have blatantly violated environmental rules and regulations; that have acquired national properties from government through questionable means; that follow other similarly questionable practices
- With questionable accounting practices
- With weak business models
- Where it is not clear as to who exactly are the founders of the company

As a practice we will generally not invest in companies that derives more than 20% of their total revenues from tobacco, hard liquor or gambling/casino activities. The term hard liquor does not include wine and beer.

The stocks also pass through further integrity screens such as:

- Are there too many related party transactions?
- Is there a succession plan in place?
- Is it a company where only one person runs it?
- Has the management changed and become better or become worse?

We adopt a long-term approach for investing in equities, typically holding stocks for a 5 year period, suggesting an average portfolio turnover of 20%.

Our investment philosophy and strategy involves the use of intensive fundamental analysis, both quantitative and qualitative, to build and monitor our clients' portfolios actively, while at the same time avoiding excessive trading, and to control risk by keeping our clients' portfolio adequately diversified, both in terms of the sectors included in those portfolios, as well as with respect to the level of concentration in any specific security. We do not make sector calls. We make stock calls that lead to certain sector weights.

We believe that our investment process is unique as it is "team-driven" and not based on the existence of a "star" fund manager. In addition to the "team" structure, we believe that our investment process has a calibrated risk approach and a long-term orientation.

We sell investments in companies when we believe the market price of those investments has exceeded our assessment of the long-term value of those companies, or when we believe adverse changes to a company's management, prospects or the markets in which it operates have occurred. We base our comparisons of company valuations against market prices on fundamental criteria (dividend yields, price to earnings, price to cash flow, price to book value, and other different measures of ratios), relative to a company's peer group, its history and the overall equity markets.

Although we believe market liquidity to be an important tool to mitigate investment risk, depending on the client-specific mandate, we may make opportunistic investments in relatively illiquid securities, including securities in unlisted companies.

(ii) Investment Objective:

The primary investment objective of QAPL for this product is to achieve long term capital appreciation from a fully equity oriented portfolio that are in a position to benefit from the anticipated growth and development of the Indian economy and its investment universe will be as far as possible the companies constituting the S&P BSE 200 or any appropriate additions made thereto and will be subject to any specific guidelines prescribed by clients. However, considering the market conditions, QAPL may at its discretion, invest in one or more financial and money market instruments.

Types of securities in which investment is made:

QAPL invests funds in equity shares, stocks, scrips. It may also invest in any financial, money market or other instruments or investments limited to bonds, units of mutual funds, bank deposits, convertible debentures, non-convertible debenture, certificate of deposits, Government securities, treasury bills and certificates of securitized debt.

(b)Fixed Income Product:-

(i) Investment Philosophy

The Investment philosophy at QAPL reflects the intensive use of fundamental analysis, both quantitative and qualitative; to effectively construct and manage the portfolio based on the investment objectives as per the Client's mandate.

We have a policy to monitor the portfolio actively, not so as to engage in excessive trading, but to control and manage the portfolio risks.

We believe that having a long term investment focus is the best way to participate in the benefits that is anticipated to accrue due to the long term growth in the Indian economy and the broad based developments of the Indian bond market. So even if, the product might be a money-market fund, the investment philosophy and process is driven by research on long term parameters and trends and the portfolio is built with that focus.

The other key factor which drives the Investment philosophy is the Investment Objective of the product and the legality and compliance associated with it.

We, at Quantum, strive towards offering sensible risk-adjusted returns over the long term. For all Quantum Fixed Income products, the investment objective would be achieved in the following order of priority:

- Legality & Compliance
- Capital Preservation
- Portfolio Liquidity
- Yield and Return Enhancement

(ii) Investment Objective

The objective of the fixed income product is to generate income and capital gains by investing in fixed income securities issued by the Central Government of India (Sovereign) and government owned companies (Public Sector Units – PSU) of Indian origin (PSU Corporate Debt).

The investment strategy is to take advantage of the long term development in the Indian bond markets that is anticipated with the growth in the Indian Economy.

The fixed income team follows a top-down research and investment approach that involves analysis of long term macro-economic indicators, and Company and Instrument analysis.

The macro and micro analysis narrows down to buyable securities based on the investment objectives and risk parameters that includes maturity profile, credit profile and risk profile of the securities in the portfolio.

Under normal circumstances and in case of FII clients, as per availability of investment limits the asset allocation shall be as follows;

Type of Instruments	Minimum	Maximum
Indian Government Bonds	0%	100%
AAA India PSU Bonds – Bonds used by Government owned Companies	0%	100%

Types of securities in which investments shall be made:

QAPL shall invest as per applicable Government policies for investments in

- Securities issued by Central Government of India – Government Securities and Treasury Bills, Commercial Papers (CPs) of government owned companies,

- Corporate Debt securities issued by government owned companies – Non Convertible Debentures (NCDs) and Bonds including Zero Coupon Bonds

- Debt obligations of government owned banks and financial institutions including perpetual and Upper Tier II bonds

- Floating rate Debt Instruments, whose coupon rates are linked to a benchmark like the NSE MIBOR (Mumbai Inter-Bank Offer Rate) or the INBMK (Reuters Indian Government Bond Benchmark)

(c) Policies for investments in Associate or Group Companies & the maximum % of such investments:

None of the group companies are listed on any Stock Exchange, hence as of now no policy has been formulated as such for investment in Associate or Group Companies.

We may cause our clients to invest in Quantum Long Term Equity Fund (QLTEF) a fund launched by one of our affiliates, Quantum Mutual Fund (QMF) or other funds associated with QMF(collectively, the "QMF Affiliated Funds"). Because of our relationship with QMF, we face inherent conflicts of interest in causing our clients to invest in any QMF Affiliated Fund, including QLTEF, in preference to other funds whose sponsors are not affiliated with us. To address the conflict of interest that such investments present, we : **(a)** shall ensure that our clients do not bear "double" fees in connection with their investments in our Affiliated Funds and **(b)** in case the Client is a Fund, the aggregate expense ratio of the Fund shall not under any circumstances exceed the maximum expense ratio permissible under the Fund's offering memorandum and**(c)** we make such investments only if : **(i)** in case of a Private Account client, the portfolio management agreement with that client allows investments in our Affiliated Funds; and **(ii)** in case of a Fund client, the Fund's offering memorandum permits investments in Affiliated Funds and contains adequate disclosures about the conflicts of interest that we face in connection with those investments and **(iii)** in the absence of **a)** client portfolio management agreement allowing such investments or**b)** adequate disclosures of conflict of interests in the Fund offering document, informed consent of the client is obtained by us.

(iii) Minimum Portfolio Size

Regulation 15(1A) of the SEBI (Portfolio Managers) Regulations, 1993 prohibits the Portfolio Manager from accepting from a client, funds and/or securities worth less than Rs. 25,00,000 (Rupees Twenty Five Lacs).

QAPL currently accepts portfolios upwards of Rs. 50,000,000/- (Rs.5 Crores) from Indian Private individual accounts. The Portfolio Management services that QAPL provides are generally available to its equity focused Institutional private accounts at a recommended minimum account size of US $20,000,000 and to its Fixed Income-Focused institutional account at a recommended minimum account size of US $50,000,000. Minimum account sizes may vary, however, depending on the type of investment advisory services to be performed and may be negotiable (Subject to the regulatory threshold) in certain circumstances.

The Clients can either give a Cheque of a requisite amount or the securities having a minimum market value of a requisite amount, on the day, the Portfolio Management

Agreement is signed. Alternatively, the assigned portfolio can be a mix of cash and securities having a minimum total value of a requisite amount.

6. RISK FACTORS

The following are the risks envisaged and the Investors should consider same as described in the Disclosure Document. The Risk disclosures mentioned are only the estimates and could be materially different from what actually occurs in the future.

(i) <u>Risk factors for Equity Product</u>

Given below are some of the common risks associated with investments equity securities. These risks include, but are not restricted to:

(a) Securities investments are subject to Market risks and there is no assurance and guarantee that the objectives of the Product / Investment will be achieved.

(b) The investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation. The portfolio managed by QAPL would be a judicious balance among the various sectors like cyclical, technology, media, FMCG, banking, utilities etc. The weightage of each sector would be based on the perception of the Portfolio Managers.

(c) The returns of the investment portfolio are based on the factors affecting capital markets which by way of illustration, such as price and volume volatility in the stock markets, event risks, currency exchange rates, foreign investment, changes in Government and Reserve Bank of India policy, taxation, political, economic or other developments, etc.

(d) Risks arising out of non-diversification: QAPL manages fully diversified equity portfolios and the risk of such investments is restricted to market risks.

(e) Previous experience/track record: QAPL has been managing Portfolios since June 2000

(f) Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio Manager. Equity and equity related instruments are by nature volatile and prone to price fluctuations. The investor may lose money over short or long period in response to factors such as economic and political developments, changes in interest rates, market movements and over longer period during market downturn.

(ii) <u>Risk factors for Fixed Income Product</u>

Given below are some of the common risks associated with investments in fixed income and money market securities. These risks include, but are not restricted to:

(a) Securities investments are subject to Market risks and there is no assurance and guarantee that the objectives of the Product / Investment will be achieved.

(b) Risks arising from the investment objective, investment strategy and asset allocation :–

The performance of the Company may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems, event risk, credit risk, reinvestment risks, etc. Further, the price of the securities may go down in case the credit rating of the Company or issuer goes down. Given below are some of the common risks associated with investments in fixed income and money market securities. These risks include, but are not restricted to:

i) **Interest Rate Risk / Market Risk:** Changes in interest rate may affect the net asset value. Generally the prices of instruments increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities fluctuate more in response to such interest rate changes than short-term securities.

ii) **Credit Risk**: Credit risk or Default risk refers to the risk that an issuer of a debt instrument may default (i.e. the issuer will be unable to make timely principal and interest payments on the security). Because of this risk, bonds issued by non-government agencies are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a debt instrument will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk

iii) **Reinvestment Risk**: This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be re-invested may be lower than that originally assumed.

(c) The returns of the investment portfolio are based on the current yields of the securities, which may be affected generally by factors affecting capital markets such as price and volume, volatility in the stock markets, interest rates, currency exchange rates, foreign investment, changes in Government and Reserve Bank of India policy, taxation, political, economic or other developments, etc.

Some segments of the government bond market and the corporate bond markets have limited liquidity which could impact prices of instruments. There is no assurance that a deep secondary market will develop for such securities which could limit the ability of the securities to re-sale them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

(d) Risks arising out of non-diversification: - QAPL has the following investment restrictions to address the concentration or non-diversification risks. Therefore, the risk of such investment is restricted to market risks.

Investment Restrictions

Security	Investment limit (Per Issuer)	Investment limit (Per Issue)
Government Bonds	NA	50% of Net Assets
PSU Corporate Debt	10% of Net Assets	10% of Outstanding Issue

(e) Previous experience/track record: QAPL started managing portfolio of one of the India focused fixed income fund on a discretionary basis from February 2015.

(f) Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio Manager. The investor may lose money over short or long period in response to factors such as economic and political developments, changes in interest rates, market movements and over longer period during market downturn.

