



## **Disclosure Document**

**Portfolio Management Services**  
**JM Financial**

# **JM FINANCIAL SERVICES LIMITED**

## **DISCLOSURE DOCUMENT**

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### **I. DECLARATION:**

- a) This Disclosure Document has been filed with 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.
- b) The purpose of this Disclosure Document is to provide essential information about the portfolio services in order to assist and enable the investors in making informed decisions for engaging the Portfolio Manager.
- c) This Disclosure Document contains the necessary information about the Portfolio Manager required by an investor before investing. The investor is advised to carefully read this entire document before making a decision and retain it for future reference.
- d) This document supersedes the Disclosure Document dated February 27, 2018 filed with SEBI.
- e) The Principal Officer designated by the Portfolio Manager is:

Mr. Subodh Shinkar  
Chief Executive Officer  
Tel No: 022-6704 3400  
E-mail: subodh.shinkar@jmfl.com

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#### **1) Disclaimer Clause**

This Disclosure Document is filed with SEBI. The particulars of this document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993, as amended from time to time. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of its contents. The Company does not undertake to notify the Clients of any changes in the information stated herein, subsequent to the date of this document. This Disclosure Document is also available on the website of the Company.

#### **2) Definitions**

- (a) 'Act' means the Securities and Exchange Board of India Act, 1992.
- (b) 'Client' means any person who is registered as a client with the Portfolio Manager for availing its portfolio management services.
- (c) 'Discretionary Portfolio Management Services' means the services provided by the Portfolio Manager exercising its sole and absolute discretion to invest the Clients' Funds in any type of security as per the agreement relating to portfolio management and to ensure that all benefits accrue to the Clients' Portfolio, for an agreed fee, entirely at the Clients' risk.
- (d) 'Funds' means the moneys placed by the Client with the Portfolio Manager and any accretions thereto.
- (e) 'Non-Discretionary Portfolio Management Service' means the services provided by the Portfolio Manager under which the Portfolio Manager manages the Clients' Funds in accordance with the discretion of the Client for an agreed fee and invests on behalf of the Client in their account in any type of securities entirely at the Clients' risk and instructions and to ensure that all the benefits accrue to the Clients' Portfolio.
- (f) 'Portfolio' means the total holdings of all investments, securities and funds belonging to the Client.
- (g) 'Portfolio Manager' means JM Financial Services Ltd., a company registered under the Companies Act, 1956 and having its Registered Office at 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 and its Corporate Office at 5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025. JM Financial Services Ltd is registered as a portfolio manager under the SEBI (Portfolio Managers) Regulations, 1993.

- (h) 'Regulations' mean the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended from time to time.
- (i) 'Portfolio Product' means any of the investment portfolio products as mentioned herein or such portfolio products that may be introduced at any time in future by the Portfolio Manager.
- (j) 'SEBI' means the Securities and Exchange Board of India established under sub section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.

Words and expressions used in this Disclosure Document have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry the meanings assigned to them in the Regulations governing Portfolio Management Services.

### **3) Description**

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

JM Financial Services Ltd. ("the Company"), a Portfolio Manager registered with Securities and Exchange Board of India (SEBI), was incorporated in June 1998 in the name of JM Morgan Stanley Retail Services Pvt. Ltd., following the formation of a joint venture between JM Financial Group and Morgan Stanley. The said joint venture was terminated both by JM Financial Group and Morgan Stanley during the year 2007. The Company was established, inter alia, for the purpose of undertaking the share & stock broking, investment advisory, retail sales and distribution business with primary focus on the investment advisory services. The registration number allocated to the Portfolio Manager by SEBI is INP000000621.

The Company is a trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), and Metropolitan Stock Exchange of India Ltd. (MSEI), a Depository Participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and is also a Research Analyst registered with SEBI.

The core competency of the Company as Portfolio Manager lies in its research capabilities, execution and expertise in the capital markets, which enables it to design and execute customized investment strategies for its clients.

The Portfolio Manager caters to the investment needs of corporates, high net-worth individuals and retail clients. It has a comprehensive team of Relationship Managers, Product Specialists, and Researchers who provide treasury management services to corporates, research based investment advisory services to high net-worth individuals and access to a wide range of investment options such as mutual funds, equities, RBI and other bonds and IPOs to its clients.

**(ii) Promoters of the Portfolio Manager, its Directors and their background:**

**Promoters:**

JM Financial Limited (“JM Financial”), holding company of the portfolio manager, was incorporated on January 30, 1986 and has operated as a Core Investment Company since last many years. During the FY 2017-18, on amalgamation of two of its wholly owned subsidiary companies with itself, the Company, with effect from January 19, 2018 has become a SEBI Registered Category I Merchant Banker and Manager to the Private Equity Fund. Since then, Company is engaged in the activities of funds raising advisory in equity and debt capital markets, mergers and acquisitions advisory, private equity syndication, corporate finance advisory business and private equity fund management. It is a public limited listed company, whose equity shares are listed on the BSE Ltd and National Stock Exchange of India Ltd.

JM Financial is an operating cum holding company and is engaged in various financial services businesses on its own and through its subsidiary and associate companies forming a well-diversified yet integrated financial services. JM Financial holds investments in its subsidiaries that are engaged in various businesses, namely, Non-Banking Financial Services, Asset Reconstruction, Equity Research, Equity Broking to Institutional and non-institutional Investors, Wealth Management advisory, Mutual Funds Asset Management, etc.

**Directors and their background:**

**a) Mr. Nimesh N. Kampani:**

**Chairman, JM Financial Group**

Mr. Nimesh N. Kampani, is the founder and chairman of JM Financial Group, one of India’s leading players in the financial services space. The Group is engaged in businesses covering investment banking, institutional equity sales, trading, research and broking, private and corporate wealth management, equity broking, portfolio management, asset management, Commodity broking, fixed income broking, non-banking financial services, private equity and asset reconstruction.

In his career spanning over four decades, Mr. Kampani has made pioneering contribution to the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially, capital raising and mergers & acquisitions, investors on the focus areas for investing and Regulators & Law Makers on progressive regulations for development of financial markets and corporate activities.

Mr. Kampani has served as a member on several important committees constituted by the Ministry of Finance, Government of India, Reserve Bank of India, Securities and Exchange Board of India, BSE Ltd, National Stock Exchange of India Limited, Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and Institute of Chartered Accountants of India.

He was a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre and also a member of the Advisory Panel on Financial Regulation and Supervision constituted by RBI Committee on Financial Sector Assessment. He was a member of the Bloomberg Asia Pacific Advisory Board and also a member of the Governing Board of Centre for Policy Research.

Mr. Kampani is currently the Chairman of the CII National Council on Financial Sector Development. He is also a member of the India Advisory Board of Bain & Company and Advisory Board of Venture Studio promoted by Ahmedabad University.

Mr. Kampani serves as an Independent Director on the Board of Directors of several leading Indian companies such as Apollo Tyres Limited, Britannia Industries Limited, Chambal Fertilisers and Chemicals Limited and Deepak Nitrite Limited.

Mr. Kampani is a commerce graduate from Sydenham College, Mumbai and a fellow member of the Institute of Chartered Accountants of India.

**b) Mr. Anil Mavinkurve:**

Mr. Anil Mavinkurve has been associated with the Equity Markets for over twenty six years and has rich experience in Investment Banking, Capital Markets, equity advisory services and equity and derivatives trading.

He is a commerce graduate and is also an Associate member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He also holds a Diploma in Systems Management from the Mumbai University.

He is the Company Secretary and Whole time Director of the Company. He also oversees the activities of Arbitrage trading desk and stock lending and borrowing (SLBM) desk of the Company.

**c) Mr. Hemant M. Kotak:**

Mr. Hemant M. Kotak is a graduate from Sydenham College of Commerce & Economics, Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India and an Associate Member of the Institute of Cost Accountants

of India. He has over 31 years of experience and started his career with The Tata Oil Mills Co. Ltd. after which he joined JM Financial Limited. (erstwhile J.M. Share & Stock Brokers Ltd) in 1992.

Mr. Hemant Kotak is one of the Director of the Company.

**d) Ms. Dipti Neelakantan:**

Ms. Dipti Neelakantan is Managing Director and part of the Firm Management at JM Financial Group.

She has more than 36 years of professional experience in the financial and capital markets industry. She joined the JM Financial group in the year 1981.

Her bouquet of experience covers various capacities, locations and disciplines spanning across corporate governance, Firm management, financial structuring, end to end delivery of capital market transactions, mergers and acquisition advisory, active engagement for regulatory approvals, syndication, compliance, stock broking, sales and distribution of financial products.

Her area of expertise over the last decade spans extensively the areas of corporate governance and risk management. She has also worked towards creation of and decoupling from joint ventures for various businesses of the JM Financial group.

Having been a director of various companies in JM Financial group for several years, she has a deep understanding of Board procedures and responsibilities.

During her career, she has been actively engaged with various policy makers including SEBI and RBI, for development of regulatory framework and for continuous reforms in Capital Market.

She has been a member of various committees of SEBI. She is also a member of FICCI's Capital Market Committee and CII's National Committee on Capital Markets, CII's National Committee on NBFC and CII's Economic Affairs Council.

She is a fellow member of the Institute of Company Secretaries of India and a graduate in Commerce from Sydenham College, Mumbai.

**e) Mr. Vishal Kampani:**

Mr. Vishal Kampani is the Managing Director of JM Financial Limited, the group's flagship listed company. He has played a stellar role in transforming the JM Financial group into a financial services powerhouse. He launched the Asset Reconstruction business in 2008 and the Real Estate Finance business in 2009.

He joined the JM Financial group in 1997 as an analyst in the Merchant Banking



Division and has since moved up the rank and worked across businesses within the group.

In a career spanning over 21 years, Mr. Kampani has played a key role in consummating several landmark and complex M&A and restructuring transactions. He has been instrumental in expanding the company's International Operations and building a global profile.

In 1999, Mr. Kampani worked with Morgan Stanley Dean Witter & Co. in New York, in the Equity Capital Markets Group, where he was involved in structuring creative products for the firm's clients most of whom were fortune 500 companies.

After returning to India in 2000, Mr. Kampani has worked as a Senior Banker in the Investment Banking division of JM Morgan Stanley Private Limited, which was then a joint venture between JM Financial group and Morgan Stanley. He was, then, responsible for building and maintaining key client relationships, procuring and overseeing the execution of business transactions, advising corporate clients in raising capital, acquisition and divestment of companies, re-organisation of corporate groups. He was also the head of the corporate finance division.

Mr. Vishal Kampani is a Master of Commerce from University of Mumbai and has completed his M.S. (Finance) from London Business School, University of London.

**f) Mr. Keki Dadiseth:**

A Fellow Member of the Institute of Chartered Accountants of England & Wales, Mr. Keki Dadiseth joined Hindustan Lever Limited in India in 1973 as Manager in the Audit Department. His tenure in the company included a three-year secondment to Unilever plc in London (1984-87), where he held senior financial and commercial positions. On his return to India in 1987, Mr. Dadiseth joined the Board of Hindustan Lever Limited and, until he became Chairman in 1996, headed several businesses (Detergents and Personal Products) and functions (Personnel and Acquisitions & Mergers activities) for the Group in India.

Mr. Dadiseth was appointed as a Director on the Board of Unilever plc and Unilever NV in May 2000 and a Member of the Executive Committee. On January 1, 2001, he took over as Director, Home and Personal Care, responsible for the HPC business of Unilever worldwide. He retired from Unilever in May 2005. He was also a Non-Executive Director of Prudential plc from 2005-2013, and Chairman and Senior Advisor to Sony India Ltd for four years till early 2013. He retired as a Member of the International Advisory Board of Goldman Sachs in October 2012 after serving for six years. He also served on the Boards of various leading companies such as ICICI Prudential Life Insurance, ICICI Prudential Asset Management Trust in the past and Indian Hotels Co. Ltd. and PIEM Hotels Ltd. till April 2017. He was also a Trustee of the Sir Ratan Tata Trust till April 2017.

In India, Mr. Dadiseth is closely associated with various industry, educational, management and medical bodies. He is a Member of the Managing Committee, Breach Candy Hospital Trust. He is on the Boards of, Britannia Industries, Piramal Enterprises, Siemens, Godrej Properties Limited and JM Financial Limited. He is a Member on the Executive Board of the Indian School of Business. He is also Chairman/Member of Audit/Remuneration/Corporate Governance committees in some of these companies.

Mr. Dadiseth is a Non-Executive Chairman of Omnicom India, and Chairman of the Convening Board of Marsh & McLennan Companies, India. He is also a Member of the India Advisory Boards of PricewaterhouseCoopers Pvt Ltd, Accenture Services Pvt Ltd, and the World Gold Council, India.

