JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED

DISCLOSURE DOCUMENT

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) All the intermediaries involved in the Portfolio Product(s) are registered with SEBI as on the date of the document.

e) The Principal Officer designated by the Portfolio Manager is:

Name	:	Mr. Bhanu Katoch
Designation	:	Chief Executive Officer
Address	:	502, 5th Floor, A Wing, Laxmi Towers, Bandra Kurla Complex, Bandra (E), Mumbai-400 051 India
Tel No	:	022-6198 7777
E-mail	:	bhanu@jmfinancial.in

II. INDEX

III. <u>CONTENTS</u>:

1) <u>Disclaimer</u>

This Disclosure Document is filed with SEBI. The particulars of this document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993. 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.

2) <u>Definitions</u>

(a) '**Act**' means the Securities and Exchange Board of India Act, 1992.

(b) '**Business Day**' in relation to the Portfolio Product means a day in India, other than a Saturday or a Sunday OR a day on which the National Stock Exchange of India Limited, the Bombay Stock Exchange Limited and the Wholesale Debt Market Segment of NSE are open for trading OR a day other than a day on which normal business could not be transacted due to force majeure events.

(c) '**Client**' means any person who is registered as a client with the Portfolio Manager for availing its portfolio management services.

(d) '**Custodian**' means any entity acting as a Custodian to the Portfolio Manager, or any other Custodian with whom the Portfolio Manager enters into an agreement for availing Custodial Services.

(e) '**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.

(f) '**Funds**' means the moneys placed by the Client with the Portfolio Manager and any accretions thereto.

(g) ‘**JM Financial Asset Management Private Ltd.**’ means the Portfolio Manager registered under the SEBI (Portfolio Managers) Regulations, 1993.

(h) ‘**Non Discretionary Portfolio Management Services**’ mean the services provided by the Portfolio Manager, who manages the 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 Client’s risk and to ensure that all the benefits accrue to the Clients’ Portfolio.

(i) ‘**Portfolio**’ means the total holdings of all investments, securities and funds belonging to the Client.

(j) ‘**Portfolio Manager**’ means JM Financial Asset Management Private Ltd., a company registered under the Companies Act, 1956 and having its Registered Office at 141, Maker Chambers III, Nariman Point, Mumbai – 400 021 and its Corporate Office at 502, 5th floor, A – Wing, Laxmi Towers, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

(k) ‘**Portfolio Product**’ means any of the investment portfolio product as mentioned herein or such portfolio product that may be introduced at any time in future by the Portfolio Manager.

(l) ‘**Regulations**’ mean the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended from time to time.

(m) ‘**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) <u>Description</u>

(i) <u>History, Present Business and Background of the Portfolio Manager</u>:

JM Financial Asset Management Pvt. Ltd. ("AMC"). is a Company incorporated under the Companies Act, 1956 on 9th June, 1994., having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai - 400 021. The AMC has been appointed as the Asset Management Company for the various Schemes floated by JM Financial Mutual Fund, by JM Financial Trustee Company Pvt. Ltd. vide Investment Management Agreement (IMA) dated 1st September, 1994 executed between JM Financial Trustee Company Pvt. Ltd and JM Financial Asset Management Pvt. Ltd.

The AMC has received approval from SEBI for undertaking portfolio management services and has been granted a Certificate of registration by SEBI under the SEBI (Portfolio Managers) Regulations, 1993. The SEBI Registration No. for the portfolio management is INP000002759.

As required under Regulation 24(2) of SEBI (Mutual Funds) Regulations, 1996, the AMC has also received approval from SEBI for providing advisory services to offshore fund / entities.

The advisory activity of the AMC is not in conflict with fund management activity of JM Financial Mutual Fund. There is no conflict of interest between the aforesaid Portfolio Management activities and the activities of the Mutual Fund.