(iii) <u>General Risk Factors</u>

General Risk Factors applicable to all Portfolios:-

- ***Reliance on the Advisory Team***

  The success of the Company's client portfolios depends largely on the abilities of the Company's advisory team to develop and implement investment strategies to achieve the clients' investment objectives. The Company may change the members of its advisory team and there can be no assurance that each member of our advisory team will continue to be employed with us, which could adversely affect our performance. Finally, if any of the investment professionals or management team responsible for the investments were to become unwilling or unable to serve, as a result of death, illness or otherwise, our performance could also be adversely affected.

- ***Not a complete Investment Program***

  An investment with the Company is not intended as a complete investment program. If the Company's strategies are not successful or it is unable to implement its strategies effectively, its clients could lose some or all of their capital.

- ***General Economic and Market Conditions***

  The success of the Company's client's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in government regulation and national and international political circumstances. These factors may affect the success of the businesses in which our clients' portfolio companies are engaged as well as the markets for the securities clients hold. Unexpected volatility or illiquidity could impair our client's profitability or result in losses.

<u>Certain Strategy Risks</u>

- ***Volatility***

  The securities (both debt and equity) in which the Company invest on behalf of its clients are prone to price fluctuations on a daily basis due to both macro- and micro-factors, and this volatility may adversely affect clients.

- ***Liquidity and Settlement Risks.***

  Different segments of the financial markets have different settlement cycles, and these settlement cycles may be adversely impacted by unforeseen circumstances, leading to settlement risk and losses to our clients' portfolios. The liquidity of our clients' portfolios may be inherently restricted by trading volumes, transfer procedures and settlement periods. While we endeavor to avoid overly concentrated positions in securities of specific industries and sectors, because of liquidity restrictions or other factors, we cannot guarantee that our clients' portfolios will always be adequately diversified, which could amplify losses. Reduced liquidity may also have an adverse impact on market price and our ability to dispose of particular securities, when necessary, to meet our clients' liquidity needs or in response to specific economic events. Reduced liquidity may also impair our ability to restructure or rebalance our clients' portfolios when we believe such restructurings or rebalancing are necessary to protect performance.

Certain Risk Factors Concerning India

Because the focus of our investment strategy is to invest in India, the investment returns that our clients experience will depend heavily on general economic and business conditions in India. Accordingly, before opening an account with us, clients should consider the following:

- ***Economic Factors***

  The success of our clients' portfolio investments depends in part on the stability of general economic and business conditions in India and on the continuation of the Indian government's current economic liberalization and de-regulation policies. There is, however, no assurance that these liberalization and de-regulation policies will continue in the future. The rate of economic liberalization in India could change, and specific laws and policies affecting taxation, foreign investment, currency exchange and other matters affecting our clients' investments could change as well. In addition, laws and policies affecting the various portfolio companies held by us for client portfolios could change, adversely affecting the values or liquidity of securities issued by those companies.

- ***Political and Communal Factors***

  India's relations with neighboring countries have historically been tense. Since the separation of India and Pakistan upon their independence in 1947, India and Pakistan have fought three wars, and in the last several years both countries have conducted successful tests of nuclear weapons and missile delivery systems. More recently, terrorist attacks in November 2008 and July 2011 in Mumbai have further heightened tensions and security risks in the India. India's population is comprised of numerous ethnic groups with diverse religions and languages. There have been communal conflicts/ tensions in the past. India had experienced in the past such incidents such as the riots in 1992 that caused closure/disruption of services at the Bombay Stock Exchange for certain days.

  Events of this nature in the future may influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, and on the market for the services of Indian companies in which QAPL may have investments for its clients.

- ***Indian Stock Market Risks***

  The Indian securities markets are smaller and more volatile when compared to the securities markets of the United Kingdom, the U.S. and certain other OECD countries. Accordingly, the Indian stock markets may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have adverse impact on the NAV of our client portfolios. Indian stock exchanges utilize 'circuit breaker' systems under which trading in particular stocks or entire trading could potentially be suspended on account of excessive volatility in a stock or on the market. Such disruptions could significantly impact our ability to sell the client investments. Factors like these could adversely affect our client portfolio performance.

The SEBI has wide powers and duties to regulate market practices in India, which include prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The securities law and regulations in India are continuously evolving, however, and the ability of SEBI to promulgate and effectively enforce rules regulating market practices is uncertain.

- ***Limited Liquidity***

  A disproportionately large percentage of market capitalization and trading value in the Indian stock exchanges is represented by a relatively small number of issues. There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants as compared to certain OECD markets. It may, therefore, be difficult to invest client assets so as to obtain a satisfactory diversification of the portfolio or to realize our client investments at the places and times that we would wish to do so.

- ***Capital Raising Constraints under Indian Law***

  Approvals from the Government of India may be required for the Company to invest in certain Indian companies. India has embarked upon the second phase of liberalization in the foreign investment regime. The present Foreign Investment Policy has changed the basic approach to regulating foreign investment, from stipulating the areas in which foreign investment is permitted, to listing out only the limited areas in which foreign investment is barred. Foreign investment proposals that are not covered by the automatic approval mechanism are cleared by the Foreign Investment Promotion Board ("FIPB"), which considers such proposals on a case-by-case basis.

  Except for the areas of housing and real estate (other than integrated township development), trading in transferable development rights (TDR's), atomic energy, agriculture or plantation activities (Other than certain permitted agricultural activities and tea plantation), gambling or lottery business or business of chit funds (an institution which accepts savings and lends money for house and other purchases), nidhi companies (a mutual benefit society notified by Ministry of corporate Affairs, India), foreign investment is permitted (either under the automatic; i.e. without prior government approval or through the government approval route) subject to sector-specific limits, in various investment sectors. Most of the investment avenues for our client portfolios are expected to have an automatic approval. Each investment avenue is peculiar and lack of clarity in policy interpretation and dispensation of administrative decisions could place constraints on our ability to expeditiously make potential investments for our clients.

- ***Currency Exchange Rate Risks***

  While the regulatory regime for hedging genuine currency risk in India has been relaxed in recent years, we believe that it remains impractical to hedge currency risks in India for more than relatively short periods of time, and even for short term hedging the cost can be high.

  Accordingly, currency risk in relation to the Indian rupee remains a significant risk factor for our investment program, and the cost of hedging this currency risk (if available) could reduce our clients' investment returns. Decreases in the value of the Indian rupee relative to other currencies (particularly the US dollar) should be expected to adversely affect investment returns, and such a decrease may be likely given India's current inflation rate and its budget deficits.

  The operation of client bank accounts in India is also subject to significant regulation by the Reserve Bank of India ("RBI") under the Indian Foreign Exchange Regulations. The Indian domestic custodian acting also as the remitting banker will be authorized to convert currency and repatriate capital and income on behalf of the client. There can be no assurance that the Indian Government would not, in the future, impose restrictions on foreign exchange. The repatriation of capital may be hampered by changes in Indian regulations concerning exchange controls or political circumstances. In addition, the Indian Government may, in the future, re-introduce foreign exchange control regulations that limit the ability of clients to repatriate dividends, interest or other income from the investments or the proceeds from sale of securities. Any amendments to the Indian foreign exchange control regulations may impact adversely on the performance of the client portfolios.

- ***Indian Legal System***

  The Indian civil judicial process to enforce remedies and legal rights is less developed, lengthier and, therefore more uncertain than that in the developed countries. Enforcement by us of civil liabilities under the laws of a jurisdiction other than India may be adversely affected by the fact that our portfolio companies may have a significant amount of assets in India.

  The laws and regulations in India can be subject to frequent changes as a result of economic, social and political instability. In addition, the level of legal and regulatory protections customary in countries with developed securities markets to protect investors and securities transactions, and to ensure market discipline, may not be available. Where the legal and regulatory framework is in place, the enforcement may be inadequate or insufficient. Regulation by the exchanges and self-regulatory organizations may not be recognized as law that can be enforced through the judiciary or by means otherwise available to the investors in developed markets.

- ***Agrarian Economy***

  India is an agrarian economy and a significant portion of its GDP is derived from agriculture. As a result, severe monsoons or drought conditions could hurt India's agricultural production and dampen momentum in some sectors of the Indian economy, which could adversely affect the performance of our client portfolios.

- ***Foreign Capital Flows***

In 2003 to 2007 and 2010 the Indian stock market witnessed a surge in the inflow of foreign capital, which contributed to a sharp rise in the Sensex. In 2008, substantial foreign investment left the market due to worldwide financial stress, resulting in sharp decline in the market. Foreign capital flows have significant impact on the Sensex, and even the simple reduction in the foreign investment can be a negative factor on the Sensex. There could be sharp declines in the market if substantial foreign investment leaves the market. Such an event could adversely impact the performance of our client portfolios.

The table below depicts the impact of the foreign flows on the Indian markets (upated upto April 30, 2017)

	Net Foreign Activity (US$ m)	Net Local Fund Activity (US$ m)	Total (US$ m)	Change in S&P BSE-30 TRI in that Period (% USD)
CY 2003	6,628	106	6,734	86.50%
CY 2004	8,669	-258	8,411	20.50%
CY 2005	10,707	3,037	13,744	40.20%
CY 2006	8,106	3,411	11,517	51.60%
CY 2007	17,655	1,694	19,349	67.00%
CY 2008	-11,974	3,326	-8,649	-60.80%
CY 2009	17,458	-1,191	16,267	90.30%
CY 2010	29,362	-6,118	23,244	24.10%
CY 2011	-358	1,278	920	-35.80%
CY 2012	24,372	-3,894	20,479	24.50%
CY 2013	20,101	-3,728	16,373	-2.00%
CY 2014	16,116	3,893	20,009	28.90%
CY 2015	3,195	11,131	14,326	-8.00%
CY 2016	3,169	7,098	10,267	1.10%
Cumulative	153,206	19,785	172,991	593.40%
Apr-17	367	1,744	2,111	2.00%
YTD 2017	6,365	3,465	9,830	18.80%

Source - (www.sebi.gov.in)

- ***Corporate Disclosure, Accounting and Regulatory Standards***

Indian disclosure and regulatory standards are in many respects less stringent than standards in certain OECD countries. There may be less publicly available information about Indian companies than is regularly published by or about companies in such other countries. The difficulty in obtaining such information may mean that we may experience difficulties in obtaining reliable information regarding any corporate actions and dividends of companies in which we have invested for clients which may, in turn, lead to difficulties in determining the value of our clients' portfolios with the same degree of accuracy which might be expected from more established markets.

- ***Regulatory Risk***

Previously, clients have to obtain limits from SEBI to invest in government and corporate bonds through an auction mechanism with a requirement of utilizing the limits in a defined time frame. However, since January 2013 in case of corporate bonds the auction mechanism has been dispensed with and FPIs are free to buy and sell corporate bonds at anytime without obtaining prior limits until such time the overall threshold limit available for FPIs as defined is not reached. In government bonds, but for a brief period in 2013-14 where limits were freely available and the auction system was discontinued, the limits for normal FPIs now continue to be auctioned and the availability and the cost of it varies from auction to auction thus increasing complexity for managing the clients investment.

The SEBI, in October 2015 introduced a separate investment limit in government bonds for investors who are classified as long term investors, wherein the limits are freely available. Although this policy change has made investments by Long term FPI's easier, these policies could change in the future, and the regulator can reinstate the auction mechanism in the future.