Mr. Dadiseth is an Independent Director and a member of the Audit Committee of the Company.

**g) Dr. Anup Pravin Shah**

Dr. Anup Pravin Shah, aged 41 years, is a Fellow Member of The Institute of Chartered Accountants of India. He is a rank holder at the Inter and Final level of exams conducted by The Institute of Chartered Accountants of India. He is Ph.D. in Commerce from Mumbai University. He is also a Law Graduate from Mumbai University and has done Business Consultancy Studies from Jamnalal Bajaj Institute.

Dr. Shah is a Senior Partner of M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai. He has over 19 years of experience in the areas of tax advisory, business restructuring, capital markets regulations, foreign investments, international tax, PE investments, real estate structuring, management consultancy, valuations, property matters and Accounting. He has contributed articles / papers to several publications, newspapers and at conferences, delivered talks at seminars and workshops across India and published books and articles on the above mentioned subjects.

Dr. Shah is also on the Board of the following public companies:

- Claris Lifesciences Limited
- Jai Corp Limited
- Marathon Nextgen Realty Limited
- JM Financial Credit Solutions Limited
- Mahindra Susten Private Limited

Dr. Shah is an Independent Director and Chairman of the Audit Committee of the Company.

**(iii) Top 10 Indian Group companies/firms of the Company on turnover basis as per the latest available audited financial statements:**

Sr. No	Name of Indian Group companies
1	JM Financial Credit Solutions Limited
2	JM Financial Products Limited
3.	JM Financial Asset Reconstruction Company Limited
4	JM Financial Limited
5	JM Financial Asset management Limited
6	JM Financial Capital Limited
7	J. M. Financial & Investment Consultancy Services Private Limited
8	JM Financial Properties and Holdings Limited
9	Astute Investments
10	CR Retail Malls (India) Limited

**(iv) Details of the services being offered: Discretionary/ Non-discretionary/ Advisory.**

The Portfolio Manager is offering Portfolio Management Services under Discretionary, Non-discretionary and Advisory categories to its prospective clients after ascertaining their investment needs and objectives.

**4) Penalties, pending litigation or proceedings, etc.:**

There have been no instances of pending litigations or proceedings against the Company. However, the instances of SEBI inspection and outcome thereof are highlighted below as a matter of information:

SEBI Whole-time Board Member had issued a warning letter under Regulation 13(4) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and imposing Penalty) Regulations 2002, arising out of the inspection of books and records of the Company by SEBI in November 2000. **(Matter Closed).**

SEBI conducted inspection of books and records of the depository operations of the Company for the period April 2011 to March 2013 and observed few discrepancies. SEBI vide its letter dated September 26, 2013 has advised the Company to be careful in future and improve its compliance standards to avoid recurrence of such instances. **(Matter Closed).**

SEBI conducted inspection of books and records pertaining to broking operations of the Company for the period April 2012 to March 2014. SEBI, vide its letter dated

February 17, 2016, has advised the Company to take appropriate corrective action to rectify the deficiencies observed by them. **(Matter Closed).**

SEBI conducted inspection of books and records pertaining to broking operations of the Company for the period April 2013 to August 2015. SEBI, vide its letter dated October 17, 2016, has advised the Company to take appropriate corrective action to rectify the deficiencies observed by them. **(Matter Closed).**

SEBI conducted inspection of books and records of the depository operations of the Company for the period April 2014 to August 2015 and observed few discrepancies. SEBI vide its letter dated March 08, 2017 has advised the Company to take appropriate corrective steps to rectify the deficiencies observed by them. **(Matter Closed).**

Further, no penalties have been imposed on the Company for any economic offence or for violation of any securities laws.

There are no material litigations/legal proceedings/criminal cases/ pending against the Portfolio Manager or its key personnel. To the best of our knowledge there are no claims of material importance threatened against the Portfolio Manager.

Some of the tax litigations/disputes are mentioned below as a matter of information.

The Company had received Show Cause cum Demand Notices for payment of service tax aggregating to Rs. 90.95 lakh (excluding interest) of which an amount of Rs.63 lakh had been paid under protest. The Company had responded to the Show Cause cum Demand Notices by giving detailed submissions as to why the said amounts are not payable. In this regard, the Commissioner of Service tax had passed an order stating that the service tax is payable on the brokerage income earned by the Company on distribution of RBI Bonds. The Commissioner of Service tax had also reduced the demand by Rs. 6.30 lakhs. The Company had filed an appeal with the Central Excise and Service tax Appellate Tribunal (CESTAT) against the said order. The aggregate amount of service tax payable was Rs. 84.65 lakh. The matter was heard by the CESTAT on September 30, 2015. The order of the CESTAT dated 30-9-2015 was received by the Company on March 31, 2016. As per the said order the CESTAT had set aside the service tax liability for the period August 2002 to March 2006. The service tax deposit amounting to Rs. 63 lakh which was paid under protest has been paid back by the service tax department to the Company on December 2, 2016. On November 25, 2016 the Company has received from Supreme Court a notice of lodgement of petition of appeal filed by the Service tax department in the Supreme Court. The petition filed by the Service tax department against the Company is tagged with Civil Appeal entitled 'Commissioner of Service tax, Mumbai vs. HDFC Bank Ltd.'.

The Company had received another show cause cum demand notice for payment of service tax of Rs.12.59 crore. The Company had replied to the show cause giving

reasons as to why it is not liable for service tax. After conducting personal hearings, the Commissioner of Service Tax has waived service tax liability of Rs 7.10 crore. The Commissioner of Service tax in his order has revised the service tax liability at Rs. 10.99 crore (which includes liability of service tax at Rs. 5.49 crore and a penalty of Rs. 5.50 crore). The Company filed an appeal with the Central Excise and Service tax Appellate Tribunal (CESTAT) against the said demand. CESTAT vide order dated April 9, 2013 has set aside the liability of Rs. 10.99 crore as levied by the Commissioner of Service tax. The Company has received a letter dated August 20, 2014 from the Service tax Office stating that they have filed before the Hon'ble High Court, Mumbai an appeal against the order of the CESTAT i.e. for service tax liabilities on IPO Financing fees, Processing Fees & Infrastructure Support Services totalling to Rs.5.45 crore. The Company on 24-04-2015 has received a show cause cum demand notice from the Additional Commissioner of Service tax, Mumbai towards service tax liability on income received by way of processing fees from banks earned during the financial year 2013-14. The demand raised for service tax liability is Rs. 0.11crore. The Company has replied to the show cause notice giving reasons as to why it is not liable for service tax. The order in response to the reply filed by the Company is awaited. Further the Company has received a similar show cause cum demand notice from the Additional Commissioner of Service tax, Mumbai towards service tax liability for the financial year 2014-15. The demand raised for service tax liability is Rs.15 lakh, which the Company is contesting. For financial year 2015-2016 & 2016-2017 a similar show cause cum demand notice from the Additional Commissioner of CGST & CEX, Mumbai. The demand raised for service tax liability for financial 2015-2016 is Rs. 1.44 lakhs and for financial year 2016-2017 is Rs. 4.40 lakhs. The Company is contesting the same.

The Company has received a show cause notice (SCN) on October 26, 2017 from the Directorate General of Goods and Service tax (DGGST) asking the Company to show cause as to why the services provided by the Company to their clients for collection of delayed payment charges for the period July 1, 2012 to March 31, 2017 should not be determined to be a taxable service. The total amount of delayed payment charges as per SCN is Rs. 65.55 crore and the Service tax liability on the same works out to be Rs.9.28 crore for the aforementioned period. The Company is of the view that the delayed payment charges as envisaged in the SCN are in the nature of interest and are exempt for the purpose of service tax. The Company is in consultation with the tax consultants and a suitable reply to the SCN will be filed by the Company in due course of time.

The Company was carrying on the business of cash future arbitrage during the financial year 2008-2009. The Income Tax Department has treated the loss of Rs 25.96 crore incurred on the cash segment as a speculation loss and taxed fully the profits made in the futures and options segment instead of taxing only the net gains from the business. The Company on January 27, 2012 filed an appeal before the Commissioner of Income Tax Appeals against the said disallowances made by the Income Tax Department. The CIT appeals vide order dated March 27, 2014 has

passed the order in the Company's favour. Aggrieved by the order of the CIT appeals, the Income tax department filed an appeal before the Income tax appellate Tribunal (ITAT). The ITAT vide order dated December 26, 2016 has also dismissed the appeal made by the Income tax department and passed an order in Company's favour. The Income tax department on July 07, 2017 has now filed an appeal before the Mumbai High Court against the order of the ITAT. For financial years 2010-2011 to 2013-2014, in respect of the disallowances for the same matter by the assessing officer, the Company has already filed the appeals with the Appellate authorities. For the financial year 2010-2011 and 2011-2012 the order has been passed in the Company's favour by the first appellate authority i.e the CIT appeals and is now pending before the ITAT (on an appeal filed by the Income tax department.) For the financial years 2012-2013 and 2013-2014 the appeal which has been filed by the Company with the CIT appeals is pending for disposal.

During TDS assessment proceedings, the Assessing officer (AO) had raised a query as to why tax was not deducted at source on borrowing fees of Rs.7.23 crore paid to National Securities Clearing Corporation Limited (NSCCL) in respect of the securities borrowed under the Stock Lending and Borrowing Mechanism (SLBM). Accordingly, detailed submissions were made stating that provisions of TDS on borrowing fees are not applicable. The AO vide order dated March 7, 2014 treated the Company as defaulter for non-deduction of tax at source of Rs.0.72 crore. The Company filed an appeal with the Commissioner of Income Tax Appeals (CIT (A)) on April 15, 2014 who passed the order against the Company. Aggrieved by the order of the CIT (A), the Company has filed an appeal before the Income Tax Appellate Tribunal (ITAT). The ITAT vide its order dated May 23, 2018 has stated that in principle the provisions relating to deduction of tax at source are not applicable if the Company was not aware of the identity and other details of the lenders at the time when the borrowing fees was paid. Accordingly, the ITAT has referred the matter back to the AO to re-adjudicate as to whether at the time of paying the borrowing fees to NSCCL the assessee was aware of the identity and other details of the lenders. Re-adjudication proceedings are still pending to be completed by the AO. Meanwhile the Company on May 31, 2018 sent an email to NSCCL wherein the Company had sought clarification whether the identity of the ultimate lenders of the securities was known to the Company at the time of payment of borrowing fees and also the agreement of the Company is solely with NSCCL. NSCCL vide its letter dated June 21, 2018 has confirmed to the Company that, the Company is not aware of the ultimate lenders of the securities, even at the time of payment of borrowing fees and our agreement as a participant is solely with NSCCL.

Neither SEBI nor any Regulatory agency has observed any deficiency in the systems and operations of the Portfolio Manager.

The Company has paid the fees for compounding the violations identified by the inspection team of the Department of Company Affairs in the year 2003.

No enquiry/adjudication proceedings have been initiated by SEBI and pending against the Portfolio Manager or its directors, principal officer or employees. Details about the enquiry/adjudication proceedings initiated by SEBI against the Associate/Group companies of the Portfolio Manager are as follows:

SEBI had issued a warning letter dated May 17, 2002 to JM Financial Institutional Securities Limited (JMFISL), for deficiencies in conduct of due diligence in relation to the initial public offering by one of its clients **(Matter Closed)**.

The SEBI Chairman vide his Order dated February 18, 2005, had censured JMFISL in relation to dissemination of information for a particular advisory transaction **(Matter Closed)**.

JMFISL had paid settlement charges of Rs. 4,00,000/- without admitting or denying the guilt in the matter of alleged violations of provisions of SEBI (Merchant Bankers) Regulations, 1992 and SEBI (Disclosure and Investor Protection) Guidelines, 2000 observed during the inspection carried out by SEBI for the period April 2003 to August 2005. **(Matter Closed)**.

JMFISL has amalgamated with JM Financial Limited effective from January 18, 2018 and accordingly, JMFISL has ceased to be in existence. The aforesaid matters are in relation to JMFISL and not against JM Financial Limited.

JM Financial Asset Management Ltd. (AMC) and J. M. Financial & Investment Consultancy Services Private Ltd. have paid a penalty of Rs. 50,000/- and Rs. 100,000/- respectively in the adjudication proceedings against them. **(Matter Closed)**.

The AMC has also paid a penalty of Rs. 500,000/- for non-disclosure of penalty imposed on the erstwhile Sponsor viz. J.M. Financial & Investment Consultancy Services Pvt. Ltd. due to the delay in reporting of acquisition of 6,999 shares representing 13.99% of equity shares of FICS Consultancy Services Ltd., within the stipulated time as required under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. **(Matter Closed)**.