(ii) Promoters of the Portfolio Manager, its Directors, the Chief Executive Officer, the Chief Operating Officer and their background:

<u>Promoters</u>:

JM Financial Ltd. ("JMFL") is the promoter of the AMC and is the flagship Company belonging to the JM Financial Group incorporated under the Companies Act, 1956. JMFL is the sponsor of JM Financial Mutual Fund. JMFL went public in the year 1991 and its equity shares are currently listed on the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Ltd. ("NSE")

JM Financial Ltd., together with its subsidiaries, associates and joint venture companies, is inter-alia having its presence in the following business segments

(i) Investment Banking and Securities Business
(ii) Securities Funding and Fund Based Activities
(iii) Alternative Asset Management
(iv) Asset Management

Directors and their background:

Name	Age/Qualification	Brief Experience
Mr.V.P.Shetty	B.com,CAIIB Age: 64 years	Mr.V.P.Shetty is the chairman of JM Financial Asset Management Private Limited. He has worked for nearly 39 years in various positions in 4 major nationalized banks. He has also worked as Chairman and Managing Director in 3 banks, i.e. UCO Bank, Canara Bank and IDBI Bank. He was the Chairman of the Indian Banks Association. He was also the Chairman of the AMC of Can Bank Mutual Fund for a brief period.
Mr. Rajendra P. Chitale	FCA Age: 51 years	Mr. Rajendra P Chitale is a Chartered Accountant by profession and is associated with M/s. M. P. Chitale & Co., Chartered Accountants as a Managing Partner. He is on the Board of JM Financial Asset Management Private Limited as an associate director since M/s. M. P. Chitale & Co. advises JM Financial Asset Management Private Limited on business and operational matters. He is also a director on the Board of various companies He is also a director on the Board of various companies.
Mr. J. K. Modi (Independent Director)	B.Com Age : 64 years	Mr. J. K. Modi is an independent director on the Board of JM Financial Asset Management Private Limited. He is the proprietor of a broking firm and is also on the Board of various securities related companies. He is also a director on the

		Board of various companies
Mr. Darius D. Pandole	B.A. (Harvard Univ),MBA (Univ of Chicago) Age: 46 years	Mr. Darius Pandole is an independent director on the Board of the AMC. For the past 14 years, Mr. Pandole has held senior positions at Duke & Sons Limited, IndAsia Fund Advisors Pvt. Ltd, IDFC Asset Management Company Limited and is currently the Managing Director of Gateway Fund Advisors Pvt. Ltd. He was the Indian junior national squash champion and has represented the country at various squash tournaments. He is also a director on the Board of various companies
Mr. G. M. Ramamurthy	B.Sc., B.L., CAIIB, ACS, Diploma in Company Law with Banking Law and Practice, Diploma in Taxation Laws and Diploma in Labour Law Age: 65 years	Mr. G. M. Ramamurthy served IDBI for over 29 years and retired as Executive Director (Legal). He practiced law for over eight years in civil courts. Before assuming charge as Executive Director, he worked at different levels in the legal department of IDBI and handled all legal issues relating to lending and recovery of loans. During his tenure he also effectively handled the NPA Recovery portfolio in addition to catering to corporate legal affairs, the performing loan portfolio. Mr. Ramamurthy was a member of the Empowered Committee of IDBI, which accorded approval for financial assistance up to Rs. 10 crore and negotiated settlements/ one- time settlement of outstanding financial assistance with defaulting borrowers. Mr. Ramamurthy was chairman of Secondary Market Operations Committees that dealt with short term investments and disinvestments in the stock market. Mr. Ramamurthy also served as Chairman of the Corporate Debt Restructuring empowered Group, set up under the Corporate Debt Restructuring Mechanism by the Reserve bank of India. He had been director on the board of companies engaged in the business of depository, custodian, registrar and transfer agent, real estate financing, asset

		reconstruction and manufacturing.
Mr. V.P. Singh	Master of Commerce, Bachelor of Laws and Certified Associate of Indian Institute of Bankers (CAIIB). Age: 68 Years	Mr. V. P. Singh is an independent director on the Board of the AMC. He has around 40 years of experience in financial sector institutions including Reserve Bank of India and leading Development Banks in India and Tanzania. Mr. Singh was Chairman and Managing Director of IFCI and non-executive Chairman of Tourism Finance Corporation of India Ltd and IDBI Capital Market Services Ltd. He was also director of many companies including National Stock Exchange of India Ltd, IDBI Bank Ltd and LIC Housing Finance Ltd. He was also a trustee of IDBI Mutual Fund during February 1998 to September 2001.