Loss of Foreign Institutional/Portfolio Investment Registration

For accessing Indian securities market, the clients may be required to register with the India-based securities and financial regulator. Investment by the clients' portfolios in India is dependent on the continued registration of the clients. In the event the registration of the client is terminated or is not renewed, the client could potentially be forced to redeem the investments held in the client portfolio, and such forced redemption could adversely affect the returns to the clients.

7. *CLIENT REPRESENTATION*

Financial Year	**No. of Clients**	**Category of Clients**		**Funds managed (Rs. in Crores)**	**Discretionary/ Non-discretionary (if available)**
		Associates/Group Companies	Others		
Ended March 31, 2017	11	Nil	11	15,634.02	Discretionary
Ended March 31, 2016	10	Nil	10	11,567.17	Discretionary
Ended March 31, 2015	12	Nil	12	12,759	Discretionary

Apart from the above, Quantum Advisors Pvt Ltd provides "Portfolio Advisory Services" on non – discretionary basis to one of its Mauritius based associate corporate client; QIEF Management LLC, Mauritius and the AUM of the Client as on March 31, 2017 is INR 1,922.70 Crores (Equity Class – INR 1,735.23 Crores and Fixed Income Class –INR. 187.47 Crores).

(i) Disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India: (Source: As per audited books of accounts for the year ended March 31, 2016)

Names of the related Companies and their relationships:

a) Subsidiary Companies:

1. Quantum Asset Management Co. Pvt. Ltd.
2. Quantum Trustee Company. Pvt. Ltd.

b) Associate Companies:

1. QIEF Management LLC, Mauritius
2. Quantum Mutual Fund
3. Equitymaster Agora Research Pvt. Ltd.
4. Primary Real Estate Advisors Pvt. Ltd.
5. Helpyourngo.com (I) Pvt. Ltd.
6. QIEF Management Corp, USA

c) Others:

1. Quantum Advisors ESOP Trust
2. Quantum Advisors Private Limited Employee Group Gratuity Assurance Scheme (Trust)
3. Pacific Pension Institute

TRANSACTIONS WITH RELATED PARTIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
1	**Equity Shares Capital as at the end of the year**								
	Menlo Oak Investment Ventures							8,821,430	8,821,430
2	**Preference Shares Capital as at the end of the year**								
	Menlo Oak Investment Ventures							76,000,000	76,000,000
3	**Investment in Equity Shares as at the end of the year**								
	Quantum Asset Management Company Pvt. Ltd	110,000,000	110,000,000						

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	Quantum Trustee Company Pvt. Ltd	100,000	100,000						
	Primary Real Estate Advisors Pvt. Ltd			12,785,230	12,785,230				
4	**Investment in Preference Shares as at the end of the year**								
	Quantum Asset Management Company Pvt. Ltd	50,000,000	50,000,000						
5	**Loan Balance Outstanding**								
	Quantum Advisors Pvt. Ltd- Employee Group Gratuity Assurance Scheme (Trust)			65,000	65,000				
6	**Sundry Debtors Balance Outstanding**								
	Quantum Asset Management Company Pvt. Ltd	958,422	724,330						
	QIEF Management LLC			1,684,061	9,547,414				
	Primary Real Estate Advisors Pvt. Ltd			23,890	18,851				
	QIEF Management Corp.			623,465	596,739				
7	**Sundry Creditors Balance Outstanding**								
	QIEF Management LLC			6,129,889	5,735,821				
	Quantum Asset Management Company Pvt Ltd		10,640						

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	Helpyourngo.com India Pvt Ltd				117,816				
8	**Further Security Deposit Received**								
	Quantum Asset Management Company Pvt. Ltd	1,200,000							
9	**Security Deposit Receivable**								
	Quantum Asset Management Company Pvt. Ltd		127,500						
10	**Security Deposit payable**								
	Quantum Asset Management Company Pvt. Ltd	6,746,346	5,546,346						
	Primary Real Estate Advisors Pvt. Ltd			797,729	797,729				
11	**Refund of security deposit received**								
	Quantum Asset Management Company Pvt. Ltd	127,500	-						
12	**Purchase of Units of Quantum Gold Fund- Growth Plan**								
	Quantum Mutual Fund			39,480,244	25,766,512				
13	**Purchase of Units of Quantum Index Fund**								
	Quantum Mutual Fund			10,490,690	6,700,800				

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
14	**Purchase of Units of Quantum Liquid Fund**								
	Quantum Mutual Fund			73,500,000	15,000,000				
15	**Purchase of Units of Quantum Dynamic Fund**								
	Quantum Mutual Fund			100,000,000					
16	**Sale of Units of Quantum Gold Fund-Growth Plan**								
	Quantum Mutual Fund			37,986,732	25,991,382				
17	**Sale of Units of Quantum Index Fund**								
	Quantum Mutual Fund			7,433,086	8,686,144				
18	**Sale of Units of Quantum Liquid Fund**								
	Quantum Mutual Fund			40,000,000					
19	**Sale of Units of Quantum Dynamic Fund**								
	Quantum Mutual Fund			30,000,000					

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
20	**Sale of Units of Quantum Multi Asset Fund**								
	Quantum Mutual Fund				12,152,942				
21	**Provision for Dimunition in Value of Investments**								
	Quantum Gold Fund				119,545				
22	**Provision for Dimunition in Value of Investments written back**								
	Quantum Gold Fund			119,545					
23	**Balance amount outstanding - Quantum Liquid Fund- Growth Plan**								
	Quantum Mutual Fund			69,515,795	30,188,778				
24	**Balance amount outstanding - Quantum Multi Asset Fund- Growth Plan**								
	Quantum Mutual Fund			12,847,058	12,847,058				
25	**Balance amount outstanding - Quantum Dynamic Fund – Growth Option**								
	Quantum Mutual Fund			71,451,682					
26	**Balance amount outstanding - Quantum Gold Fund- Growth Plan**								
	Quantum Mutual Fund			7,546,111	5,841,723				

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
27	**Balance amount outstanding - Quantum Index Fund- Growth Plan**								
	Quantum Mutual Fund			2,920,283	136,049				
28	**Research, Professional and Consultation Fees (Expenses)**								
	Quantum Asset Management Company Pvt. Ltd	100,746,685	22,027,413						
	Helpyourngo.com India Pvt. Ltd.			2,508	117,816				
29	**Reimbursement of Expenses (rent, electricity and others)**								
	Quantum Asset Management Company Pvt. Ltd	84,075	278,840						
30	**Recovery of Expenses (rent, electricity and others)**								
	Quantum Asset Management Company Pvt. Ltd	14,838,350	9,337,500						
	Primary Real Estate Advisors Pvt. Ltd			1,821,560	1,345,249				
	QIEF Management LLC			2,960,825	2,549,870				
	QIEF Management Corp.			34,658	220,210				
31	**Support Fees**								
	Quantum Asset Management Company Pvt. Ltd	8,022,057	5,391,527						
32	**Marketing Campaign fees (income)**								

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	Quantum Asset Management Company Pvt. Ltd	2,906,993	3,494,141						
33	**Professional and Consultation Fees (Income)**								
	QIEF Management LLC			13,380,938	41,300,745				
	QIEF Management Corp.			786,467	562,608				
34	**Marketing and Sponsorship**								
	Pacific Pension Institute				184,850				
35	**Corporate Membership Fees**								
	Pacific Pension Institute			1,791,169	1,007,857				
36	**Marketing and Distribution Fees (Expenses)**								
	QIEF Management LLC			29,849,604	19,158,232				
37	**ESOP Expenses recovered**								
	Quantum Asset Management Company Pvt. Ltd	160,007							
38	**Preference Dividend received**								
	Quantum Asset Management Company Pvt. Ltd	375,000	500,000						
39	**Equity Dividend received**								
	Quantum Asset Management Company Pvt. Ltd	7,700,000	-						

Sr. No.	Nature of Transactions	Subsidiary		Associates		Key Managerial Personnel		Entity/Person exercising Significant Influence	
		31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	Primary Real Estate Advisors Pvt Ltd			126,140	126,140				
40	**Remuneration**								
	Mr. I. V. Subramaniam					8990640	7,836,730		
41	**Preference Dividend Paid**								
	Menlo Oak Venture Investments							2,850,000	3,800,000
42	**Equity Dividend Paid**								
	Menlo Oak Venture Investments							29,110,719	18,525,003
	Quantum Advisors ESOP Trust			358,050	181,650				
	Mr. Ajit Dayal							21,582,495	13,734,315
	Mr. I. V. Subramaniam					3578091	2,276,967		

8. FINANCIAL PERFORMANCEOF THE PORTFOLIO MANAGER FOR THE LAST 3 YEARS

(Based on the audited financial statements)

Financial Year	Income (Rs.)	Expenditure (Rs.)	Profit Before Tax (Rs.)	Profit After Tax (Rs)
Ended March 31, 2016	521,790,784	292,134,167	229,656,617	150,000,078
Ended March 31, 2015	341,784,300	145,002,293	196,782,007	128,200,002
Ended June 30, 2014	264,562,788	162,660,553	101,902,235	72,900,017

Notes:

- *Details of Financial Performances are as per audited accounts [as per regulation 14 - Schedule V of SEBI (Portfolio Managers) Regulations, 1993. The Accounts are last audited up to 31st March 2016.*
- *March 31, 2015 financial year was of 9 month period i.e. starting from July 1, 2014 to March 31, 2015. This is consequent to the requirement under Indian Companies Act 2013, which required every Indian company to change its financial year to March 31st every year.*

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 WEIGHTED AVERAGE METHOD IN TERMS OF REGULATION 14 OF THE SEBI (PORTFOLIO MANAGERS) REGULATIONS,1993, along with the SEBI Circular /IMD/DF/16/2010 dated November 2, 2010-

(i) Rate of Returns for Equity Product

The weighted average returns of the equity investment managed by the firm are described below along with its benchmark returns;

Particulars	Returns for the financial year ended March 31,2017	Returns for the financial year ended March 31, 2016	Return for the financial year ended March 31, 2015
Returns for all Portfolios being managed	**+27.28%**	+1.02%	+27.26%
Benchmark returns			
S&P BSE 200 (Price Return)	**+22.47%**	-7.86%	+31.93
FTSE Global Equity Index Series (All Cap) India	**+22.58%**	-8.49%	+40.71
MSCI India Net	**+16.10%**	-8.10%	+26.48%
MSCI India Index	**+14.55%**	-9.55%	+24.54%
S&P BSE 30TRI -	**+18.46%**	-7.91%	+26.81%
Russell India Net Returns	**+21.81%**	-5.98%	+32.85%
MSCI India Index (Total Return Gross Dividend)	**+16.10%**	-8.10%	+11.47%#
S&P BSE 200 (Total Return)	**+24.03%**$	NA	NA

*The benchmark return is for one of the FII Client as per their agreement which is effective from July 01,2014. Hence the return numbers for the FY ended March 31, 2015 are for the period June 30, 2014 to March 31, 2015.*

$ *The benchmark return is for one of the FII Client as per their agreement which is effective from April 08, 2016. Hence the return numbers for the period from April 8, 2016 to March 31, ,2017.*

(ii) Rate of Returns for Fixed Income Product:-

The weighted average returns of the Fixed Income investment managed by the firm for the only Client for fixed income product is described below along with its benchmark returns;

Rate of returns of the portfolio of the only Client of QAPL is stated below;

Particulars	Returns for the financial year March 31, 2017	Returns for the financial year ended March 31, 2016	Return for the FY ended March 31, 2015 @
Returns for the Client's Portfolios being managed	**+8.69%**	+4.83%	+0.22%
Benchmark returns			
JP Morgan Indian Government Bond Index	**+11.70%**	+ 7.91%	+0.51%

@ The portfolio return is for the UCITS fund, the only fixed income Client of QAPL as per their agreement which is effective from February 20,2015. Hence the portfolio return and benchmark return numbers for the FY ended March 31, 2015 are for the period February 20, 2015 to March 31, 2015.