SEBI, pursuant to the filing of bi-monthly CTRs by JM Financial Asset Management Limited, observed that the daily average AUM of 2 investors in one of the scheme of JM Financial Mutual Fund was above 25% in successive quarters. SEBI vide its letter dated September 12, 2017 has given a warning to JM Financial Asset Management Limited to take due care in future and improve the compliance standards to avoid recurrence of such instances. **(Matter Closed)**.

## 5) **Services Offered:**

### A. **Discretionary Portfolio Management Services**

The management of the Portfolio is of a discretionary nature, wherein the choice and timing of investments are left to the discretion of the Portfolio Manager, although the Client would be allowed to request reasonable restrictions, which are subject to the Portfolio Manager's final approval.

Under the Discretionary Portfolio Management Services, the Portfolio Manager will have the sole and absolute discretion with regard to selection of the type of securities traded on behalf of the Client and held in the portfolio, based on the executed agreement. The Portfolio Manager has the discretion as regards the choice and timing of the investment decisions, to make changes in the investment and to invest some or all of the funds of the Client in such manner and in such industries/sectors/securities as the Portfolio Manager deems fit. The Client may give informal guidance to customize the portfolio products; however the final decision will rest with the Portfolio Manager. The Portfolio Manager may at times, but without any obligation, act at the Clients' specific instructions with regard to the investment/disinvestment decisions of the Clients' portfolio. The Portfolio Manager may seek the non-binding advice and/or recommendations from a consultant in its endeavour to achieve the investment objectives of the Portfolio Products. The Portfolio Manager may, at its discretion, terminate the services of the consultant and may appoint any other consultant in its place. The securities traded or held by the Portfolio Manager in different Clients' portfolios, even if invested in the same Portfolio Product, may differ from Client to Client. The Portfolio Manager may subject to authorisation by the client in writing, participate in securities lending. The Portfolio Manager's decision (taken in good faith) in deployment of the Clients' funds is absolute and final and cannot be called in question or be open for review at any time during the course of the Agreement or any time thereafter except on the ground of malafide intent, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager will be exercised strictly in accordance with the relevant acts, rules, regulations, guidelines and notifications in force from time to time. The Portfolio Manager may make investment/disinvestment in securities under the Portfolio Product either in the name of the Client or in its own name on behalf of the Clients on a pooling basis under which purchase/sale of securities under the Portfolio Product will be aggregated for the economy of scale and then allocated on a pro rata basis among the Clients. The securities in case of purchases would be transferred to, and held in the Client's respective Demat Accounts.

The following Portfolio Products are presently available to the Clients:

- I. Growth & Value (Formerly known as 'Core')
- II. Debt
- III. Life Cycle
- IV. Alpha Strategies
  - a. Low Risk Plan
  - b. Medium Risk Plan



- V. Focus
- VI. India Resurgent
- VII. Equity Plus Portfolio Product
- VIII. Wealth Builder
- IX. Asset Multiplier
- X. The Opportunistic Equity Portfolio
- XI. Multi Manager Fund

## **Portfolio Product Details**

### **Portfolio Product I – Growth & Value (Formerly known as ‘Core’)**

The main objective of the Growth & Value Portfolio Product is to generate medium to long term capital appreciation through investment in equities and equity related instruments with an emphasis on companies perceived to be attractively valued from the point of view of their long term growth prospects and potential. Investment decision of the Portfolio Manager may be guided by the above perceptions. Examples of the factors due to which the companies may be perceived as attractively valued are listed below:

- Companies that appear to have under-valued assets.
- Companies in niche segments with scale-up potential.
- Companies going through a temporary crisis but their underlying business structure and outlook appears to be robust.
- Changes in management, restructuring and shifts in business and economic conditions.
- Potential for value enhancements from strategic sale, de-regulation, economic legislation, reform thrusts, industry shakeouts, etc.
- Quality of management.
- Market leader with consistent growth

The Portfolio Manager may consider other factors also. The investments may pertain to any sector whether in the private or public/ state domain. The Portfolio Manager will seek to achieve a balanced diversification across companies and sectors by investing in a basket of medium to large capitalised companies. However, the Portfolio Manager, may at its sole discretion, due to market or other factors, weigh the portfolio towards one or more sectors, and /or raise cash levels in the portfolio.

The Portfolio Manager may invest in derivatives and/or related instruments to hedge or balance the portfolio.

### **Portfolio Product II - Debt**

The objective of the Portfolio Product is to generate positive return with low risk of capital loss over a short to medium term time frame.

The Portfolio Product will be investing in Debt Instruments, Money Market Instruments and Debt oriented Mutual Funds.

The funds deployed by the Clients in this Portfolio Product will be inter alia invested in Government Securities, Debt oriented mutual funds, fund of funds, Gilt schemes, Liquid schemes, RBI relief bonds, money market instruments including Treasury Bills, Commercial Papers, Certificate of Deposits, Secured or unsecured corporate bonds and deposits, any linked instruments and/or any other debt instruments. The return on such investments may be fixed and/or variable.

The Client may give informal guidance to customize the Portfolio under the Portfolio Product. However, the Portfolio Manager will take the final decision with regard to investments.

### **Portfolio Product III - Life Cycle**

The objective of the Portfolio Product is to invest in a mix of various asset classes including equity, debt, mutual fund, money market instruments and other products and to grow the wealth of the Client during his life cycle. Based on the Client's investment objectives, risk appetite and return expectation, the Portfolio Manager along with the Client will formulate an 'Asset Allocation Plan', which will set broad guidelines for the Portfolio Manager. The Clients may also leave the creation of the 'Asset Allocation Plan' to the discretion of the Portfolio Manager. The 'Asset Allocation Plan' will define the percentage of funds to be invested in equity, debt, liquid assets and/or other products. The 'Asset Allocation Plan' will also define ranges for few or all asset classes within which the Portfolio Manager will be increasing or reducing the exposure. The Client can change their Asset Allocation any time during the currency of the Agreement/Portfolio Product. Though the Client may give informal guidance to customise the Portfolio under the Portfolio Product, the final decision rests with the Portfolio Manager.

Based on the broad 'Asset Allocation Plan', the Portfolio Manager at its discretion will decide how much, when and where to invest in each asset class. The Portfolio Manager may invest in all kinds of investment instruments including equity, bonds, mutual funds, other Portfolio Products of the Portfolio Manager, public offerings of body corporates or other products. Each Client investing in this Portfolio Product may have a different Portfolio from that of another Client investing in the same Portfolio Product.

### **Portfolio Product IV – Alpha Strategies**

The objective of the Alpha Strategies is to generate medium to long-term capital appreciation. Under this Portfolio Product the following are the two investment Plans:

### **High Risk Plan**

Under the High Risk Plan, the Portfolio Product will endeavor to invest in securities including equity shares, mutual funds, convertible debentures, warrants, exchangeable bonds, etc. where announcement of corporate action or business restructuring viz., merger/ de-merger, delisting, buy-back, open offer or take-over, bonus, rights issue, warrants or khokha buy back, issuance of fully/partly Convertible Debentures, Preferential Issue, stock split, special one time dividend, etc. is anticipated based on the Portfolio Manager's internal research and assessment of prevailing market conditions. The Portfolio Manager will also endeavor to invest in securities where there is an expectation of capital appreciation based on the short to medium term opportunities available in the market pursuant to Policy/regulatory announcement/action specific to a company or sector that significantly changes the outlook of that company or sector, any earnings surprise, change in Management guidance/commentary, Sectorial attractiveness driven by - Valuation gaps, Asset Correlations, Flows, etc., News of some key global or domestic event expected to take place, any other unusual event that may trigger a buying opportunity in any security, etc. Additionally, depending upon the availability of surplus funds and/or opportunities in the market, the Portfolio Product would make investment in close-ended mutual funds and in initial/follow on public offerings by bodies corporate. The Portfolio Manager will endeavor to generate returns that are higher than the returns of liquid mutual funds.

### **Low Risk Plan**

Under the Low Risk Plan, the Portfolio Product will endeavor to invest in securities including equity shares, mutual funds, convertible debentures, warrants, and exchangeable bonds, where corporate action or business restructuring viz., merger/ de-merger, delisting, buy-back, open offer or take-over, bonus, rights issue, warrants or khokha buy back, fully/partly Convertible Debentures, Preferential Issue, stock split, special one time dividend, etc., has been announced by the corporate in public media. The Investment could also be made in close-ended mutual fund, public offering by bodies corporate. The Portfolio Manager will endeavor to generate returns higher than the returns of liquid funds, with limited downside risk. The Portfolio Manager will endeavor to minimize the risks by selectively investing in such securities where a corporate action has already been announced and after conducting research on the fundamentals of the stocks and based on the prevailing market conditions. Investments made under this Portfolio Product may be liquidated, inter alia, through participation in the tender offer or by selling in the open market. However, in the event of the price of the securities bought reaches the target price before the date of the tender/open offer fixed by the corporate, the same may be sold in the open market for optimizing the returns. In case there are no investment opportunities available and funds remain un-invested, such surplus funds will be deployed in liquid/debt mutual funds.

Under the Portfolio Product, the Portfolio Manager may also invest in derivatives and/or related instruments to hedge or balance the Portfolio. The Portfolio Manager may also deploy the funds in Cash/Capital market and Futures & Options market simultaneously if arbitrage opportunity is available.

#### **Portfolio Product V - Focus**

The main objective of the Portfolio Product is to generate medium to long-term capital appreciation through investment in equities with an emphasis on companies perceived to be “under-valued” from the point of view of their longer-term growth prospects and potential. The Portfolio Product is intended for investors who are willing to be patient with their investments, and to have exposure to a portfolio that may not initially move in tandem with broad market trends. The Portfolio Manager will endeavor to deliver the benefits by careful and cautious stock selection. The investments will seek to achieve a balanced diversification across companies and sectors by investing in a basket of medium to large capitalized companies.

The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the portfolio.

#### **Portfolio Product VI - India Resurgent**

The main objective of the Portfolio Product is to generate medium to long-term capital appreciation through investments in equities and/or equity related instruments of companies with high growth opportunities across industries and across market capitalizations. Broadly the investment strategy of this Portfolio Product will be to adopt a more dynamic style of investment to take advantage of growth opportunities for companies focused on domestic and/or international markets. The investment will seek to achieve diversification across companies and sectors.

The Portfolio Manager may invest in derivatives and/or related instruments to hedge or balance the Portfolio.

#### **Portfolio Product VII - Equity Plus Portfolio Product**

The Portfolio Product aims to provide to the Clients the growth and protection of their capital commensurate with the risk tolerance of the Clients. The Portfolio Product may deploy the funds in secured Non-Convertible Debentures (NCDs), the performance of which is linked with the underlying equity or equity related securities or indices for e.g. equity securities, basket of securities or equity indices, etc. The Portfolio Manager will identify the opportunities available and based on such opportunities; the Clients would be registered to make investment in such opportunities. Each such investment opportunity will have, inter alia, terms and conditions and risk factors specific to such investments.

### **Portfolio Product VIII - Wealth Builder**

The main objective of this Portfolio Product is to generate medium to long-term capital appreciation through investment in schemes of various mutual fund houses that have proven fund management philosophy and track record. The strategy of the Portfolio Product will be to identify the investment opportunities based on systematic research on various schemes of mutual funds; both from quantitative and qualitative perspective, to better serve the Client needs.

The investment will be in various types of schemes of mutual funds which include, but is not limited to, equity mutual funds, liquid mutual fund, debt funds, gilt funds, arbitrage funds, feeder funds, index and exchange traded funds, gold traded fund, etc. This Portfolio Product has a flexibility to create multiple investment structure including Passive Portfolio, Opportunities Portfolio, Mid-cap Portfolio, Large Cap Diversified Portfolio, Sectoral & Thematic Portfolio, etc. each having separate model portfolios for investing in mutual fund schemes.

Broadly, the investment philosophy will be to buy and hold the investments under the portfolio. The Portfolio Manager will review the portfolio at regular interval and based on the internal research and assessment, the Portfolio Manager may consider adding/deleting various mutual fund schemes under each model portfolio.

### **Portfolio Product IX - Asset Multiplier**

The objective of the Portfolio Product is to generate medium to long-term capital appreciation by investing in a basket of different types of schemes of mutual funds including Equity Funds and Debt Funds.

Based on the Client's investment objectives and risk return profile, the Portfolio Manager along with the Client will formulate a "Model Portfolio" which will set broad guidelines for the Portfolio Manager to invest in the various mutual fund schemes.

Based on the broad 'Model Portfolio Plan', the Portfolio Manager at its discretion will decide how much, when and where to invest in each category of mutual funds. A Client investing in this Portfolio Product may have a different Portfolio of mutual funds from that of another Client investing in the same Product Portfolio.

Though the Client may give informal guidance to customize the Portfolio under the Portfolio Product, the final decision rests with the Portfolio Manager.