Chief Executive Officer:

Name/ Designation	**Age/ Qualification**	**Brief Experience**
Mr. Bhanu Katoch	B.Com., PGDM (Marketing & Sales), MBA Age : 38 years	He has around 14 years of experience in the Telecom & Financial Services industry. He started his career with BPL US West Cellular Ltd. Subsequently, he has worked with various organisations in the financial sector like Pioneer ITI AMC, Alliance Capita l AMC, Tata AIG Life Insurance Company and ABN AMRO AMC. Prior to joining JM Financial Mutual Fund, he was Head - Sales (North & West) at Lotus India AMC.

Top 10 Group/ Associate companies/firms of JM Financial Asset Management Private Limited on turnover basis as per the latest available audited financial statements: -

Name of Group companies/firms
JM Financial Products Limited
JM Financial Services Private Limited
JM Financial Consultants Private Limited
JM Financial Limited
JM Financial Institutional Securities Private Limited*
JM Asset Reconstruction Company Private Limited
JM Financial Ventures Limited*
J. M. Financial & Investment Consultancy Services Private Limited**
JM Financial Investment Managers Limited
Infinite India Investment Management Private Limited

*amalgamated with JM Financial Consultants Private Limited (now known as JM Financial Institutional Securities Private Limited) pursuant to the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Judicature at Bombay vide its Order dated April, 27, 2012. The Appointed Date for the amalgamation is March 31, 2012.

**based on unaudited financials for the year ended March 31, 2012.

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

The Portfolio Manager proposes to offer portfolio management services under Discretionary, Non-discretionary and Advisory categories to its prospective clients after ascertaining their investment needs and objectives.

4) <u>Penalties, pending litigation or proceedings, etc.:</u>

Details on penalties, pending litigation or proceedings, findings of inspections or investigation for which action may have been taken or is in the process of being taken by any regulatory authority:

JM Financial Asset Management Private Limited (the "AMC") is engaged in asset management business and is the Investment Manager to the Schemes floated by JM Financial Mutual Fund (the "Fund").

JM Basic Fund is an equity Scheme floated by the Mutual Fund. The Fund was awarded penalty by SEBI in the matter of delay in listing the units of JM Basic Fund. SEBI had initiated adjudication proceeding against the Fund to conduct inquiry into any possible violation of SEBI Regulations, in respect of delay in the listing. The Adjudicating Officer of SEBI while passing orders on the case held that the delay in listing the units of JM Basic Fund is in violation of Regulation 32. However, while imposing a penalty for the violation, the Adjudicating Officer in appreciation of the bonafide action of the Fund, who entirely of their own volition drew the attention of SEBI to the delay in listing the units on NSE, imposed a reduced penalty. JM Financial Asset Management Private Limited ("the AMC/ the Portfolio Manager") has paid the penalty amount of Rs. 50,000/- to SEBI.

The Portfolio Manager has paid a penalty of Rs. 500,000/- to SEBI for non-disclosure of penalty imposed on the erstwhile Sponsor of JM Financial Mutual Fund 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.

Further, no penalties have been imposed against the Portfolio Manager for any economic offence or for violation of any securities laws.

Further, the Portfolio Manager has received advisory letters from SEBI from time to time and since these are not in the nature of actions taken by SEBI, detailed disclosure regarding these have not been made.

There are no pending material litigations/legal proceedings against the Portfolio Manager or its key personnel. Further, to our knowledge there are no claims of material importance threatened against the Portfolio Manager.

There are no pending criminal cases against the Portfolio Manager or its key personnel.