10. NATURE OF EXPENSES

Expenses to be borne/reimbursed by the Client:

(I) Investment management and advisory fees; Performance fees

(a) Standard fee schedules for "Individual – Resident and NRIs" and "Separately Managed Account

QAPL's Standard annual fee for its long-only equity product for Resident and Non Resident Indians is 1% p.a. of the total AUM of the client (subject to a minimum fee of Rs.5,00,000/-). However, in case of additional investments and / or partial withdrawals during the period of calendar half year, the fees shall be calculated on pro rata basis considering the number of days for which such investments are managed. QAPL shall raise invoice for the advisory fees on half-yearly basis.

Early withdrawals from the Portfolio shall attract an exit fee of 0.5% of the amount withdrawn. Presently, we do not charge any performance fees to our Indian and Non-Resident Indian clients.

(b) QAPL's Standard fee schedule for the Institutional clients.

Institutional Private Accounts;

Each of our Discretionary Equity Focused Private Account clients pays us a management fee based on the net asset value ("NAV") of the client's portfolio as of the fee calculation date. For purposes of calculating our management fees, we generally define the NAV of a client's Private Account to be the net asset value of securities and other investments held in the Account.

Our Discretionary Equity-Focused Private Account clients typically pay us management fees quarterly in arrears. These management fees may be calculated by applying our rate schedule (described below) to either: (i) the NAV of the Private Account on the last trading day of each calendar quarter; or (ii) to the average of the NAV of the Private Account at the end of each month in the calendar quarter.

QAPL's standard fee schedule for Equity-Focused Private Account clients is as follows:

NAV	Fees
As to the first US $ 100 million of NAV in the client's Private Account	1% of the NAV per year
As to the NAV in the client's Private Account above US $ 100million and at or under US $ 200 million	0.90% of the NAV per year
As to the NAV in the client's Private Account above US $ 200million	0.80% of the NAV per year

For those Equity-Focused Private Accounts that are open for only part of a calendar quarter, QAPL prorate its fees based on the number of days that the Private Account is open in that quarter. QAPL invoice its Equity-Focused Private Account clients quarterly for payment of its management fees.

Our standard fee schedule for the "Fixed Income-Focused Private Account" Clients is as follows;

NAV	Annual Fees
As to the first US $ 100 million of NAV in the client's Private Account	0.25%
As to the NAV in the client's Private Account in excess of US $ 100 million	0.20%

Fixed Income-Focused Private Account clients will be charged management fees monthly in arrears. These management fees shall be calculated based on the net asset value of assets of the Private Account on the last trading day of each calendar month. For those Fixed Income-Focused Private Accounts that are open for only part of a calendar month, QAPL prorate its fees based on the number of days that the Private Account is open in that month.

Upon receipt of a management fee invoice, the Private Account clients may either pay the fees directly, or they may authorize and direct the qualified custodian of the Private Account to disburse funds from the Private Account's portfolio.

For the non-discretionary advisory services which QAPL provides to the Non-Discretionary Equity Focused Private Accounts, QAPL receives its advisory fees from the investment manager of these Private Accounts, i.e. QIEF Management LLC, Mauritius (herein after referred to as QIEF), the associate of QAPL. QAPL does not receive any fees from the Non-Discretionary Equity Focused Private Accounts. QIEF's management fees are based on the relevant Private Account's net asset value (or "NAV") as of the fee calculation date. The Non-Discretionary Equity-Focused Private Account clients typically pay QIEF, its management fees quarterly in arrears. QIEF pays QAPL its fees directly from their assets, generally, after receiving their management fees from the private Accounts.

QIEF's fee rates for the Non-Discretionary Equity Focused Private Accounts are the same standard fee rates that are indicated above and the fees that QIEF pays to QAPL, as its share is 10% of the fees received by QIEF from the Non-Discretionary Equity Focused Private Accounts. The agreement between QAPL and QIEF allows QAPL for a review of the fee rates on an annual basis.

The foregoing is only a description of QAPL's standard fee arrangements, and in some cases, QAPL may negotiate the fees with the individual clients. In particular, QAPL may agree to charge individual Private Account clients, management fees according to a rate schedule that is different from the schedule set forth above and may also agree to charge performance-based fees (i.e. fees based on a share of capital gains on, or capital appreciation of, the client's assets that we manage). To the extent that fees are negotiated, as indicated above, some clients may pay more or less than the other clients for the same management services. If QAPL charge its US based clients any performance-based fees, it will be in a manner that complies with the Investment Advisers Act 1940, as amended, and relevant rules under the Investment Advisers Act 1940 (including Rule 205-3).

Funds

Each of the Fund Clients to whom QAPL provides discretionary advisory services, pays the management fee based on the relevant Fund's net asset value (NAV) as of the fee calculation date. These Equity focused Fund Clients typically pay us management fees quarterly in arrears. These fees may be calculated either (i) on a day to day basis or (ii) on the average of the NAV of the fund at the end of each month in the calendar quarter plus the NAV at the end of the last month in the previous quarter. In case of Fixed Income Focused Fund Client, the said fund client pays us management fees on a monthly basis in arrears, which is calculated on a day to day basis.

For the non-discretionary advisory services QAPL provides to the Funds, QAPL receives its advisory fees from the investment manager of these Funds i.e. QIEF. We do not receive any fees from the Funds directly. QIEF's management fees are based on the relevant Fund's net asset value (or "NAV") as of the fee calculation date. Depending on the Fund, the management fees to QIEF may be calculated on either weekly or daily basis, and is charged either in advance or in arrears. QIEF pays our fees directly from their assets, generally after they receive their management fees from the Funds. Typically we do not receive any fees in advance.

Depending on the Fund and the nature of services QAPL provides, QIEF's fee rates for the management services it provides to the Funds ranges from 0.20% to 1% per year and the fees that QIEF pays it to QAPL ranges between 10% to 30% of the fees received by QIEF from these Funds. QAPL's agreement with QIEF allows for a review of our fee rates on an annual basis. However QIEF's Fee rates for these Funds are not generally negotiable.

(c) Performance Fees

Although, as noted above, QAPL's standard fee structure does not include performance-based fees, in some cases, however, QAPL may negotiate fee arrangements with particular clients that include performance based fees. QAPL serves as an investment adviser to a number of private account clients and for some of these clients, QAPL receives performance-based fees. In serving as investment adviser to multiple clients, some of whom may pay performance-based fees, QAPL faces potential conflict of interest, including the fact that QAPL may have incentives to favour those clients who pay performance-based fees.

To address these conflicts, QAPL has developed allocation policies and procedures that seek to ensure that it should allocate investment opportunities among its clients in a manner which it believe is fair and equitable.

(II) <u>Custodian fees</u>

(a) Equity: - Presently Custodian fees for equity product include the following:

1. Fees for purchase or sale transaction shall be 2 basis point per Transaction on the acquisition cost i.e. quantity multiplied by Gross rate plus Brokerage plus applicable tax rates, subject to a maximum of Rs 500 per transaction.

2. Safe Custody Fees on logical holdings (On mark to market value) shall be 7 Basis Points per annum, subject to a minimum of Rs.500/- per month plus applicable tax rates.

3. Depository charges Rs.4.50/- per sale transaction plus applicable tax rates.

(b) Fixed Income:- The indicative custodian fees for fixed income product include the following:

1. Fees for purchase or sale transaction shall be INR 500 per transaction plus applicable tax rates

2. Safe Custody Fees on logical holdings (On mark-to-market value) shall be:

   i. INR 6,000 per annum, plus applicable tax rate upto an AUM of INR 15 Million.
   ii. 4 Basis Points per annum, plus applicable tax rates for an AUM greater that INR 15 Million.

(C) Mutual Funds: Fees for purchase or sale transaction shall be INR 150 per transaction plus applicable tax rates.

(III) <u>Brokerage including transaction cost and securities transaction tax:</u>

(a) Equity Product: -

QAPL shall conduct all purchases and sale transactions through a duly empanelled brokers which satisfies the firm's "empanelment criteria" at a brokerage/commission which is in line with market practices estimated between 0.3% to 0.5% of the value of each transaction. Client shall keep QAPL indemnified of such incidental charges.

In respect of FIIs, QAPL shall approve the broker if authorized to do so by the FII clients or follow the directions of the FII client for empanelling a particular broker. Brokerage for FII clients under QAPL is estimated between 0.1% to 0.3%.

(b) Fixed Income: -

QAPL shall conduct all purchases and sale transactions through duly empanelled brokers, who are registered as a Corporate Member in the wholesale debt segment of National Stock Exchange of India Limited (NSE) or of the Bombay Stock Exchange (BSE), at a brokerage /commission in line with market practices estimated between the range of 0.0025% to 0.01% of the value of each transaction.

11. TAXATION

The General Information stated below is based on the general understanding of direct tax laws in force in India as of the date of the Disclosure Document and is provided only for general information to the Client only vis-à-vis the investments made through the Portfolio Management Scheme of the Company. This information gives the direct tax implications on the footing that the securities are/will be held for the purpose of investments. In case the securities are held as stock-in-trade, the tax treatment will substantially vary and the issue whether the investments are held as capital assets or stock-in-trade needs to be examined on a case to case basis. There is no guarantee that the tax position prevailing as on the date of the Disclosure Document/the date of making investment in the Portfolio Management Scheme shall endure indefinitely. Further, the statements with regard to benefits mentioned herein are expressions of views and not representations of the Portfolio Manager to induce any client, prospective or existing, to invest in the Portfolio Management Schemes of the Company. Implications of any judicial decisions/ Double Tax Avoidance Treaties, etc. are not explained herein. The Client should not treat the contents of this section of the Disclosure Document as advice relating to legal, taxation, investment or any other matter. In view of individual nature of the tax benefits, interpretation of circulars for distinguishing between capital asset and trading asset, etc., the client is advised to best consult its or his or her own tax consultant, with respect to specific tax implications arising out of its or his or her portfolio managed by the Portfolio Manager.

Tax implications of the following income received by certain categories of clients from investments in securities as per Income-tax Act, 1961 ('ITA') as amended by the Finance Act, 2016 are discussed as follows:

(I) <u>Equity Product:-</u>

1) Taxability in the hands of Residents

a. In terms of Section 10(34) & 10(35) of the ITA, dividends received by investors on shares and units of mutual funds on which Dividend Distribution Tax ('DDT') has been paid is exempt from income-tax in the hands of the recipient. However, the Finance Act, 2016 has provided that the exemption is not applicable to dividend income which is chargeable to tax in accordance with the provisions of section 115BBDA.