Equity funds includes Exchange Traded Funds (ETFs), Fund of Funds (FOF), Balanced fund, Feeder Fund and any other such equity based funds.

Debt Funds includes Debt Funds, Gilt Funds, Short Term Income Fund, MIP, Arbitrage Fund, FMP and any other such debt fund.

### **Portfolio Product X - The Opportunistic Equity Portfolio**

The main objective of the Portfolio Product is to pursue long-term growth by following multi cap investing style where the Portfolio Manager will primarily invests in equity shares of companies of any market capitalization, including mid and smaller companies, and in any sector, that, in his opinion exhibit characteristics that are consistent with a growth style or a value style of investing. It may also invest in equity shares of special situation companies, which are companies that have experienced significant business problems however the Portfolio Manager believes that these companies have favorable prospects for recovery.

Portfolio will have a flexibility to build cash in case of return potential being achieved and where there is a significant chance of a correction, or range bound movement in the markets to enhance returns. Further, it may have stagger investments in equity shares over a period of time in case if enough investment opportunities are not available. The focus will be on industries and companies where growth visibility is high and remain invested in such industries and companies till the potential is largely explored. In case of stalwarts (mature businesses, large caps) across the industries, strategy will be to look for price ranges from where these stocks may bounce by 30-50%, over a medium to long term time frame. The Portfolio Manager may also deploy the funds in some value stocks across market caps.

The Portfolio Product is intended for moderate to high risk taking investors who are willing to be patient with their investments, and to have exposure to a portfolio that may not initially move in tandem with broad market trends. The Portfolio Manager will endeavor to deliver the benefits by careful and cautious stock selection.

The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the portfolio.

### **Portfolio Product XI – Multi Manager fund**

The main objective of the Portfolio Product is to generate medium to long term capital appreciation through investment in equities and equity related instruments. The strategy is to invest in a diversified portfolio of listed companies with sustainable business models to achieve diversification across companies and sectors. The strategy will be market cap and benchmark agnostic with a flexibility to invest across the market capitalization spectrum (i.e. Large cap, Mid and Small Cap companies) and across industries/sectors. The strategy will not have any limit/caps for exposure to a particular sector or to large, mid or small cap companies or on the cash holding in the Portfolio. Investments can be made in all securities including cash equities, futures and options, money market instruments, Mutual Funds, etc. to avail the opportunities available in the market. However, the Portfolio Manager may at its sole discretion, due to market or other factors, weigh

the portfolio towards one or more sectors, and/or raise cash levels in the portfolio. Further, it may stagger investments in equity shares over a period of time in case if enough investment opportunities are not available. The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the portfolio.

While managing the portfolio, the Portfolio Manager may seek non-binding recommendation or advice from one or more investment advisor(s) on a regular basis regarding the sectorial allocation, investment and disinvestment of securities on the portfolio. However, the Portfolio Manager, at its sole and absolute discretion, may accept or reject the recommendation or advice of the investment advisor(s).

The Portfolio Product is suitable for an investor, who is aware of the risks associated with investing in equity shares, having moderate to high risk taking appetite with a medium to long term investment horizon and are willing to be patient with their investments.

**Note:** The Portfolio of each Client may differ from that of the other Client in the given Portfolio Product, at the Portfolio Manager's discretion. The funds remaining to be invested in any of the above Portfolio Products at any given point of time may be deployed by the Portfolio Manager in various liquid and debt oriented schemes of mutual funds and other short-term investments. The policy for investment in associates/group companies of the Portfolio Manager will be subject to the applicable laws/regulations/guidelines for the time being in force. The Portfolio Manager may prematurely terminate any of the above Portfolio Products if it believes that investment objectives of the Portfolio Products are not likely to be achieved.

## **B. Non Discretionary Portfolio Management Services**

### **Wealth Management**

The objective of the Portfolio Product is to advise Clients on investing in equity, debt, mutual funds and other investments depending on the Clients' needs and risk-return profile and/or to provide administrative services for execution of transaction as per the mandate from the Client. Under this Portfolio Product, the Client will decide his own investments. The Portfolio Manager's role is limited to providing investment advice, research and/or facilitating the execution of transactions. The Portfolio Manager may make investment/disinvestment in securities under the Portfolio Product either in the name of the Client or in its own name on behalf of the Clients on a pooling basis under which purchase/sale of securities under the Portfolio Product will be aggregated for the economy of scale and then allocated on a pro rata basis among the Clients. The securities in case of purchases would be transferred to and held in the Client's respective Demat Accounts.

The Portfolio Manager, based on the Clients' mandate and consent, will deploy Clients' Funds available from time to time. All execution of transactions based on the Clients' mandate is final and at no point Portfolio Manager's actions taken in good faith will be questioned during the currency of the Agreement or at any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence on the part of the Portfolio Manager. Each Client shall receive a periodic statement relating to their Portfolio.

### **C. Advisory Services**

The Portfolio Manager may also engage in advisory services as is envisaged under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended from time to time. The Portfolio Manager's responsibility includes advising on the portfolio strategy and investment and divestment of individual securities on the Clients' Portfolio, for an agreed fee structure, entirely at the Client's risk.

### **6) Risk factors**

The Portfolio Manager is not responsible for the loss if any, incurred or suffered by the Client. The following are the inherent risks associated in the management of the Portfolio:

- (i) Securities investments are subject to market risks including, without limitation, price, volatility and liquidity risks and there is no assurance, insurance or guarantee that the objectives of the investments made under the Portfolio Products will be achieved. The investment objective of the above Portfolio Products may not be suitable for all the categories of investors.
- (ii) Past Performance of the Portfolio Manager does not indicate its future performance. Further past performance is not an indication that returns in the future with regard to either the same Portfolio Product or any other future Portfolio Products that may be launched by the Portfolio Manager, will be achieved. Investors are not being offered any assurance, insurance or guarantee either that the investment objective of the Portfolio Product will be achieved or of any indicative returns or of protection of initial corpus or of appreciation of the Portfolio through these Portfolio Products and the names of the Portfolio Products do not, in any manner, indicate their prospects or returns.
- (iii) The Investments in equities, equity-related instruments or mutual funds are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. This may adversely affect returns.



- (iv) The performance of the Portfolio Products will depend upon the performance of the companies in which investments are made. The companies in which investments are made may not perform as per the expectations by the Portfolio Manager at the time of making investments. The performance of such companies may be adversely affected by numerous factors including, for example, (i) business, economic, and political conditions; (ii) the supply of and demand for the goods and services produced, provided, or sold by such companies; (iii) changes and advances in technology that may, among other things, render goods and services sold by the such companies obsolete; and (iv) actual and potential competition from other companies, whether in India or abroad. (v) Certain companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms or at all.
- (v) At times, Portfolios of individual Clients may be concentrated in certain companies/industries/sectors/class of assets. The risk of loss is greater because of concentration. The performance of the portfolio would depend on the performance of such companies/ industries/sectors of the economy/class of assets. Technology, pharmaceutical stocks and some of the investments in niche sectors run the risk of high volatility, high valuation, obsolescence and low liquidity.
- (vi) The value of the Portfolios may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, the level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- (vii) The Portfolio Manager may invest in the shares, mutual funds, debt instruments, deposits and other financial instruments of affiliates/companies, subject to the relevant regulatory requirements. Such decisions will be on an arm's length basis.
- (viii) The decisions on investments by the Portfolio Manager may not always result in profits. The success of the Portfolio Products will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize the investments and also reviewing the appropriate investment proposals.
- (ix) Portfolio Products using derivatives/futures and options products are affected by risks different from those associated with stocks and bonds. Such products are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying securities may have a large impact on the value of derivatives, futures and options. Some of the risks relate to mis-pricing or the improper valuation of derivatives/futures and options and the inability to correlate the positions with underlying assets, rates and indices.

- (x) The Debt Instruments, Fixed Deposits and other fixed income securities are subject to credit risk, which includes the risk of an issuer's inability to meet interest and principal payments on its debt obligations. Such securities may also be subject to market risk such as price volatility due to changes in interest rates, general level of market liquidity, market perception of the creditworthiness of the issuer, etc., political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. These factors may adversely affect returns.
- (xi) The Investments are subject to the impact of market cycles, the returns on which would be attractive and decent during the boom period and would be unattractive or loss making during the bearish phase.
- (xii) Reinvestment Risk: Since interest rates may vary from time to time, interim cash flows from interest-bearing debt instruments may be reinvested at a lower yield than the original yield.
- (xiii) The liquidity of the investments is guided and inherently restricted by trading volumes in the securities in which the Portfolio Manager may invest. This may limit the Portfolio Manager's ability to freely deal with securities in the Portfolio.
- (xiv) The Portfolio Manager may, considering the overall level of risk of the Portfolio, invest in lower rated/unrated securities that offer higher yield, which may increase the risk to the Portfolio. Such investments shall be subject to the scope of investments laid down in the executed Agreement.
- (xv) The Capital Protection Oriented Portfolio Product may have lower yield.
- (xvi) The Portfolio Manager may, subject to authorisation by the Client in writing, participate in Securities Lending. The Securities Lending involves certain risks, as mentioned below:
  - The participation in Securities Lending is subject to demand for borrowing of the securities in SLB Segment. Due to lower demand or no demand, the Portfolio Manager may not be able to lend the securities.
  - Once a security is lent under Securities Lending, until the reverse leg of the lending transaction in SLB Segment is completed, the said security will not be available either for selling in cash/capital market segment or for providing as margin/collaterals for the purpose of taking any exposure.
  - In case of corporate actions, the securities lent under the Securities Lending will be foreclosed and the lender will have to refund the lending fee on a pro-rata basis.
  - There is also an inherent risk of failure of the other party in honouring its commitment. Such failure may lead to the inability of the approved intermediary

to return the securities deposited by the lender including corporate benefits like dividend or stock split accrued/accruing thereon. In such a scenario, the transaction would be closed out as per the exchange regulations and instead of receiving the securities on pay out, the lender would receive financial credit by way of close-out.

- (xvii) Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Portfolio Manager. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly due to unforeseen circumstances. The inability of the Portfolio Manager to make intended security purchases due to settlement problems could result in missing out certain investment opportunities. By the same rationale, the inability to sell securities held in Portfolio due to the absence of a well developed and liquid secondary market for debt securities would result, at times, in potential losses in the Portfolio.
- (xviii) Securities, which are not quoted on the market, are inherently illiquid in nature and carry a larger liquidity risk in comparison to the securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. This may however increase the risk of the Portfolio.
- (xix) While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. Money market / debt securities while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Portfolio Manager and may lead to investments incurring losses till the security is finally sold.
- (xx) In any Portfolio Product, which may invest predominantly in schemes of Mutual Funds - Debt and/or equity and other instruments, its performance may depend on that of the underlying schemes of Mutual Funds. Any change in investment policies or fundamental attributes of underlying schemes could adversely affect performance of the Portfolio Product. Also, for a sharp increase in the stock market during the period of investment, the return of the Portfolio Product might be less than that given by direct investment of similar amounts in equities.
- (xxi) The Portfolio Manager may appoint advisors and consultants for the purpose of investment advice/recommendation. The advice rendered by the advisor or consultant may or may not be followed by the Portfolio Manager. The appointment of such an advisor or consultant and the advice received, whether followed or not, may or may not give the desired result sought to be achieved. If the advice rendered by the consultant is not appropriate or is not executed in time or even if the advice is satisfactory and successfully implemented but due to market conditions, the desired results may not be achieved.

- (xxii) The rebalancing of the Portfolio between debt/liquid funds and equity funds as and when required may lead to increased transaction costs including but not limited to entry/exit loads that may be levied by the Mutual Funds. Also, it will result in generation of short term/long term capital gain and levy of STT or any other transaction charges on such transactions.
- (xxiii) There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of the Portfolio.
- (xxiv) The Clients may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients.
- (xxv) The arrangement of pooling of funds from various Clients and investing them in Securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.
- (xxvi) The Client shall bear the recurring expenses of the Portfolio Product in addition to the expenses of the underlying mutual fund schemes. Hence the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.
- (xxvii) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment. In such situation the Clients may suffer opportunity loss.
- (xxviii) In case of Medium Risk plan of Alpha Strategies Portfolio Product, there is no guarantee or assurance that investments made after assessment of possible corporate action or short-term capital appreciation anticipated due to listing of public offering may fructify. Therefore the Portfolio Product carries a risk of non-announcement or cancellation of the corporate action in which case there is a risk of loss due to fall in the price of securities. Similarly, there is a risk of fall in the price of securities or the risk of securities being sold in the market should there be a regulatory change requiring the promoters or promoters' group to reduce their holdings in the securities, which may have been bought by the Portfolio Manager.
- (xxix) In case of Alpha Strategies Portfolio Product, there is no guarantee or assurance that after the corporate action the price of the Securities will rise or remain stable. The Portfolio Product carries a risk of a fall in price of Securities after the corporate action. In the event of the corporate action like de-merger is cancelled or delayed, the Portfolio Product's objectives may not be achieved. Further, in cases where the acceptance ratio in buy back and/or open offer is lower than expectation and the traded price of the Security is lower than the cost of the residual quantity not accepted, then also there may be a possibility of loss.