The said Section 115BBDA is inserted by the Finance Act, 2016 and it provides that with effect from 01 April 2017, additional income-tax of 10% (plus applicable surcharge and cess) will be levied on aggregate amount of dividends received by individuals, firms and HUFs resident in India from domestic companies which exceed Rs. 10 lakhs.

The taxation of dividend income in excess of Rs. 10 lakh shall be on gross basis and no deduction in respect of any expenditure or allowance or set-off of loss shall be allowed under any provisions of the Income-tax Act, 1961 in computing the income by way of dividends.

b. In terms of Section 10(34A) of the ITA, any income arising to an assessee being shareholder, on account of buy back of shares (not being listed on a recognized stock exchange) by the company as referred to in section 115QA is exempt from income-tax.

c. In terms of Section 94(7) of the ITA, the losses arising on sale of securities or units of a mutual fund purchased within 3 months prior to the record date for entitlement of exempt dividends and sold within 3months (or 9 months in case of units of mutual funds) after such record date, is to be ignored to the extent of the exempt dividend received or receivable on such securities or units for the purpose of computing the taxable income.

d. In terms of Section 94(8) of the ITA, where additional units of mutual fund have been issued to any person without any payment, on the basis of existing units held by such person, the loss on sale of the original units shall be ignored for the purpose of computing income chargeable to tax, if the original units were acquired within 3 months prior to the record date fixed for the receipt of additional units and sold within 9 months from such record date. However, the loss so ignored shall be considered as the cost of acquisition of such additional units held on the date of sale by such person.

e. In terms of Section 2(42A) of the ITA, a capital asset will be considered as a short term capital asset if it is held by an assessee for a period of not more than 36 months (12 months in case of a shares held in a Company listed on a recognized stock exchange in India or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or a zero coupon bond). Capital gain arising on the transfer of a short-term capital asset is termed as a short term capital gain.

The Finance Act, 2016 has inserted a proviso to section 2(42A) of the ITA which provides that with effect from 01 April 2017, a capital asset being shares of a company (not being a share listed in a recognized stock exchange in India) will be considered as short term capital asset if it is held by an assessee for a period of not more than 24 months.

f. In terms of Section 111A of the ITA, the, short term capital gains, arising on sale of equity shares in a Company or units of an equity oriented mutual fund which is chargeable to securities transaction tax, are taxed at a rate of 15% plus applicable surcharge and education cess. Further, the short–term capital gains arising on transfer of equity shares in a company or units of a mutual fund on which securities transaction tax (STT) is not chargeable are taxed at normal tax rates (plus applicable surcharge and education cess).

The Finance Act, 2016 provides that short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre ,where STT is not chargeable and consideration is paid or payable in foreign currency, will also be taxed at the rate of 15% (plus applicable surcharge and education cess).

g. In terms of section 2(29A) of the ITA, long term capital asset means a capital asset which is not a short term capital asset. The capital gain arising on transfer of a long-term capital asset is termed as a long term capital gain.

h. In terms of section 10(38) of the ITA, the long term capital gains arising on sale of equity shares in a company or units of an equity oriented fund, the aforesaid transaction being chargeable to STT, are exempt from tax. Consequently, any long term loss arising on such transaction is also to be ignored.

The Finance Act, 2016 further provides that, the long term capital gains arising on transactions undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currencyshall also be exempt from income-tax in terms of section 10(38) of the ITA.

Further, in terms of the third proviso to section 10(38) (Inserted by the Finance Act, 2017 with effect from 01 April 2018) any income arising from the transfer of a long term capital asset, being equity shares of a company, shall not be exempted, if the transaction of acquisition (other than acquisition notified by the Central Government) of such equity shares is entered into on or after 01 October 2004 and such transaction is not chargeable to STT. Till date no notification has been issued in this regard.

i. In terms of section 112 of the ITA, long term capital gains arising on transfer of capital assets is chargeable to tax at the rate of 20% with indexation benefits. In case of long term capital gains arising from transfer of securities (other than a unit) listed on recognized stock exchange is chargeable to tax at the rate of 20% (with indexation) or at the rate of 10% (without indexation), whichever is more beneficial to the assessee (plus applicable surcharge and education cess). In case of long term capital gains arising from transfer of units of mutual funds listed on recognized stock exchange in India, tax is chargeable at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits.

Further, for the purpose of calculation of long term capital gains (with indexation), the base year for indexation has been shifted from 1981 to 2001. In other words, if an asset is acquired prior to 01 April 2001, the fair market value as on 01 April 2001 will have to be considered as the cost of acquisition and the indexed cost of acquisition will have to be worked out accordingly with the cost of inflation for the year 2001 (as amended by the Finance Act, 2017 w.e.f 01 April 2018).

j. In case of an individual or HUF, being a resident of India, where the total income as reduced by such long term capital gains or short term capital gains is below the maximum amount which is not chargeable to income-tax then such long term capital gains or short term capital gains shall be reduced by such shortfall amount and only the remaining balance of such long term capital gains or short term capital gains shall be subject to tax at the applicable rate.

k. The STT paid is neither allowed as a deduction in computing the income chargeable under the head “capital gains” nor allowed as a deduction from the amount of income tax payable on capital gains. Hence, the STT paid on purchase/sale trade is reduced/ added respectively from the settlement amount for the purpose of the ITA.

2) Taxability in the hands of Non Residents

a. In case of foreign investors the taxation of income will be governed by the provisions of the ITA read with the provisions of the applicable treaty i.e. double tax avoidance agreement, if any. As per Section 90(2) of the ITA, the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the treaty.

b. In terms of section 90(4) as amended by the Finance Act, 2013, the benefit of a double tax avoidance agreement would not be available to a non-resident assessee unless a certificate of his/her/it being a resident of the other country is obtained from the Government of that country. Hence a tax residency certificate certifying the residence of the assessee would be required to be furnished if the benefit of a treaty is sought to be claimed by a non-resident assessee. Further, in terms of section 90(5) of the ITA the assessee is also required to furnish documents and information as prescribed in Form No. 10F vide Notification No. 57/2013/ F.No.142/16/2013-TPL/ SO 2331(E) dated 01 August 2013 issued by the Central Board of Direct Taxes.

In addition to the above, in terms of Explanation 4 to section 90 (inserted by the Finance Act, 2017 w.e.f 01 April 2018) has provided a further clarification which provides that where any term has been used in an agreement entered into under sub-section 1 of section 90 and the said terms is defined therein, the said term shall have the meaning assigned to it in the agreement, however, if a term has not been defined in the agreement but has been defined in the Act, it shall have the same meaning as assigned to it in the Act and explanation, if any, given to it by the Central Government.

c. In terms of Section 10(34) & 10(35) of the ITA, dividends received by investors on shares and units of mutual funds on which Dividend Distribution Tax ('DDT') has been paid is exempt from income tax in the hands of the recipient.

d. In terms of Section 10(34A) of the ITA, any income arising to an assessee being shareholder, on account of buy back of shares (not listed on the recognized stock exchange) by the company as referred to in section 115QA of the ITA is exempt from income-tax.

e. In terms of Section 94(7) of the ITA, the loss arising from the sale of securities or units of a mutual fund purchased within 3 months prior to the record date for entitlement of exempt dividends and sold within a period of 3months (or 9 months in case of units of mutual funds) after such record date, is to be ignored to the extent of the dividend received or receivable on such securities or units for the purpose of computing the taxable income.

f. In terms of Section 94(8) of the ITA, where additional units of mutual fund have been issued to any person without any payment, on the basis of existing units held by such person, the loss on sale of the original units shall be ignored for the purpose of computing the income chargeable to tax, if the original units were acquired within a period of 3 months prior to the record date fixed for the receipt of additional units and sold within a period of 9 months from such record date. However, the loss so ignored shall be considered as the cost of acquisition of all or any of the additional units held on the date of sale by such units.

g. In accordance to the proviso to section 48 of the ITA, the capital gains arising from the transfer of capital assets being shares in /debentures of an Indian company acquired in foreign currency, shall be computed by converting the cost of acquisition, the expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was initially utilized in the purchase of the shares/debentures and the capital gains so computed in such foreign currency shall thereafter be reconverted into Indian currency for the purpose of taxation.

The aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares or debentures of an Indian company.

The aforesaid proviso is not applicable to units of mutual funds; the computation of capital gains on units is made on similar lines to that of a resident.

h. In terms of Section 111A of the ITA, short term capital gains arising to an investor from the sale of equity shares or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to STT, is charged to tax at the rate of 15% (plus applicable surcharge and education cess). Short–term capital gains arising on transfer of equity shares in a company or units of a mutual fund on which STT is not charged, are taxable at the normal tax rates (plus applicable surcharge and education cess).

The Finance Act, 2016 further provides that the short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre ,where STT is not chargeable and the consideration is paid or payable in foreign currency, will also to be taxed at a rate of 15% (plus applicable surcharge and education cess).

i. In terms of section 10(38), long term capital gains arising on sale of equity shares in a company or units of an equity oriented mutual fund, which is chargeable to STT, are exempt from income tax.

The Finance Act, 2016 further provided that, long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre, where STT is not chargeable and the consideration is paid or payable in foreign currency, will also be exempt from income-tax in terms of section 10(38) of the ITA.

Further, in terms of the third proviso to section 10(38) (Inserted by the Finance Act, 2017 with effect from 01 April 2018) any income arising from the transfer of a long term capital asset, being equity shares of a company, shall not be exempted, if the transaction of acquisition (other than acquisition notified by the Central Government) of such equity shares is entered into on or after 01 October 2004 and such transaction is not chargeable to STT. Till date no notification has been issued in this regard.

j. In terms of Section 112 of the ITA, long term capital gains arising on sale of listed securities (other than units) not exempt under Section 10(38) of the ITA or zero coupon bonds are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits/ after adjustment of foreign exchange rate fluctuation as the case may be or at the rate of 10% (plus applicable surcharge and education cess) without indexation benefit whichever is more beneficial to the assessee. However, long term capital gains arising from the transfer of unlisted securities or shares of a company not being a company in which the public are substantially interested (inserted by the Finance Act, 2016 applicable with effect from 01 April 2013)) are subject to tax at the rate of 10% (plus applicable surcharge and education cess) without indexation benefits and the adjustment in respect to foreign exchange rate fluctuations. Long term capital gains arising from transfer of long term capital asset being units listed on recognized stock exchange in India (not exempt under Section 10(38) of the ITA) is chargeable to tax at the rate of 20% (plus applicable surcharge and education cess).

Further, for the purpose of calculation of long term capital gains (with indexation), the base year for indexation has been shifted from 1981 to 2001. In other words, if an asset is acquired prior to 01 April 2001, the fair market value as on 01 April 2001 will have to be considered as the cost of acquisition and the indexed cost of acquisition will have to be worked out accordingly with the cost of inflation for the year 2001 (as amended by the Finance Act, 2017 w.e.f 01 April 2018).

k. In terms of Section 115AB of the ITA, income of an assessee, being an overseas financial organization by way of income received in respect of units purchased in foreign currency or income by way of long term capital gains arising on transfer of units purchased in foreign currency, tax will be charged @ 10% (plus surcharge and education cess).

l. In terms of Section 115AD of the ITA, the income of a Foreign Institutional Investor (other than dividend on which tax is paid u/s. 115-O) received in respect of securities (other than referred to in Section 115AB) listed on a recognized stock exchange in India in accordance with the provisions of the Securities Contracts (Regulations) Act, 1956 is taxed @ 20%. The income by way of short term capital gains (other than capital gains u/s. 111A chargeable @ 15%) is taxable at 30% and income chargeable by way of long term capital gains (other than exempt u/s. 10(38)) is taxable @ 10%.

m. Any STT paid is neither allowed as a deduction in computing the income chargeable under the head “capital gains” nor allowed as a deduction from the amount of income tax payable on capital gains. Hence, STT paid on purchase / sale trade is reduced / added respectively from the settlement amount for the purposes of the ITA.

n. Any other short term capital gains would be liable to tax at the rates prescribed in the schedule to the Finance Act for the relevant year.

3) Special provisions applicable to incomes of Non-Resident Indian (NRI):

a. In case of foreign investors the taxation of income will be governed by the provisions of the ITA read with the provisions of the applicable treaty i.e. double tax avoidance agreement, if any. As per Section 90(2) of the ITA, the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the treaty.

b. In terms of section 90(4) as amended by the Finance Act, 2013, the benefit of a double tax avoidance agreement would not be available to a non-resident assessee unless a certificate of his/her being a resident of the other country is obtained from the Government of that country. Hence a tax residency certificate certifying the residence of the assessee would be required to be furnished if the benefit of a treaty is sought to be claimed by a non-resident assessee. Further, in terms of section 90(5) of the ITA the assessee is also required to furnish documents and information as prescribed in Form No. 10F vide Notification No. 57/2013/ F.No.142/16/2013-TPL/ SO 2331(E) dated 01 August 2013 issued by the Central Board of Direct Taxes.

Chapter XII-A of the ITA comprises of sections 115C to 115-I of the ITA which contains special provisions governing computation and taxation of the total income of NRIs.

c. In terms of Section 10(34) & 10(35) of the ITA, dividends received by investors on shares and units of mutual funds on which Dividend Distribution Tax ('DDT') has been paid is exempt from income tax in the hands of the recipient.

d. In terms of Section 10(34A) of the ITA, any income arising to an assessee being shareholder, on account of buy back of shares (not listed on recognized stock exchange) by the company as referred to in section 115QA is exempt from income-tax.

e. In terms of Section 94(7) of the ITA, losses arising on sale of securities or units of a mutual fund purchased within a period of 3 months prior to the record date for entitlement of exempt dividends and sold within a period of 3months (or 9 months in case of units of mutual funds) after such record date, is to be ignored to the extent of the dividend received or receivable on such securities or units for the purpose of computing the taxable income.

f. In terms of Section 94(8) of the ITA, where additional units of mutual fund have been issued to any person without any payment, on the basis of existing units held by such person, the loss on sale of the original units shall be ignored for the purpose of computing income chargeable to tax, if the original units were acquired within a period of 3 months prior to the record date fixed for the receipt of additional units and sold within 9 months from such record date. However, the loss so ignored shall be considered as the cost of acquisition of all or any of the additional units held on the date of sale of such units.

g. In terms of Section 111A of the ITA, short term capital gains arising to an NRI from the sale of equity shares or a units of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is charged to securities transaction tax, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess).Short–term capital gains arising on transfer of equity shares in a company or units of a mutual fund on which STT is not charged are chargeable at normal tax rates (plus applicable surcharge and education cess).

The Finance Act, 2016 further provided that short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and ,where STT is not chargeable and the consideration is paid or payable in foreign currency, will also to be taxed at a rate of 15% (plus applicable surcharge and education cess).

h. In accordance with Section 115D of the ITA, no deduction in respect of any expenditure or allowance shall be allowed in computing the investment income of a NRI.

i. As per Section 115F of the ITA, long term capital gains arising to a non-resident Indian on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in any specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.

"Foreign exchange asset" means any specified asset which the assessee has acquired or purchased with, or subscribed to in, convertible foreign exchange.

j. In terms of Section 115G of the ITA, where the total income of a non-resident Indian consists only of investment income / long term capital gains and tax thereon has been deducted at source in accordance with the provisions of the ITA, the NRI is not required to file a return of income.

However, an assessee has an option not to be governed by the provisions of Chapter XII-A (comprising of sections 115C to 115-I) in view of section 115-I of the ITA.

In such a case the assesse will be covered by the provisions of section 112(1)(c) read with the second proviso to section 48 of the ITA. In terms thereof:

- long term capital gains on sale of listed securities (other than units) not exempt under Section 10(38) of the ITA or zero coupon bonds are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits/ after adjustment of foreign exchange fluctuation as the case may be or at the rate of 10% (plus applicable surcharge and education cess) without indexation benefit whichever is more beneficial to the assessee.

- However, long term capital gains arising from the transfer of unlisted securities or shares of a company not being a company in which the public are substantially interested (inserted by the Finance Act, 2016 applicable with effect from 01 April 2013) are subject to tax at the rate of 10% (plus applicable surcharge and education cess) without indexation benefits and the adjustment in respect to foreign exchange rate fluctuations.

k. In case of long term capital gains arising from transfer of long term capital asset being units listed on a recognized stock exchange in India (not exempt under Section 10(38) of the ITA is charged to tax at the rate of 20% (plus applicable surcharge and education cess).

l. Any STT paid is neither allowed as a deduction in computing the income chargeable under the head "capital gains" nor allowed as a deduction from the amount of income tax payable on capital gains. Hence, STT paid on purchase / sale trade is reduced / added respectively from the settlement amount for the purposes of the ITA.

(II) Fixed Income Products:-

The taxation of the income from fixed income investment in India is governed by the provisions of the ITA and in case of foreign investors it will be governed by the provisions of the ITA read with the provisions of the applicable treaty i.e. the double tax avoidance agreement. As per section 90(2) of the ITA, the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the Treaty.

In terms of section 90(4) as amended by the Finance Act, 2013, the benefit of a double tax avoidance agreement would not be available to a non-resident assessee unless a certificate of his/her/it being a resident of the other country is obtained from the Government of that country. Hence a tax residency certificate certifying the residence of the assessee would be required to be furnished if the benefit of a treaty is sought to be claimed by a non-resident assessee. Further, in terms of section 90(5) of the ITA the assessee is also required to furnish documents and information as prescribed in Form No. 10F vide Notification No. 57/2013/ F.No.142/16/2013-TPL/ SO 2331(E) dated 01 August 2013 issued by the Central Board of Direct Taxes.

The fixed income investment is expected to generate income in the form of capital gains, dividend on preference shares and interest.

1) Taxability for Residents:-

Tax on Income by way of Capital Gains

A capital gain arises on transfer of a capital asset. The taxability of capital gain depends upon the duration for which the capital asset is held and thus there are two types of capital assets – short term capital assets and long term capital assets. Following are the various provisions relating to capital gains and the taxability of such gains.

(a) Short Term Capital Gains: A short term capital gain arises on transfer of short term capital assets. Short term capital assets means a capital asset held by an assessee for not more than 36 months, immediately prior to its date of transfer (12 months in the case of shares of a Company (other than a unit) listed on a recognized stock exchange in India or units of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or a zero coupon bond; 24 months in the case of shares of a company which is not listed on a recognized stock exchange (inserted by the Finance Act, 2016)). Short-term capital gains (other than capital gains u/s. 111A chargeable @ 15%) is charged to tax at the normal rates (plus applicable surcharge and education cess) as applicable to the respective assessee depending on their total taxable income.

In terms of Section 111A of the ITA, short term capital gains arising to an investor from the sale of equity shares or a units of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is charged to securities transaction tax, is charged to tax at the rate of 15% (plus applicable surcharge and education cess).

The Finance Act, 2016 further provided that short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where STT is not chargeable and the consideration is paid or payable in foreign currency, will also to be taxed at a rate of 15% (plus applicable surcharge and education cess).

(b) Long Term Capital Gains: A long term capital gain arises on the transfer of a long term capital assets. Long term asset is a capital asset which is held by the assessee for more than 36 months prior to the date of transfer (12 months in the case of a security (other than a unit) listed on a recognized stock exchange in India or units of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or a zero coupon bond).

In terms of section 10(38), long term capital gains arising on sale of equity shares in a company or units of an equity oriented mutual fund, which is chargeable to securities transaction tax, are exempt from income tax. Consequently, any long term loss arising on such transaction is also to be ignored.

The Finance Act, 2016 further provided that, long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre, where STT is not chargeable and the consideration is paid or payable in foreign currency, will also be exempt from tax.

Further, in terms of the third proviso to section 10(38) (Inserted by the Finance Act, 2017 with effect from 01 April 2018) any income arising from the transfer of a long term capital asset, being equity shares of a company, shall not be exempted, if the transaction of acquisition (other than acquisition notified by the Central Government) of such equity shares is entered into on or after 01 October 2004 and such transaction is not chargeable to STT. Till date no notification has been issued in this regard.

Long term capital gains arising to resident investors on transfer of listed securities (other than that exempt under section 10(38)), or zero coupon bonds is charged to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits or 10% (plus applicable surcharge and education cess) without indexation benefits whichever is more beneficial to the assessee. However the benefit of indexation is not available in case of transfer of bonds or debentures other than capital indexed bonds issued by the Government or Sovereign gold bonds issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015. Long term capital gains in respect of units of mutual fund being listed on recognized stock exchange in India will be taxed at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits.

Further, for the purpose of calculation of long term capital gains (with indexation), the base year for indexation has been shifted from 1981 to 2001. In other words, if an asset is acquired prior to 01 April 2001, the fair market value as on 01 April 2001 will have to be considered as the cost of acquisition and the indexed cost of acquisition will have to be worked out accordingly with the cost of inflation for the year 2001 (as amended by the Finance Act, 2017 w.e.f 01 April 2018).

In terms of section 47(xix) of the Act (Inserted by Finance Act, 2017), any transfer made by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him a capital asset, being a unit or units, in the consolidated plan of that scheme of the mutual fund will not be regarded as transfer of capital asset.

In terms of section 49 (2AF) of the Act,(inserted by Finance Act, 2017, with effect from 01 April 2017), cost of acquisition of the units in the consolidated plan shall be the cost of units in consolidating plan of mutual fund scheme and in terms of section 2(42A)(hg) (inserted by Finance Act,2017 with effect from 01 April 2017) the period of holding of the units of consolidated plan shall include the period of holding for which the units in consolidating plan of mutual fund scheme were held.

Also, in terms of section 47(xb) (inserted by the Finance Act, 2017 w.e.f. 01 April 2018), any transfer by way of conversion of preference shares of a company into equity shares of that company will not be regarded as transfer.

Further, in terms of section 49(2AE) (inserted by the Finance Act, 2017 w.e.f. 01 April 2018) where the capital assert, being equity share of a company, became the property of the assessee in consideration of transfer referred in section 47(xb) referred to above, the cost of acquisition of the asset shall be deemed to be that part of the cost of the preference share in relation to which such asset is acquired by the assessee.

The taxation of interest earned would be as follows:

Interest income arising from securities (which includes bonds, debentures, other marketable securities of a like nature and Government securities) and interest on bank, corporate deposits is charged to tax at normal rates and the same will be subject to tax deducted at source at the rate of 10% on gross interest.