- (xxx) Any act, omission or commission of the Portfolio Manager while managing the Portfolio is solely at the risk of the Clients and the Portfolio Manager will not be liable save and except in cases of negligence and/or wilful default.
- (xxxi) All risks arising out of refusal by the issuer company for whatever reasons, to register the transfer of any securities held in the Clients' portfolio account. The Portfolio Manager will endeavour to sell the securities, which are purchased and refused to be transferred in the name of the Clients or the Portfolio Manager, at the best available market price, at the sole risk and responsibility of the Clients.
- (xxxii) The market for privately placed securities is limited. The disposal of these Securities would entail longer than the required amount of time. As a result, the Portfolio Manager may not be able to sell such securities when it desires to do so or to realise what it perceives to be their fair value in the event of a sale.
- (xxxiii) Investment in Structured Products is subject to model risk, i.e., the securities are created on the basis of complex mathematical models involving multiple derivative exposure which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical modules.

(xxxiv) Risk Factors specific to investment in Non- Convertible Debentures (NCDs)

- The NCDs may not have a market at all either in the OTC market or on the debt Segment of the Exchanges where it will be listed. This may lead to low/no liquidity in the said NCDs. The Listing of the NCDs does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the NCDs will develop or be maintained. Consequently, the NCDs may quote below its face value at any time before maturity. The Issuer or the Portfolio Manager does not guarantee the returns and/or maturity proceeds thereon.
- The Issuer of the NCDs or the Portfolio Manager does not make any representation or warranty, express or implied, to make investment in such instruments or the ability of the underlying securities or indices to perform in line with performance of the general stock market performance in India.
- The Issuer of the NCDs or any person acting on behalf of the Issuer may have an interest/position with the Portfolio Manager and/or may have an existing relationship viz. financial, advisory, etc. and/or may be in negotiation/ discussion as to transactions of any kind.
- The Issuer may appoint its affiliate or the Portfolio Manager's affiliate as the Calculation Agent for the purposes of calculating amounts payable or deliverable to holders of NCDs. Under certain circumstances, it may give rise to conflicts of interest. Further, the Issuer may also enter into an arrangement with its affiliate to hedge market risks associated with its obligations under the NCDs. Such an

affiliate would expect to make a profit in connection with this arrangement. There is possibility that, the Issuer may not seek competitive bids for such arrangements from unaffiliated parties.

- The market conditions may affect the coupon of the NCDs. The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies.
- At any time during the life of such NCDs, the value of the NCDs may be substantially less than its investment/maturity value. Further, the price of the NCDs may be affected in case the credit rating of the Issuer Company gets downgraded. Neither the Issuer Company nor the Portfolio Manager assures that Credit Rating of the instrument will be maintained during the maturity period of the NCDs/Instruments.
- The returns on the NCDs, are primarily linked to the price of basket of securities or indices as the Reference Index, and even otherwise, may be lower than prevalent market interest rates or even be Nil depending entirely on the movement in the futures values of the basket of stocks or indices over the life of the NCDs (including the amount if any, payable on maturity, redemption, sale or disposition of the NCDs.)
- The Client may receive no income/return at all on the NCDs, or less income/return than expectation, or obtained by investing elsewhere or in similar investments.
- It is possible that the normal methods of computation adopted in relation to the NCDs may have to be modified or even alternative methods could be adopted due to any disruptions in any of the financial markets or on account of any other reason. In such cases the Issuer of the NCDs may include the use of estimates and approximations. All such computations shall be valid and binding on the client and no liability therefore will attach to the Issuer of Equity Linked Debentures / Portfolio Manager.
- The Issuer of the NCDs may have long or short positions or make markets including in futures and options of the basket of stocks and in other stocks and indices. (hereinafter referred to as "Reference Assets") (and other similar assets), they may act as an underwriter or distributor of similar instruments, the returns on which or performance of which, may be at variance with or asymmetrical to those on the NCDs, and they may engage in other public and private financial transactions (including the purchase of privately placed securities or other assets). Such type of activities of the Issuer of the NCDs or any of its Agents and related markets (such as the foreign exchange market) may affect the value of the NCDs. In particular, the value of the NCDs could be adversely impacted by a movement in the Reference Assets, or activities in related markets.

- There is a possibility of the underlying securities of the basket or one or more of them getting de-listed from one or more stock exchanges where they are listed or one or more of the securities are withdrawn or suspended from trading on the stock exchanges and in such an event the Debenture- Trustees upon request by the Issuer of the NCDs may modify the terms of issue of NCDs.
- Investment by the Portfolio Manager in instruments like Market Linked NCDs such as stock linked or indices linked, etc., involves a certain level of risk. The value of the NCDs may be impacted by movements in the returns generated by the underlying basket of stocks or indices or market.
- Investment in Market Linked NCDs is subject to model risk, i.e., the securities are created on the basis of complex mathematical models involving multiple derivative exposure which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical modules.
- The returns on investment in NCDs would depend on the happening/ non-happening of specified events and the returns may or may not accrue on the said instruments.
- The Investment in NCDs is subject to credit risk of the Issuer of the NCDs either due to default or their inability to make timely payments of principal and interest. The portfolio value may also be adversely affected and in case the Issuer of the NCDs defaults, as a result of which the Clients may not receive the principal amount.
- Investment in NCD's may also result in a loss. Even in case of principal/capital protected NCDs, the principal amount is subject to the credit risk of the issuer whereby the Clients may or may not recover all or part of the funds in case of default by the Issuer and any failure by a counter party to perform obligations when due may result in the loss of all or part of the investment.
- In case there is a credit default by the Issuer, there will be a risk of receiving lower than expected or negligible returns in respect of Market Linked NCDs over the life and/or part thereof or upon maturity of the NCDs.

**7) (i) Client Representation:**

The following table indicates details of categories of clients in respect of whom portfolio management services were rendered in the past:

Category of Clients	No. of Clients	Funds Managed (Rs. In Crore)

<b>Clients being Associates/Group companies (Discretionary &amp; Non-discretionary clients)</b>		
2015-2016	Nil	Nil
2016-2017	Nil	Nil
2017-2018	Nil	Nil
2018-2019 (As On 31st July 2018)	Nil	Nil
<b>Others</b>		
<b>2015-2016</b>		
Discretionary clients	259	333.46
Non-discretionary clients	51	99.50
<b>Total – 2015-2016</b>	<b>310*</b>	<b>432.96</b>
<b>2016-2017</b>		
Discretionary clients	273	372.44
Non-discretionary clients	52	169.36
<b>Total – 2016-2017</b>	<b>325*</b>	<b>541.80</b>
<b>2017-18</b>		
Discretionary clients	392	468.22
Non-discretionary clients	68	216.94
<b>Total – 2017-2018</b>	<b>460*</b>	<b>685.16</b>
<b>2018-19 (As On 31<sup>st</sup> July 2018)</b>		
Discretionary clients	364	483.71
Non-discretionary clients	59	178.10
<b>Total – 2018-2019 (As On 31<sup>st</sup> July 2018)</b>	<b>423*</b>	<b>661.81</b>

Note: \* The above figures include clients who are active clients and also clients closed during the period.

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

There have been no transactions with related parties with respect to Portfolio Management Activities of the Company.

However, below is the list of Related Parties with whom the transactions (other than with regard to portfolio management activities) have taken place during the period covered in this document.

<b>Related parties only where transactions have taken place (other than the portfolio management activities) during the period from February 01, 2018 to July 31, 2018.</b>	
<b>Clause (a)</b>	



<b>Holding Company</b>	<b>JM Financial Limited</b>
<b>Subsidiary Company</b>	<ol style="list-style-type: none"> <li>1. Astute Investments (Partnership Firm)</li> <li>2. JM Financial Capital Limited</li> <li>3. JM Financial Institutional Securities Limited (Formerly known as JM Financial Securities Ltd)</li> </ol>
<b>Fellow Subsidiary</b>	<ol style="list-style-type: none"> <li>1. JM Financial Products Ltd.</li> <li>2. JM Financial Properties and Holdings Ltd.</li> <li>3. JM Financial Credit Solutions Limited</li> </ol>
<b>Clause (b)</b>	
<b>Associates or Joint Ventures</b>	-
<b>Clause (c)</b>	
Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual	<p>Mr. Nimesh N Kampani</p> <p>Relatives of Mr. Nimesh Kampani</p> <p>Mr. Vishal Kampani</p> <p>Mr. Shiv Kampani</p> <p>Mrs. Madhu Vishal Kampani</p> <p>Ms. Avantika Kampani</p>
<b>Clause (d)</b>	
<b>Key Management Personnel and Relatives</b>	<p>Mr. Anil Mavinkurve (Whole-time Director &amp; Company Secretary)</p> <p>Relatives of Mr. Anil Mavinkurve</p> <p>Ms. Niyati Mavinkurve</p> <p>Mr. Rajeev Chitrabhanu (Chief Executive Officer), (Period of 01.02.18 to 20.06.18)</p> <p>Relatives of Mr. Rajeev Chitrabhanu</p> <p>Ms. Ruchika Chitrabhanu</p> <p>Ms. Pramoda Shah</p> <p>Mr. Subodh Shinkar (Chief Executive Officer), (Period of 16.07.18 to 31.07.18)</p>

	<p><b>Relatives of Mr. Subodh Shinkar</b></p> <p>Ms. Sunita Subodh Shinkar Mr. Sunil Subodh Shinkar</p> <p>Mr. Vishwanath Subramaniam (Chief Financial Officer),</p>
<b>Clause (e)</b>	
Enterprises over which any person described in Clause (c) or Clause (d) above is able to exercise significant Influence	<p>Enterprises over which a person described under clause (C) above is able to exercise significant influence.</p> <ol style="list-style-type: none"> <li>1. J.M. Financial &amp; Investment Consultancy Services Pvt. Ltd.</li> <li>2. JM Financial Trustee Company Private Limited</li> <li>3. Kampani Consultants Ltd.</li> <li>4. Persepolis Investment Company Private Limited</li> <li>5. SNK Investments Private Limited</li> <li>6. Capital Market Publishers India Private Limited</li> </ol>

Notwithstanding the above, it may be noted that the Portfolio Manager is registered as a Stock Broker, Depository Participant and a Research Analyst with SEBI. It provides/will provide inter-alia, the following services:

1. Broking Services as a member of BSE, NSE and MSEI.
2. Depository Services as a participant of the NSDL and CDSL.
3. Portfolio Management Services as a Portfolio Manager registered under the SEBI (Portfolio Managers) Regulations 1993.
4. Service as a distributor of Mutual Fund Schemes (AMFI Certified) and other financial products.
5. Research Services

The Portfolio Manager shall avail the aforesaid services of securities broking, depository, Research Services and distribution of financial products including mutual funds, in managing the portfolio of the Clients. The Client will bear the cost of these services. The Company may get commission as a distributor of financial products for investment made on behalf of Clients in Portfolio Products through its distribution division. Further, where the investments in units of mutual fund would

be routed under distributor code, NAV for such investments shall be lower than the one routed under direct plan.

The Portfolio Manager may invest Clients' funds in the mutual fund schemes of JM Financial Mutual Fund, NCDs of JM Financial Products Ltd., JM Financial Capital Ltd. and JM Financial Credit solutions Ltd. and other short term products of other group companies. The fees charged for mutual funds and other products will be in addition to any other fees charged by the Portfolio Manager.

The Portfolio Manager may invest the Portfolio in such IPOs/FPOs where it is acting as a syndicate member or a sub-syndicate member in public issues including but not limited to where JM Financial Limited is acting as a Lead Manager or renders advisory services in fund raising or open offers to various entities. The Portfolio Manager may work closely with JM Financial Limited, in relation to marketing or distributing any of the IPOs/FPOs or distribution of other financial products managed by them.

The Portfolio Manager may avail the advisory and/or other services offered by JM Financial for the purpose of making investments from time to time. The Portfolio Manager may also avail the brokerage services of JM Financial Institutional Securities Ltd.

**8) The Financial Performance of the Portfolio Manager:**

<b>(Rupees in Crore)</b>			
<b>Financial Statement – Balance Sheet</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>Equity &amp; Liabilities</b>			
Shareholders' Funds	335.45	304.35	268.73
Non-current liabilities	9.37	7.44	5.93
Current liabilities	1376.87	1556.27	697.43
<b>Total</b>	<b>1721.69</b>	<b>1868.06</b>	<b>972.09</b>
<b>Assets</b>			
Non-current assets	324.97	291.85	196.71
Current assets	1396.72	1576.21	775.38
<b>Total</b>	<b>1721.69</b>	<b>1868.06</b>	<b>972.09</b>
<b>Financial Statement (P&amp;L)</b>	<b>For the Year ended March 31, 2018</b>	<b>For the Year ended March 31, 2017</b>	<b>For the Year ended March 31, 2016</b>
Total Revenue	394.28	323.55	269.81
Total Expenses	331.50	265.11	237.04
PBDT	<b>69.19</b>	<b>58.44</b>	<b>32.77</b>

Depreciation	6.41	5.71	5.16
Profit before Tax	<b>62.78</b>	<b>52.73</b>	<b>27.61</b>
Provision for Tax	21.33	17.54	8.20
Deferred Tax	(1.69)	(0.43)	0.83
<b>Profit After Tax</b>	<b>43.14</b>	<b>35.62</b>	<b>18.58</b>

The audited financial statements shall be made available on request.

- 9) **Performance of the Portfolio Manager during the last three years, and in case of discretionary Portfolio Management, disclosure of performance indicators calculated using weighted average method in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993:**

<b>Portfolio Products</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019 (1st April To 31st July 2018)</b>
	<b>% Returns</b>	<b>% Returns</b>	<b>% Returns</b>	<b>% Returns</b>
<b>Discretionary</b>				
<b>Growth &amp; Value</b> (Formerly known as 'Core')	<b>-7.90</b>	<b>31.4</b>	<b>4.08</b>	<b>6.63</b>
<b>Performance Indicator</b> NSE Nifty	<b>-8.70</b>	<b>20.87</b>	<b>10.77</b>	<b>12.21</b>
<b>Equity plus Series XII</b>	<b>22.62</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> Crisil AAA CompBex	<b>24.27</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Equity plus Series XIII</b>	<b>16.26</b> (Refer Note 5)	<b>19.96</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>

<b>Performance Indicator</b> Crisil AAA CompBex	<b>24.37</b> (Refer Note 5)	<b>26.40</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>
<b>Equity plus Series XIV</b>	<b>15.25</b> (Refer Note 5)	<b>21.73</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> Crisil AAA CompBex	<b>18.86</b> (Refer Note 5)	<b>29.79</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>
<b>Equity plus Series XV</b>	<b>5.98</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> Crisil AAA CompBex	<b>8.89</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Equity plus Series XVI</b>	<b>10.91</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> Crisil AAA CompBex	<b>8.96</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Equity plus Series XVII</b>	<b>0</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> Crisil AAA CompBex	<b>6.94</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Equity Plus Series XVIII</b>	<b>0</b> (Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> Crisil AAA CompBEX	<b>8.77</b> Refer Note 3)	<b>N.A*</b>	<b>N.A*</b>	<b>N.A*</b>

<b>Equity Plus Series XIX</b>	<b>8.77</b> <b>(Refer Note 5)</b>	<b>8.98</b> <b>(Refer Note 3)</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> <b>Crisil AAA</b> <b>CompBEX</b>	<b>8.51</b> <b>(Refer Note 5)</b>	<b>9.59</b> <b>(Refer Note 3)</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Equity Plus Series XX</b>	<b>-2.2</b> <b>(Refer Note 5)</b>	<b>22.67</b> <b>(Refer Note 3)</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Performance Indicator</b> <b>Crisil AAA</b> <b>CompBEX</b>	<b>7.41</b> <b>(Refer Note 5)</b>	<b>17.84</b> <b>(Refer Note 3)</b>	<b>N.A*</b>	<b>N.A*</b>
<b>Equity Plus Series XXI</b>	<b>0.55</b> <b>(Refer Note 5)</b>	<b>12.81</b> <b>(Refer Note 5)</b>	<b>21.58</b> <b>(Refer Note 3)</b>	<b>N.A*</b>
<b>Performance Indicator</b> <b>Crisil AAA</b> <b>CompBEX</b>	<b>2.7</b> <b>(Refer Note 5)</b>	<b>14.83</b> <b>(Refer Note 5)</b>	<b>21.41</b> <b>(Refer Note 3)</b>	<b>N.A*</b>
<b>India Resurgent Portfolio III</b>	<b>-5.72</b>	<b>35.06</b>	<b>2.30</b>	<b>-2.82</b>
<b>Performance Indicator</b> <b>S&amp;P CNX 500</b>	<b>-6.27</b>	<b>24.39</b>	<b>5.36</b>	<b>8.25</b>
<b>Focus</b>	<b>-8.12</b>	<b>30.75</b>	<b>3.85</b>	<b>5.10</b>
<b>Performance Indicator</b> <b>S&amp;P CNX 500</b>	<b>-7.66</b>	<b>23.57</b>	<b>11.13</b>	<b>8.39</b>
<b>Wealth Builder - Equity Enhancer</b>	<b>-3.54</b>	<b>35.94</b>	<b>13.8</b>	<b>-0.46</b>
<b>Performance Indicator</b> <b>BSE-MIDCAP</b>	<b>0.27</b>	<b>32.76</b>	<b>13.24</b>	<b>0.32</b>

<b>Wealth Builder - Equity Leader</b>	<b>-6.17</b>	<b>21.14</b>	<b>11.05</b>	<b>9.49</b>
<b>Performance Indicator NSE Nifty</b>	<b>-8.83</b>	<b>18.53</b>	<b>10.25</b>	<b>12.25</b>
<b>Wealth Builder - Equity Opportunities</b>	<b>-8.16</b>	<b>27.72</b>	<b>9.97</b>	<b>1.69</b>
<b>Performance Indicator BSE-200 INDEX</b>	<b>-7.83</b>	<b>22.73</b>	<b>11.04</b>	<b>9.86</b>
<b>The Opportunistic Equity Portfolio</b>	<b>N.A*</b>	<b>N.A*</b>	<b>-10.36 (Refer Note 4)</b>	<b>-7.54</b>
<b>Performance Indicator BSE-200 INDEX</b>	<b>N.A*</b>	<b>N.A*</b>	<b>1.30 (Refer Note 4)</b>	<b>9.27</b>
<b>Non Discretionary</b>	<b>3.25</b>	<b>47.54</b>	<b>5.97</b>	<b>-4.93</b>

\* There were no Clients under this category.

**Notes:**

1. The Weighted Average Method is the Internal Rate of Return (XIRR) arrived at by taking into account clients who are active clients and also clients who are closed during the period.
2. Above figures includes closed clients during the period.
3. Pursuant to the closure of the Equity Plus Portfolio Products during 2015-16, the performance of the Portfolio Product and benchmark indicator disclosed above are calculated from inception till the date of closure i.e. 07<sup>th</sup> October 2015 for Equity Plus Portfolio Product – Series XII , 27<sup>th</sup> January 2016 for Equity Plus Portfolio Product – Series XV, 29<sup>th</sup> March 2016 for Equity Plus Portfolio Product – Series

XVI, 2<sup>nd</sup> March 2016 for Equity Plus Portfolio Product – Series XVII and 21<sup>st</sup> March 2016 for Equity Plus Portfolio Product – Series XVIII.

Pursuant to the closure of the Equity Plus Portfolio Product during 2016-17, the performance of the Portfolio Product and benchmark indicator disclosed above are calculated from inception till the date of closure i.e. 11<sup>th</sup> April 2016 for Equity Plus Portfolio Product – Series XIX. 16<sup>th</sup> June 2016 for Equity Plus Portfolio Product – Series XIII, 24<sup>th</sup> Oct 2016 for Equity Plus Portfolio Product – Series XIV and 3<sup>rd</sup> March 2017 for Equity Plus Portfolio Product – Series XX.

Pursuant to the closure of the Equity Plus Portfolio Product during 2017-18, the performance of the Portfolio Product and benchmark indicator disclosed above are calculated from inception till the date of closure i.e. 20<sup>th</sup> Nov 2017 for Equity Plus Portfolio Product – Series XXI.

4. Other information:

- Wealth Builder - Equity Enhancer, Equity Leader and Equity Opportunities Portfolio Products commenced on 02<sup>nd</sup> November 2009.
- Focus Portfolio Product commenced on 15<sup>th</sup> October 2012.
- Equity Plus Portfolio Product Series XII commenced on 25<sup>th</sup> October 2013.
- Equity Plus Portfolio Product Series XIII commenced on 27<sup>th</sup> March 2014.
- Equity Plus Portfolio Product Series XIV commenced on 07<sup>th</sup> August 2014.
- Equity Plus Portfolio Product Series XV commenced on 09<sup>th</sup> January 2015.
- Equity Plus Portfolio Product Series XVI commenced on 23<sup>rd</sup> January 2015.
- Equity Plus Portfolio Product Series XVII commenced on 30<sup>th</sup> January 2015.
- Equity Plus Portfolio Product Series XVIII commenced on 18<sup>th</sup> February 2015.
- Equity Plus Portfolio Product Series XIX commenced on 27<sup>th</sup> March 2015.
- Equity Plus Portfolio Product Series XX commenced on 24<sup>th</sup> June 2015.
- Equity Plus Portfolio Product Series XXI commenced on 10<sup>th</sup> December 2015.
- India Resurgent Portfolio III commenced on 4<sup>th</sup> March 2015.
- The Opportunistic portfolio commenced on 4<sup>th</sup> May 2017.

5. In case of Equity Plus Portfolio Product, no valuation has been carried out in the books of accounts. For the purpose of performance computation, value provided by the issuer has been used. As mentioned by the issuer of the security, for the purpose of valuation, the security value given above are indicative and does not reflect the returns that could be generated on the final valuation/ redemption date. The returns on the investments on the maturity date can be lower than the returns indicated above as the returns are attributed to contingent conditions. The performance disclosed above for the Portfolio Product and the benchmark indicator, for the year 2015-16 it is calculated from the inception till March 2016. For the year 2016-17 it is calculated from the inception till 31<sup>st</sup> March 2017.



**10) Nature of expenses:**

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services is annexed to the Portfolio Management Agreement in respect of each of the services provided.

**i. Portfolio Management fees:**

The Portfolio Management Fees relate to the portfolio management services offered to the Clients. The fee may be a fixed charge and/or a percentage of the quantum of the funds being managed and/or linked to portfolio returns achieved or a combination of any of these.

**ii. Upfront Fees:**

The Portfolio Manager may levy the charges as Upfront Fee at such fixed percentage as may be agreed between the Portfolio Manager and the Clients, which will be calculated on the amount of Funds introduced by the Clients in the Portfolio Products. The said fees shall be recovered from the Funds introduced by the Clients.

**iii. Exit Charge:**

The Portfolio Manager may charge Exit charges / Early withdrawal fee as may be agreed upon between the Portfolio Manager and the Clients as per the terms and conditions of a particular Portfolio Product.

**iv. Services related to regular communication, account statements, etc.:**

Charges relating to custody and transfer of shares, bonds and units, and/or any other charges in respect of the investment.

**v. Depository/Custodian fee:**

Charges relating to opening and operation of demat account, dematerialisation and rematerialisation, Custodian charges etc.

**vi. Registrars and Transfer Agents' fees:**

Fees payable to the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and courier charges.

**vii. Brokerage, Transaction Costs and other Services:**

The brokerage and other charges like stamp duty, transaction cost and statutory levies such as Goods and Services tax (GST), securities transaction tax, turnover fees and such other levies as may be imposed upon from time to time.

**viii. Fees, entry/exit loads and charges in respect of investment in mutual funds:**

Mutual Funds including JM Financial Mutual Fund may be recovering expenses or management fees, entry/exit loads and other incidental expenses along with GST, if any, on such recoveries and such fees, entry/exit loads and charges including GST on such recoveries, as per the relevant regulation shall be paid to the Asset Management Company of these Mutual Funds on the Clients' account. Such fees and charges are in addition to the Portfolio Management fees described above.

**ix. Certification charges or professional charges:**

The charges payable for outsourced professional services like accounting, taxation and any legal services, notarisations, etc. shall be borne by the Clients.

**x. Securities lending and borrowing charges:**

The charges pertaining to the lending of securities, costs associated with transfer of securities connected with the lending and borrowing transfer operations.

**xi. Any other incidental or ancillary expenses:**

All incidental and ancillary expenses not covered above but incurred by the Portfolio Manager on behalf of the Client shall be charged to the Client.