2) Taxability for Non Residents

The various provisions applicable to Non-residents in respect of Income from fixed Income products are summarized below:-

In terms of Section 115AB of the ITA, income of an assessee, being an overseas financial organization by way of income received in respect of units purchased in foreign currency or income by way of long term capital gains arising on transfer of units purchased in foreign currency, tax is charged @ 10% (plus applicable surcharge and education cess).

In terms of Section 115AC of the ITA, income of non-resident by way of interest on bonds of an Indian Company issued in accordance with the notified scheme i.e. 'Issue of Foreign Currency Exchangeable Bonds Scheme, 2008'/'Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993/ Depository Receipts Scheme 2014' or on bonds of public sector company sold by the government and purchased by the investor in foreign currency or income by way of long term capital gains arising on transfer of above bonds or GDR's, will be taxed at the rate of 10% (plus applicable surcharge and education cess).

In terms of section 47(viiaa) (inserted by the Finance Act, 2017 w.e.f. 01 April 2018), any capital asset being rupee denominated bonds of an Indian Company issued outside India, transferred by a non-resident to another non-resident shall not be regarded as a transfer.

In terms of Section 115AD of the ITA, income of a Foreign Institutional Investor (other than dividend on which tax is paid u/s. 115-O) received in respect of securities (other than referred in Section 115AB) listed on a recognized stock exchange in India in accordance with the provisions of Securities Contracts (Regulations) Act, 1956 is taxed @ 20% (plus applicable surcharge and education cess).

In terms of section 115AD of the ITA, the income by way of interest of a Foreign Institutional Investor received on a rupee denominated bond of an Indian company or a Government securities (as referred in section 194LD of the ITA) is taxed @ 5% (plus applicable surcharge and education cess).

In terms of Section 112 of the ITA, long term capital gains on sale of listed securities (other than units) not exempt under Section 10(38) of the ITA or zero coupon bonds are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits/ after adjustment of foreign exchange rate fluctuation as the case may be or at the rate of 10% (plus applicable surcharge and education cess) without indexation benefit whichever is more beneficial to the assessee. However, long term capital gains arising from the transfer of unlisted securities or shares of a company not being a company in which the public are substantially interested (inserted by the Finance Act, 2016 applicable with effect from 01 April 2013) are subject to tax at the rate of 10% (plus applicable surcharge and education cess) without indexation benefits and the adjustment in respect to foreign exchange rate fluctuations. In case of long term capital gains arising from transfer of long term capital asset being units listed on recognized stock exchange in India (not exempt under Section 10(38) of the ITA is charged to tax at the rate of 20% (plus applicable surcharge and education cess).

3) Special provisions applicable to incomes of Non-Resident Indian (NRI):

Chapter XIIA of the ITA comprising of sections 115C to 115-I of the ITA contains special provisions governing computation and taxation of the total income of NRIs.

a. In terms of Sections 10(34) & 10(35) of the ITA, dividends received by investors on shares and units of mutual funds on which Dividend Distribution Tax ('DDT') has been paid is exempt from income tax in the hands of the recipient.

b. In terms of Section 10(34A) of the ITA, any income arising to an assessee being shareholder, on account of buy back of shares (not listed on recognized stock exchange) by the company as referred to in section 115QA is exempt from income-tax.

c. In terms of Section 111A of the ITA, short term capital gains arising to the NRI from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is charged to securities transaction tax, is charged to tax at the rate of 15% (plus applicable surcharge and education cess).

The Finance Act, 2016 further provided that short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre ,where STT is not chargeable and consideration is paid or payable in foreign currency, will also to be taxed at a rate of 15% (plus applicable surcharge and education cess).

d. Income (other than dividend which is exempt under Section 10(34)) from investments and long term capital gains (other than gain exempt under Section 10(38)) from assets (other than specified assets) arising to a NRI is taxable at the rate of 20% (plus applicable surcharge and education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the ITA. Income by way of long term capital gains on specified assets is taxable at 10% (plus applicable surcharge and education cess).

'Specified asset' means shares in an Indian Company, debentures issued by an Indian public Company, deposits with an Indian public Company and any security of the Central Government as defined in Public Debt Act.

However, an assessee has an option not to be governed by the provisions of Chapter XII-A (comprising of sections 115C to 115-I) in view of section 115-I of the ITA.

e. In terms of Section 115D of the ITA, no deduction in respect of any expenditure or allowance shall be allowed in computing the investment income of a NRI.

f. In terms of Section 115F of the ITA, long term capital gains arising to a non-resident Indian on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.

"Foreign exchange asset" means any specified asset which the assessee has acquired or purchased with, or subscribed to in, convertible foreign exchange.

g. In terms of Section 115G of the ITA, where the total income of a non-resident Indian consists only of investment income / long term capital gains from such foreign exchange asset / specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.

In such a case the assesse will be covered by the provisions of section 112(1)(c) read with the second proviso to section 48. In terms thereof:

- long term capital gains on sale of listed securities (other than units) not exempt under Section 10(38) of the ITA or zero coupon bonds are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits/ after adjustment of foreign exchange fluctuation rate as the case may be or at the rate of 10% (plus applicable surcharge and education cess) without indexation benefit whichever is more beneficial to the assessee.

- However, long term capital gains arising from the transfer of unlisted securities are subject to tax at the rate of 10% (plus applicable surcharge and education cess) without indexation benefits and adjustment in respect to foreign exchange rate fluctuations.

- In case of long term capital gains arising from the transfer of a long term capital asset being units listed on recognized stock exchange in India (not exempt under Section 10(38) of the ITA is charged to tax at the rate of 20% (plus applicable surcharge and education cess).

h. Any STT paid is neither allowed as a deduction in computing the income chargeable under the head "capital gains" nor allowed as a deduction from the amount of income tax payable on capital gains. Hence, STT paid on purchase / sale trade is reduced / added respectively from the settlement amount for the purposes of the ITA.

(III) Carry-forward of losses and other provisions (applicable to both Equity and Fixed income products irrespective of the residential status):

In terms of Section 70 read with Section 74 of the ITA, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years. Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT will not be allowed to be carried forward for set off.

The income-tax and other direct taxes' liability on the investments and funds managed, the yield or other returns thereon, will be borne by the client. In the event of there being any withholding tax or tax deducted at source relating to any income from investment, the credit in respect thereof shall be that of the clients for which QAPL shall send Tax Deducted at Source (TDS) Certificates on receipt from the investee Companies.

In terms of Section 206AA any person who is entitled to receive an income on which tax is deductible, shall furnish his Permanent Account Number ('PAN') to the person responsible for deducting such tax. If he doesn't furnish any PAN or the PAN furnished by him is incorrect, tax shall be deducted at higher of the rate specified in the relevant provision of the ITA or at the rate in force or at the rate of twenty percent. No declaration under section 197A (1) or section 197A (1A) or section 197A (1C) for non-deduction of tax at source will be valid unless PAN is furnished in such declaration.

In terms of Rule 37BC (inserted by Finance Act, 2017), a relaxation has been provided to non-residents (not being a company, or a foreign company) from deduction of tax at higher rate of 20% in the absence of PAN subject to them providing specified information and documents (like Tax Residency Certificate ("TRC"), Tax Identification Number ("TIN"), etc.

Since the individual nature of tax consequences may differ in each case on its merits and facts, each Client is best advised to consult its/his/her own tax adviser/Professional consultant for appropriate counsel on specific tax treatments/implications arising out of participation in any Securities / Portfolio transactions.

12. *ACCOUNTING POLICIES*

Separate Accounts for each client shall be maintained on accrual basis as per the Institute of Chartered Accountants of India "ICAI" guidelines. The important accounting policies are as follows:

(i) Income Recognition for Equity & Fixed Income Product

Dividend income shall be recognized on the ex-dividend date. Interest income on bank balances held with the bank is recognize on cash basis. Interest income on fixed income securities is recognized on accrual basis. Profit or loss on sale of investments shall be recognized on the trade dates on first- in –first – out basis.

(ii) Recognition of fees and other expenses for Equity & Fixed Income Product

Portfolio Management Fees:

PMS Clients (HNI – Resident and NRIs)

Portfolio Management Fee is accounted on half yearly basis in arrears. Portfolio valuation as of the last day of the half yearly period will be considered for purpose of calculation of management fees. The management fee is being paid by the client separately, from his own account. In the event of any deposit or withdrawal, QAPL calculates its fees by separating into separate periods the portion of the billing period occurring before the event and the portion of the billing period following it, and then calculating fees for each period pro rata based on the number of days in the given period and the market value of the account at the end of the period.

PMS Clients (Separately Managed Accounts)

The management fee is accounted as per the terms of the Investment Management Agreement. Mostly it is accounted quarterly in arrears. In case of some of the clients the management fee amount is paid by the client out of the portfolio, while in some of the cases the amount of management fee is paid out by the client separately.

<u>PMS Clients - (Funds)</u>

Where the Portfolio Management Services is offered to a Fund, the management fee would be calculated based on the Fund's prospectus.

<u>Brokerage:</u>

Brokerage is treated as a part of the investment cost and hence it is included in the investment cost.

(iii) <u>Valuation of Investments:</u>

(A) Equity Product

Traded Securities

Following are the criteria for valuation of listed stocks

- Closing prices of National Stock Exchange (NSE) of India shall be used for valuing the listed equity portfolio.
- For stocks that are not traded on the NSE, the Bombay Stock Exchange (BSE) closing prices will be used. However, if required by the FII Clients under the specific Investment Management Agreement (IMA), valuation may be done based on BSE (Bombay Stock Exchange) closing prices or the last traded prices of NSE or BSE.
- When on a particular valuation day, a security has not been traded on the selected stock exchange the value at which it is traded on another stock exchange is used.
- When a security is not traded on any of the stock exchanges on a particular valuation day, it should be valued based on the last available closing price on the selected stock exchange or any other stock exchange provided such date is not more than 30 days prior to the valuation day.

Valuation Criteria for Thinly and Non Traded Securities

If the equity and equity related securities are not traded on NSE or BSE stock exchange for a period of thirty days prior to the valuation date or it is thinly traded security as per SEBI guideline norms of trading less than 50,000 shares in a month or where the trading value is less than Rs. 5 lacs in a month, then it be should be valued as per the norms given below:

- Both the thinly traded and non traded securities will be valued at fair value as determined in good faith by the firm.
- For the purpose of valuation of non-traded and thinly traded securities, the following principles will be adopted;
- The value as per the net worth value per share and the capital earning value calculated as per the below methods shall be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share.

Method: 1

- Net Worth per share = [Share capital + reserves (excluding revaluation reserves) - Miscellaneous expenditure and Debit Balance in P&L A/c) Divided by No.of Paid of shares

- The net worth shall be calculated based on the latest available Balance sheet.

Method: 2

- Average capitalization rate (P/E ratio) for the industry based upon either NSE or BSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

- In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning.

- In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the share of such companies shall be valued at zero.

Suspended Securities

a) If the equity is suspended up to 30 days, then the last reported closing price would be taken for valuation of that security.

b) If the equity is suspended for more than 30 days, then the fair valuation of Non-Traded /Thinly traded security would be applied.

Unlisted Securities

Unlisted securities will be valued at fair market value based price at which a most recent transaction has taken place in such securities / valued at fair value as determined in good faith by the firm. These guidelines are similar to the guidelines for non traded / thinly traded securities.