**11) Taxation:**

(i)	<p><b>General</b></p> <p>In view of the diverse nature of tax consequences on the income being interest, dividend and capital gains, arising from investments in securities, Clients are advised to consult their tax advisors with respect to the specific tax liabilities/exemptions to them as a result of investment in securities through participation in the Portfolio Products. The information set out below is not a tax advice and is furnished for information purposes only and its accuracy is not guaranteed. The information set out below is based on applicable income-tax laws for FY 2018-19.</p> <p>Income to Clients either in the form of gains from investment or interest or dividend income shall be subject to taxes in force under the Income Tax Act, 1961. ("the Act")</p>
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	The Portfolio Manager shall not be responsible for assisting in, or completing the fulfilment of any of the Clients' tax obligations.
(ii)	<p><b>Tax on income in respect of units</b></p> <p>As per the provisions of Section 10(35) of the Income tax Act, 1961 (<b>"Act"</b>) any income other than income on transfer of units of mutual fund received in respect of units of mutual fund specified under Section 10(23D) of the Act, is exempt from income tax in the hands of the recipient unit holders.</p>
(iii)	<p><b>Tax on dividend income earned on shares</b></p> <p>As per the provisions of Section 10(34) of the Act, income received by way of dividends as referred in section 115O of the Act, are exempt from income tax in the hands of the shareholders. With effect from financial year April 1, 2017 as per section 115BBDA of the Act where a specified assessee, earns dividend income in excess of INR 10 lakh, then tax at the rate of 10% is payable on the dividend earned in excess of INR 10 lakh.</p> <p>Specified assessee includes all assessees who are resident in India except a domestic company, a fund or institution or trust or university or other educational institution or any hospital or other medical institution referred to in sub clause (iv) or sub clause (v) or sub clause (vi) or sub clause (via) of section 10(23C), a trust or institution registered under section 12A or 12AA.</p>
(iv)	<p><b>Income Distribution Tax</b></p> <p>As per proviso to section 115 R (2) of the Act, any amount of income distributed by a mutual fund to the unit holders shall be chargeable to additional income tax and Mutual fund is liable to pay additional income tax on such distributed income.</p>
(v)	<p><b>Dividend Distribution tax</b></p> <p>As per section 115-O (1) of the Act, a domestic company shall be charged to an additional tax with respect to any amount declared, distributed or paid by such company by way of dividends (whether interim or otherwise).</p>
(vi)	<p><b>Tax deducted at source</b></p> <p>1. Presently, in cases where the sum payable to the non-resident is chargeable to tax in India tax is withheld at source from the payment made to non-residents, under section 195 of the Act.</p>

	<p>Where a treaty has been entered into with other countries under section 90 of the Act, the provisions of the Act or the treaty whichever is beneficial to the non-resident should apply subject to availability of benefits of treaty to the investor.</p> <ol style="list-style-type: none"> <li>2. No tax is required to be deducted at source from capital gains arising to resident investors at the time of transfer or redemption of the units.</li> <li>3. Interest receivable on Fixed Deposits placed with bank and NCDs is subject to deduction of Tax at Source as per Income Tax laws applicable from time to time for both residents and non-residents.</li> <li>4. If any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard.</li> </ol>
(vii)	<p><b>Advance tax instalment obligations</b></p> <p>It shall be the Client's responsibility to meet the obligation on account of advance tax instalments payable on the due dates under the Act.</p>
(viii)	<p><b>Minimum Alternate Tax (MAT) or Alternate Minimum Tax (AMT)</b></p> <p>In case of corporate or a person other than corporate the income earned may be liable to Minimum Alternate Tax (MAT) or Alternate Minimum Tax (AMT) respectively. In case of an individual or a HUF or AOP or BOI (whether incorporated or not) or artificial juridical person having income greater than Rs.20 lakhs and claiming deduction under chapter VIA, the provisions of AMT should apply.</p> <p>The Finance Act 2017 has changed the method for computation of 'Book Profits' for the calculation of liability under MAT in order to align the same with Indian Accounting Standards (IndAS) for preparation of Financial Statements of Indian portfolio companies.</p>
(ix)	<p><b>Short Term Capital Gains</b></p> <p>Short term capital gain means capital gain arising from the transfer of a short term capital asset. Short term capital asset means a capital asset being listed shares held in a company or any other security (other than a unit) listed on a recognised 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 a Mutual Fund specified under clause (23D) of Section 10 or a zero coupon bond, held by an assessee for not more than twelve months immediately preceding the date of its transfer.</p>

	<p>Unlisted shares (including those offered through offer for sale as part of an initial public offer) will be considered as a long term capital asset if it is held by an assessee at least for a period of twenty four months immediately preceding the date of transfer.</p> <p>All other securities (unit of a non-equity oriented fund / any other unlisted securities) will qualify as long term capital asset only if they are held by the assessee at least for a period of thirty six months immediately preceding the date of its transfer.</p> <p>As per the new Section 50CA inserted by the Finance Act, 2017, in case of transfer of unlisted shares, if the consideration received is less than the fair market value (FMV), the fair market value shall be deemed as the full value of consideration. FMV shall be determined in accordance with the Income-tax Rules prescribed by the Indian tax authorities.</p> <p>As per Section 111A of the Act, short term capital gain, arising on transfer of equity shares in a company or a unit of an equity oriented fund will be charged to income tax @15% (plus applicable surcharge &amp; education cess, if any) provided such transaction has been subjected to Securities Transaction Tax (STT). Other short term capital gains will be taxed at the normal rates as given in the respective regulations.</p> <p><b><u>Buy-back of shares</u></b></p> <p>As per section 115QA of the Act, an additional income-tax is levied in the hands of unlisted companies at the rate of 20 per cent [plus applicable surcharge and cess] on 'distributed income' to the shareholders in the course of buy-back of shares. <i>'Distributed income' means the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for the issue of such shares, determined in the manner as may be prescribed.</i></p> <p>The Central Board of Direct Taxes has on October 19, 2016, prescribed Rule 40BB of Income-tax Rules, 1962 for determining the amount received by the company in respect of issue of shares.</p> <p><i>The distributed income received in the hands of the shareholders will be exempt from tax under section 10(34A) of the Act.</i></p>
(x)	<p><b>Special provisions relating to avoidance of tax and Set off and carry forward of losses</b></p> <p>Section 94(7) of the Act, provides that losses arising from the sale or transfer of units purchased within 3 months prior to the record date fixed</p>

	<p>for declaration of dividend or income on units and sold within 9 months after such date, will be ignored to the extent of income distribution on such units claimed as tax exempt by the unit holder.</p> <p>Section 94(7) of the Act, also provides that losses arising from the sale or transfer of securities purchased within 3 months prior to the record date fixed for declaration of dividend or income on such securities and sold within 3 months after such date, will be ignored to the extent of the income distribution on such securities claimed as tax exempt by the holder of the securities. As per this Section, securities include stocks and shares.</p> <p>In addition to above, Section 94(8) of the Act, provides that in case of units purchased within a period of 3 months prior to the record date fixed for entitlement of additional units and additional units are allotted without payment and if the original units are sold or transferred within 9 months after such date, the loss arising on such transfer of original units shall be ignored for the purpose of computing the income chargeable to tax and will be treated as cost of acquisition of such additional units.</p>
(xi)	<p><b>Set off and carry forward of losses:</b></p> <p><b>Short term capital loss:</b> As per section 70 read with section 74 of the Act, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.</p> <p><b>Long Term capital loss:</b> 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 subsequent 8 assessment years.</p>
(xii)	<p><b>Long term capital gains</b></p> <p>An investment, which is not a short term capital asset, would be treated as a long term capital asset..</p> <p>Exemption for long-term capital gains arising from transfer of listed securities as referred to in Section 10(38) of the Act has been withdrawn by the Finance Act, 2018 w.e.f. Assessment Year 2019-20 and a new section 112A is introduced. As per section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10%</p>

	<p>(without indexation) of such capital gains. The tax on capital gains shall be levied in excess of Rs. 1 lakh.</p> <p>This concessional rate of 10 per cent will be applicable if:</p> <ul style="list-style-type: none"> <li>a) in case of an equity share in a company, securities transaction tax has been paid on both acquisition and transfer of such capital asset; and</li> <li>b) in case a unit of an equity oriented fund or a unit of a business trust, STT has been paid on transfer of such capital asset.</li> </ul> <p>The Central Government issued a notification on 5 June, 2017 in which it prescribed a negative list of transactions of acquisition in respect of which exemption under section 10(38) of Act would not be available.</p> <p>The cost of acquisitions of a listed equity share acquired by the taxpayer before February 1, 2018, shall be deemed to be the higher of following:</p> <ul style="list-style-type: none"> <li>a) The actual cost of acquisition of such asset; or</li> <li>b) Lower of following: <ul style="list-style-type: none"> <li>(i) Fair market value of such shares as on January 31, 2018; or</li> <li>(ii) Actual sales consideration accruing on its transfer.</li> </ul> </li> </ul> <p>The Fair market value of listed equity share shall mean its highest price quoted on the stock exchange as on January 31, 2018.</p> <p>As per the new Section 50CA inserted by the Finance Act, 2017, in case of transfer of unlisted shares, if the consideration received is less than the fair market value (FMV), the fair market value shall be deemed as the full value of consideration. FMV shall be determined in accordance with the Income-tax Rules prescribed by the Indian tax authorities.</p> <p>Other long term capital gains are taxable as per the rates given in section 112 of the Act, which are as under:</p> <ul style="list-style-type: none"> <li>1) 20% (plus applicable surcharge and education cess if any)</li> </ul> <p>In case of long term capital gains on listed security other than a unit (other than gains qualifying under section 112A of the Act), the tax will be limited to 10% (plus applicable surcharge and education cess if any) on capital gains determined without taking the benefit of cost inflation index.</p> <p>With effect from July 11, 2014 tax payable in respect of long term capital assets being a unit of a mutual fund (other than a unit of an equity oriented fund ) specified under clause (23D) of Section 10 will be</p>
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	chargeable to tax at 20% after indexation.
(xiii)	<p><b>Securities Transaction Tax (STT)</b></p> <p>STT is the tax leviable on the taxable securities transactions i.e. transaction of:</p> <ol style="list-style-type: none"> <li>Purchase or sale of an equity share of listed companies, (or a unit of a business trust), entered into in recognised stock exchange and settled by the actual delivery. The STT on such transaction is payable by the purchaser/seller, as the case may be, @0.1%.(w.e.f 1-07-2012)</li> <li>Sale of a unit of an equity oriented mutual fund, entered into in recognised stock exchange and settled by the actual delivery. The STT on such transaction is payable by the seller, as the case may be, @ 0.001%.(w.e.f 1-06-2013)</li> <li>Sale of an equity share of listed companies or a unit of an equity oriented mutual fund or a unit of a business trust, entered into in a recognised stock exchange and settled otherwise than by actual delivery. The STT on such transaction is payable by the seller @ 0.025%.</li> <li>STT on a sale of an options in securities is payable by the seller @ 0.05% (w.e.f 1-6-2016).STT on sale of an option in securities, where option is exercised, is payable by the purchaser @ 0.125% of the settlement price of the option.</li> <li>STT on a sale of a futures in securities is payable by the seller @ 0.01%</li> <li>In case of unlisted equity shares under an offer for sale referred to in sub clause (aa) of clause (13) of section 97, the seller will pay STT @ 0.2% (from 01-07-2012)</li> <li>If the total income of an assessee in a previous year includes any income, chargeable under the head “Profits and gains of business or profession”, and if it is arising from taxable securities transactions, the Securities Transaction Tax paid would be allowed as a deduction under Section 36(1)(xv) of the Act</li> </ol>
(xiv)	<p><b>Goods and Services Tax (GST)</b></p> <p>The Indian Government has introduced a nation level tax on the supply of goods and services. The GST regime has been made effective since July 1, 2017.</p>
(xv)	<p><b>Treatment of Derivatives</b></p> <p>As per section 43(5)(d) of the Act all gains/losses on eligible transaction</p>



	in derivatives on the recognised stock exchange/s will be treated as business gains/losses.
(xvi)	<p><b>Tax Treatment on Interest Income</b></p> <p>Pursuant to Section 56 (2) (id) of the Act, income by way of Interest, if not chargeable to income-tax under the head “Profit and Gains of Business or Profession”, shall be chargeable to Income Tax under the head ‘Income from other sources’. The same should be taxed at applicable rates in force under the Act.</p>
(xvii)	<p><b>Place of Effective Management</b></p> <p>As per the provisions of the Act, a tax resident of India is taxed on its global income whereas a non-resident is liable to tax only on income which is received or is deemed to be received in India in such year by or on behalf of such person; or accrues or arises or is deemed to accrue or arise to him in India during such year.</p> <p>As per the provisions of the Act, amended by the Finance Act, 2016 with effect from 1 April 2016, a company would be considered a resident of India, <i>inter alia</i>, its “place of effective management” (‘POEM’), in that year, is in India. Further, it is provided that for this purpose, the POEM would be the place where the key management and commercial decisions that are necessary for the conduct of the business of the entity as a whole are, in substance made. Therefore, a foreign company could be considered a tax resident of India if it’s POEM is determined to be in India. The Central Board of Direct Taxes (‘CBDT’) has issued guidelines on January 24, 2017, for determination of POEM of a company in India.</p> <p>CBDT has issued a final notification dated 22 June, 2017 prescribing special provisions regarding taxation of foreign companies which are regarded as residents in India on account of its POEM being in India.</p> <p>The CBDT has also issued a circular dated 23 February, 2017 to clarify that the POEM provisions to determine the tax residency of a company would not be applicable to companies having turnover or gross receipts of INR 500 million or less in a financial year.</p>
(xviii)	<p><b>General Anti-Avoidance Rules</b></p> <p>Under the Income-tax Act, General Anti Avoidance Rules (“GAAR”) may be invoked by the income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies the</p>

	<p>tainted elements.</p> <p>In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or re-characterise or disregard the arrangement.</p> <p>As per the Finance Act, the provisions of GAAR shall be applicable with effect from the financial year 2017-18.</p> <p>The GAAR provisions should apply only where the tax benefit (to all the parties in aggregate) from an arrangement in a relevant year exceeds INR 30,000,000.</p>
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## 12) **Accounting Policies**

### **A. Portfolio Valuation**

The following policy will be applied for reporting Portfolio to the Clients and for assessing performance of the Portfolio:

#### **Investments in Equities**

Investments in equities will be valued at the closing market price on the NSE. In case any of the securities are not listed on NSE or the securities are not traded on NSE on a particular day, closing price on BSE will be used for valuation purpose. In case the closing price of any of the securities is not available either on NSE or on BSE, then the closing price of the securities on the previous working day will be taken for the valuation purpose.