Mutual Fund Unit

Mutual fund units will be valued at the same day NAV as available on the Fund's website. If the same day NAV is not available it will be valued at latest available NAV

Exchange Traded Fund (ETF)

ETFs shall be valued at closing prices available on the stock exchange. If the said prices are not available the latest NAV of the Fund will be considered.

Warrants

In case the warrants are traded separately, they would be valued as per the valuation guidelines applicable to equity shares.

In case the warrants are not traded, the warrants can be valued at the Price of the underlying equity shares reduced by the amount which would be payable on exercise of the warrant. Appropriate illiquidity discount shall be provided with approval of the Valuation Committee. If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.

Compulsorily Convertible Debentures (CCD)

Traded CCDs would be valued based on the closing market price reported in the exchange.

If traded price is not available for the security to be valued, then it would be valued as per the following methods;

i) Ascertain

- The number of shares to be received after conversion.
- Whether the shares would be entitled for dividend on a pari passu basis for dividend on conversion.
- The rate of last declared dividend.
- Whether the shares are presently traded or non traded/thinly traded.
- Market rate of shares on the date of valuation

ii) In case the shares to be received , on the date of valuation, are thinly traded / non traded, then, these shares to be received on conversion are to be valued as thinly traded / non traded shares as stated above.

iii) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation and would be traded pari passu for dividend on conversion:

a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate

b) Determine the discount for non-tradability of the shares on the date of valuation. (This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Valuation Committee.)Value = (a)*market rate [1-(b)]

iv) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation but would not be traded pari passu for dividend on conversion:

a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate
b) Arrive at the market value of the shares on the date of valuation by reducing the amount of last paid dividend.
c) Determine the discount for non-tradability of the shares on the date of valuation.

(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Valuation Committee) Value = (a)*{b- [1- (c)]}

v) In case of optionally convertible debentures, values must be determined assuming that the option will be exercised and also assuming that the option will not be exercised.

- If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and;

- If the option rests with the investor, the higher of the two values shall be taken.

Valuation of Non - Convertible Debentures (NCD)

Traded NCDs would be valued based on the closing market price reported in the exchange. If traded prices are not available and/or does not represent fair valuation then the security would be valued based on the price provided by IMACS

Valuation of Shares on De-merger and Other Corporate Action Events:

Demerger

Both the shares are traded immediately on de-merger:

- In this case both the shares are valued at respective traded prices.
- Shares of only one company continued to be traded on de-merger
- The cost of demerged entity will be bifurcated between 2 companies based on demerger ratio. The price of shares which is listed and traded after demerger will be valued at that price. The price of shares which is not listed will be valued at price arrived at by computing the difference in price between last traded price before demerger less the traded price of shares which is traded post demerger. It will also be ensured that total market value of both securities added together post de merger is equivalent to the pre demerger market value. This will be followed till 30 days. Post that if the prices are not available, then it will be valued based on fair price with necessary approval of the Valuation Committee.

Both the shares are not traded on de-merger:

- Shares of de-merged companies are to be valued at the pre de-merger value up to a period of 30 days from the date of de-merger. The total cost value of shares post demerger should be bifurcated in the demerger ratio and should be equivalent to the pre demerger cost. The market price also will be bifurcated in same manner till both the companies are listed and traded post demerger. If post 30 days the prices are not available then it will be valued based on fair price with necessary approval of the Valuation Committee.
- In case of any other type of capital corporate action event, the same shall be valued at fair price on case to case basis with necessary approval of the Valuation Committee.

Non Traded/Thinly Traded Rights Entitlements

- Where right entitlements are not traded and it is decided not to subscribe the rights, the right entitlements have to be valued at zero.
- Where right entitlements are not subscribed to but are to be renounced, and where
- enouncements are being traded, the right entitlements have to be valued at traded
- Renunciation value.
  Valuations of non-traded/thinly traded/Unlisted rights entitlement, SEBI Regulations have explained this with the help of following formula and the security will be valued accordingly:

Vr = (Pex - Pof) Where
Vr = Value of Rights
Pex = Ex-right price
Pof = Rights offer price

Where the rights are not treated pari passu with the existing shares (or resultant share is not an equity share), suitable adjustment should be made to the value of rights.
In case the Rights Offer Price is greater than the ex-rights price, the value of the rights share is to be taken as zero.

In case original shares on which the right entitlement accrues are not traded on the Stock Exchange, right entitlement should be valued at zero

Fixed Income Product

- Investments will generally be valued based upon the value assigned by an exchange or platform on which such investment is traded or reported. In case, the investments are not traded /reported on the exchange/platform on the day of valuation, the Firm may use the valuation as provided by an acceptable independent third party provider.

- The Firm receives the daily mark – to – market valuation and the daily accrued income for the securities held in one of its underlying client portfolios from an external independent Credit Rating Agency who is a SEBI registered credit rating agency, and currently provides valuation services for fixed income securities for the Indian domestic mutual fund industry. They provide a daily bond matrix giving yields for a corresponding modified duration and credit rating.

Investment in new type of securities / assets other than mentioned in this policy shall be made only after establishment of the valuation methodologies for such securities / assets by the Valuation Committee.

13. AUDIT

QAPL shall maintain separate client-wise portfolio accounts. QAPL shall get client's Portfolio Transaction Account, duly audited annually by an independent Chartered Accountant appointed by QAPL and thereon a copy of the Audit Report shall be provided to the clients. It is clarified that the aforesaid is not applicable to clients who have availed only Advisory Portfolio Management Services.

If any client intends to get these transactions audited at their end such appointment of an independent Chartered Accountant will be at the cost of the client and QAPL shall be entitled to a copy of the Audit Report. It is clarified that the aforesaid is not applicable to clients who have availed only Advisory Portfolio Management Services.

14. PREVENTION OF MONEY LAUNDERING

The Prevention of Money Laundering Act, 2002 (PMLA) came into force with effect from July 1, 2005, forming the core of the legal framework to combat money laundering. As per the provisions of the Act, Intermediaries, including portfolio managers, have certain obligations regarding verification of the identity of their clients, maintaining records and furnishing information to the Financial Intelligence Unit – India (FIU - IND). SEBI has vide various circulars issued directed all Intermediaries, including portfolio managers to formulate and implement policies and procedures for dealing with money laundering and adoption of 'Know Your Customer' (KYC) Policy. The client should ensure that the amount invested in the Portfolio Management Service is through legitimate sources only and does not involve and is not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of The Prevention of Money Laundering Act, 2002, The Prevention of Money Laundering Rules, 2005, Income Tax Act, Anti Money Laundering Guidelines, Anti-Corruption Act, SEBI Act and or any other applicable laws enacted by the Government of India from time to time.

QAPL reserves all the rights to take all steps and actions, including recording clients' telephonic calls, and /or obtain and retain documentation for establishing the identity of the client, proof of residence, source of funds, etc. in accordance with the applicable laws, from the client/ custodian, as may be required to ensure appropriate identification / verification/ re-verification of the client, the sources of fund etc. under the KYC policy. If at any time QAPL believes that the transaction is suspicious in nature within applicable laws, QAPL shall have the absolute discretion to report the suspicious transaction to FIU – IND and/or any other statutory body. QAPL is bound to do so from time to time. QAPL can also reject any application, freeze the account, compulsorily close the account of the client and the termination proceeds shall be paid to the client at NAV subject to payment of fees and expenses, if any, of QAPL. QAPL shall have no obligation to inform / advise the client or its agents / power of attorney holder of such reporting.

QAPL and its directors, employees, agents and persons acting on its behalf shall not be responsible/liable for any loss to the client in any manner whatsoever due to reporting to the FIU-IND, the rejection of any application or freezing of the accounts or compulsory closure of a the account or termination of the agreement entered into between the client and QAPL, due to non-compliance by the client with the provisions of the laws, rules, regulations, KYC policy etc. and / or where QAPL makes reporting to FIU – IND of suspicious transaction.

15. *INVESTOR SERVICES*

(i) Details of the Investor Relation Officer/s of Quantum Advisors Private Limited:

Clients may contact the following executive for their queries:

Name	Designation	E-mail
Mr. I.V. Subramaniam	Managing Director & Chief Investment Officer (MD & CIO)	Subbu@QASL.com

Mailing Address: Regent Chambers, 503-504, 5th Floor, Nariman Point, Mumbai - 400021
Tel. No. 91-22-6144 7902; Fax No. 91 22 2285 4318/2287 5111

(ii) Portfolio clients' Grievance redressal and dispute settlement mechanism:

All clients are advised to send their complaints at the designated email id for receiving client complaints i.e. Complaint@QASL.com. The Firm's senior management staff i.e. MD, COO and CCO has access to the said e-mail id.

For any queries/clarifications and for timely and prompt redressal of grievances, the Clients may contact the above mentioned executive of the Portfolio Manager.

As a part of the firm's clients' grievance redressal and dispute settlement mechanism, all the disputes arising in connection with the client Services Agreement shall, to the extent possible be settled amicably by prompt negotiations between the representatives of the parties at the earliest.

In the event of failure to settle the disputes by mutual negotiations, it may be referred to and finally resolved by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force or any other arbitration law or rules of arbitration as mentioned in the Portfolio Management Agreement.

The place of arbitration shall be Mumbai, India unless specified otherwise in the Portfolio Management Agreement and be conducted in English language. The costs of arbitration shall be borne, as the arbitrators shall decide on a majority of votes. The Parties agree that any award of the arbitrator shall be final and binding on them from the date it is made.

(iii) SEBI Complaints Redressal System (SCORES):

SEBI has set up a centralized web based complaints redress system (SCORES) for easy retrieval and tracking of complaints of the investors.

Clients may also lodge and follow up their complaints and track the status of such complaint from anywhere through SCORES by visiting www.scores.gov.in. QAPL will receive and redress the complaints lodged against it by any of its client in accordance with the procedure prescribed by SEBI in this regard.

It would, however, be advisable that Clients may initially take up their grievances for redressal with QAPL's investor relation officer which has notified above for handling issues relating to compliance and redressal of investor grievances.

For Quantum Advisors Private Limited

SD/-	**SD/-**
I. V. Subramaniam	**S.S. Thakur**
Managing Director & CIO	**Director**
DIN (00253917)	**DIN (00001466)**
Date: September 6, 2017	**Date: September 6, 2017**

FORM C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993
[Regulation 14]

Portfolio Manager	Quantum Advisors Private limited
Address.	Regent Chambers, # 503-504, 5th Floor, Nariman Point,Mumbai - 400 021
Tel Nos.	91 22- 6144 7900/2383 0322
Fax no	91 22 -2285 4318/2287 5111
Email	info@qasl.com
Website	www.QASL.com

We confirm that:

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

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

(iii) the Disclosure Document dated May 24, 2017 (updated up to March 31, 2017) has been duly certified by an Independent Chartered Accountant, by NMAH & ASSOCIATES LLP, Chartered Accountants, A-78, First Floor, Virwani Industrial Estate, Opposite Westin, Off Western Express Highway, Goregoan East, Mumbai-400063. Firm's Registration No: 133288W

Date – September 6, 2017

SD/-
I.V. Subramaniam
(Principal Officer)
605/6, Athena Building, Raheja Acropolis-I,
Deonar Pada Road, Chembur,
Mumbai – 400088