#### **Investments in Mutual Funds**

Investments in units of close-ended schemes of mutual funds, which are listed on NSE, will be valued at the closing market price on NSE. In case the units of mutual fund are not listed on NSE or the units are not traded on NSE on a particular day, closing price on BSE will be used for valuation purpose. In case the closing price of any of the units of the mutual fund is not available either on NSE or on BSE, then the closing price of the units on the previous working day will be taken for the valuation purpose.

Investments in units of mutual funds, which are not listed on stock exchanges (NSE/BSE), will be valued at the NAVs published by the Mutual Fund Houses on the date of the Report. Where no NAV is published for a particular day, the previous working day's published NAV will be taken for the valuation purpose.

#### **Investment in Unlisted Securities/ Securities under Lock In Period**

Investment in securities not listed on NSE and BSE or securities under lock in period will be valued at fair value if declared by the Issuer otherwise will be valued at cost of acquisition inclusive of brokerage, stamp duty.

### **Investment in Non-convertible Debentures (NCD)**

The valuation of NCDs not listed on any of the exchanges or listed on the NSE or BSE but thinly traded will be done based on the cost of acquisition plus the brokerage, stamp duty, statutory levies, if any.

### **Investment in Debt Instruments and Bank Fixed Deposit**

**Treasury bills** are valued as per the clean price (on the days they are traded) or the amortised value (see example below). On all the days where the securities are traded, the closing price is considered as the price for valuation purposes. However, where the securities are illiquid and not traded, the difference between the actual purchase price and the maturity value is amortised towards the number of days left till maturity – 1 day. The Market prices are taken from Clearing Corporation of India Ltd.

#### **Example**

Calculation of closing price for Treasury Bills and other money market instruments is as under.

If a security has been bought for Rs. 95 on 01-Nov-06 and the maturity date is 11-Nov-06, Rs 5 will be amortised for 10 days and each day's closing price will be incremented by Re 0.50 and income will be booked. However if on 07-Nov-06 there is a trade and the closing price is 99.00 then un-amortised amount of Re 1 (Re 0.50 x 6 days = Rs. 3 and Face Value is 100), will be booked as income and the balance Re 1 (100-99) will be amortised for the next 3 days till 10-Nov-06. This has been explained in the following examples:

Money Market Instrument Purchased @ 95/-	
Purchase date	01/11/2006
Maturity Date	11/11/2006
Maturity Value (Rs)	100
Discount (100-95) (Rs)	5
Amortisation (5/10 days) (Rs)	0.50 Per day

Valuation	Scenario 1 – There is a trade on 7th and the closing price is 99/-	Scenario 2 - There is a trade on 7th and the closing price is 97/-
Amortised amount (Re 0.50 X 6 days)	3	3
Book Value (95+3)	98	98
Diff to be treated as Income/(Expense)	(99-98) 1	(97-98) (1)
Revised discount amount	(100-99) 1	(100-97) 3
Revised Amortisation amount	(1/3) 0.33 / day	(3/3) 1 / day

**Government of India Bonds/Securities** will be valued at the closing price as per CRISIL Gilt Valuation Service. For any securities for which valuation is not available in the CRISIL Gilt Valuation file, the daily valuations as available on the Website of Clearing Corporation of India Limited ([www.ccilindia.com](http://www.ccilindia.com)) will be used. As a backup measure the Portfolio Manager may use valuations published on the website of Fixed Income Derivatives and Money Market Association of India ([www.fimmda.org](http://www.fimmda.org)) if the website of Clearing Corporation of India Limited is not accessible or the valuations are not available for a particular date. Where no such value is available for a particular day, the instrument will be valued at previous working day's price.

**Fixed Deposits** with the banks will be valued at the amount deployed in the Fixed Deposit.

The interest accrued by the respective banks on the above Fixed Deposits would also be taken into consideration in the above valuation as and when the credit is given by the banks. TDS on interest on Fixed Deposits will be considered as withdrawal of Portfolio and will be excluded accordingly.

## **B. Basis of Accounting**

The following Accounting Policies will be applied for accounting the investments of the Client and reporting to them:

- (i) The Books of Account of the Client is maintained on an historical cost basis.
- (ii) Realised gains/losses will be calculated by applying the first in/first out method.

- (iii) For derivatives/futures and options, unrealised gains and losses will be calculated by marking all the open positions to market.
- (iv) Unrealised gains/losses are the differences between the current market values/NAV's and the historical cost of the securities/price at which securities are valued on the date of admitting as a Corpus.
- (v) All income will be accounted on accrual or receipt basis, whichever is earlier.
- (vi) All expenses will be accounted on due or payment basis, whichever is earlier.
- (vii) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investment or for accounting the same, as may be mutually agreed between them on a case-by-case basis.
- (viii) Purchase and Sale transactions are accounted for on contract date basis.
- (ix) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.
- (x) Securities Transaction Tax paid on purchase/sale of securities including derivatives, during the financial year is recognized as an expense in the books of accounts.
- (xi) Bonus shares are recorded on the ex-benefit date (ex-date).
- (xii) Dividend income is recorded on the ex-dividend date (ex-date).
- (xiii) Interest on Debt instruments/ Fixed Deposit with banks is accounted on accrual basis.
- (xiv) Tax deducted at source (TDS) on interest on Fixed Deposits is considered as withdrawal of Portfolio and debited accordingly.
- (xv) Portfolio received from the Clients in the form of securities will be accounted at previous day's closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted on the date of withdrawal at the previous closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, closing price on BSE will be used for aforesaid accounting purpose.

The Client may contact the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

**13) Investor Services**

- (i) (a) Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:**

Mr. Nirav Gandhi  
2nd Floor, B Wing, Suashish IT Park, Plot No. 68E,  
Off. Dattapada Road, Opp. Tata Steel,  
Borivali (East),  
Mumbai 400 066.  
Tel: 022-6761 7262      Email: [nirav.gandhi@jmfl.com](mailto:nirav.gandhi@jmfl.com)

- (b) Client may also approach Compliance Officer whose details are given herein below:**

Mr. Manishkumar Sabu  
2<sup>nd</sup> Floor, B Wing, Suashish IT Park, Plot No. 68E,  
Off. Dattapada Road, Opp. Tata Steel,  
Borivali (East), Mumbai 400 066.  
Tel: 022-67617400      Email: [manish.sabu@jmfl.com](mailto:manish.sabu@jmfl.com)

- (c) Details of SEBI online portal (SCORES) to lodge the compliant online:**

The Client can also lodge his/her/its grievances with SEBI at <http://scores.gov.in>. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800 22 7575 / 1800 266 7575.

- (ii) Grievance Redressal and Dispute Settlement mechanism:**

**Grievance Redressal:**


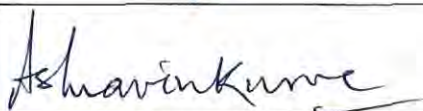
- i. The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query or concern as soon as practicably possible.
- ii. All Clients' complaints are escalated to the Compliance department immediately on receipt of complaint.
- iii. The Compliance Department reviews and monitors the status of Clients' complaints and takes necessary action for quick resolution of the same.
- iv. If during the review of complaints, it is noticed that the complaint is due to some procedural lapse or due to any other identifiable reasons, then necessary corrective steps are taken immediately.

- v. Complaints are generally resolved within 30 days from the date of receipt and any complaint which is pending for more than 30 days is escalated to Senior Management for discussion and resolution.

**Dispute Settlement Mechanism:**

All disputes, differences, claims and questions whatsoever, which shall arise either during the subsistence of the agreement with the Client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise in any way relating to or arising there from or the interpretation of any provision therein shall be, at the first instance settled by mutual discussion, failing which the same shall be referred to, and settled 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. The arbitration proceedings shall be held in Mumbai and conducted in English.

The agreement with the Client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a Client or the performance of the agreement by either party of their obligations will be conducted exclusively in courts located within the city of Mumbai in the State of Maharashtra in India.

Sr. No.	Name of the Director	Signature
1.	Mr. Hemant M Kotak	
2.	Mr. Anil Mavinkurve	

Place: Mumbai

Date: 28/08/2018



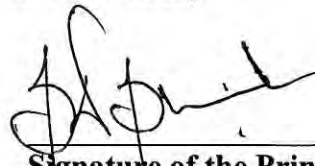
**FORM C****SECURITIES AND EXCHANGE BOARD OF INDIA  
(PORTFOLIO MANAGERS) REGULATIONS, 1993  
(Regulation 14)**

**JM Financial Services Limited  
5th Floor, Cnergy,  
Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai 400 025**

**Telephone No.: 022 - 6704 0404  
Fax: 022 - 6654 1511**

We confirm that:

- (i) the Disclosure Document forwarded to the Board is in accordance with 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 has been duly certified by an independent Chartered Accountant – M/s. M. P. Chitale & Co. Chartered Accountants, 1<sup>st</sup> Floor, Prabhadevi Industrial Estate, Veer Savarkar Marg, Prabhadevi, Mumbai 400025, bearing registration number 101851W dated 01.01.1956, on 28/08/2018 (enclosed is a copy of the chartered accountants' certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision)



**Signature of the Principal Officer  
Subodh Shinkar**

**Chief Executive Officer**

**Date: 28/08/2018  
Place: Mumbai**

5th Floor, Cnergy,  
Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai 400 025

**JM Financial Services Limited**

*(Formerly known as JM Financial Services Private Limited)*

Corporate Identity Number : U67120MH1998PLC115415

Admin. Office: 1st Floor, B Wing, Suashish IT Park, Plot No. 68 E, Off. Dattapada Road, Opp. Tata Steel, Borivali (East), Mumbai 400 066.

T: 91 22 6761 7000 F: 91 22 6761 7222

**Regd. Office:** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

T: 91 22 6630 3030 F: 91 22 6630 3223 [www.jmfinancialservices.in](http://www.jmfinancialservices.in)



# **M. P. Chitale & Co.**

## **Chartered Accountants**

1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 25 • Tel.: 43474301-03 • Fax : 43474304

**The Board of Directors,**

**JM Financial Services Limited,**

**7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe Marg,**

**Prabhadevi, Mumbai 400 025**

We have examined the Disclosure Document for Portfolio Management dated August 28, 2018 prepared in accordance with Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993 by JM Financial Services Limited, having its Corporate office at 7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

Based on our examination of attached Disclosure Document and other relevant records and information furnished by Management, we certify that the disclosures made in the attached Disclosure Document for Portfolio Management are true, fair and adequate to enable the investors to make a well informed decision.

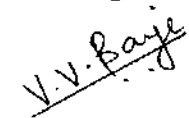
We have relied on the representations given by the management about the penalties or litigations against the Portfolio Manager mentioned in the disclosure document. We are unable to comment on the same.

This certificate has been issued for submission to the Securities and Exchange Board of India for the sole purpose of certifying the contents of the Disclosure Document for Portfolio Management services and should not be used or referred to for any other purpose without our prior written consent.

**For M.P. Chitale & Co.**

**Chartered Accountants**

**Firm Reg. No. 101851W**



**Vidya Barje**

**Partner**

**Membership No. 104994**

**Mumbai, August 28, 2018**