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

To our knowledge, no enquiry/adjudication proceedings have been initiated by SEBI against the Portfolio Manager or its directors, principal officer or the group company/ associate company of the Portfolio Manager, except the following:
SEBI Whole time Board Member had, in June 2004, issued a warning to JM Financial Services Pvt. Ltd., by way of an order under Regulation 13(4) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and imposing Penalty) Regulations 2002, arising out of an inspection of books and records of JM Financial Services.
SEBI had issued a warning letter dated May 12, 2002 to JM Financial Consultants Private Limited (formerly known as JM Morgan Stanley Pvt. Ltd.) ("JMFCPL") for deficiencies in conduct of due diligence in relation to the initial public offering by one of its clients.

The SEBI Chairman had, vide his Order dated February 18, 2005, censured JMFCPL in relation to dissemination of information for a particular advisory transaction.

SEBI has appointed the Adjudication Officer under Sec 15I of SEBI Act read with Rule 3 of the SEBI (Procedure for holding inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 in relation to the allocation to Qualified Institutional Buyers (QIBs) in the follow-on offering of Syndicate Bank Limited in respect of which JMFCPL had acted as one of the Book Running Lead Managers. JMFCPL had made its representations and the Adjudication Officer, vide its order dated April 17, 2009, concluded that no adverse finding is recorded against JMFCPL and hence no penalty is warranted. Accordingly, the adjudication proceeding has been disposed off against JMFCPL without any penalty.

JMFCPL has also received the show cause notice from SEBI dated June 7, 2007 under Rule 4 of SEBI (Procedure for Holding

Inquiry and Imposing Penalties by adjudicating officer) Rules, 1995 in relation to the alleged violations of provisions of SEBI (Merchant Bankers) Regulations, 1992 and SEBI (Disclosure and Investor Protection) Guidelines, 2000 observed during the inspection carried by SEBI for the period April 2003 to August 2005. In the matter of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudication Officer) Rules, 1995, pursuant to the inspection report of March 13, 2006, JMFCPL had preferred a consent application dated March 23, 2009 against the pending adjudication to SEBI. The consent terms proposed by JMFCPL, were examined by the High Powered Advisory Committee (HPAC) and SEBI had agreed for settlement without JMFCPL admitting or denying the guilt. Accordingly, JMFCPL has made the payment of Rs. 4,00,000/- on August 13, 2009 towards the settlement charges, as per the terms of the consent in the matter.

JMFCPL has received a show cause notice under Regulation 13 of SEBI (Merchant Bankers) Regulations, 1992, relating to disclosures in the RHP in the IPO of Mundra Port and Special Economic Zone Limited. In this regard, SEBI vide its letter dated January 13, 2010 advised JM Financial Consultants to be careful and diligent in future while drafting disclosures in the offer document.

J.M. Financial & Investment Consultancy Services Pvt. Ltd. has paid a penalty of Rs. 1 lakh for 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.

5) <u>Services Offered:</u>

A. <u>Discretionary portfolio management services</u>

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 securities traded or held by the Portfolio Manager for different Clients' portfolios, even if invested in the same Portfolio Product, may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Clients' funds is absolute and final and can not 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 following Portfolio Products are presently made available to the Clients:

JM Financial PMS – Structured Products

The objective of the portfolio strategy is to endeavor to preserve the investment and/or generate reasonable returns through a combination of interest income and /or capital appreciation commensurate with the risk tolerance of the Clients. The Portfolio Product may deploy the funds in secured / unsecured securities including Non Convertible Debentures (NCDs) – a) 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 and/or Mutual Fund and/or a combination of all these b) which have been rated as structured obligations by any of the credit rating agencies

The funds may be invested in liquid schemes or short dated paper, till deployment is pending in various securities.

Under this Portfolio, the Portfolio Manager may seek to invest in various NCDs at different points in time and investments may be solicited from clients at the time of each NCD investment. Investments made in each NCD shall form part of the Structured Product Series and will be serially numbered. The first investment in the Series shall be termed as JM Financial PMS – Structured Product - Sr 1. Investments in each such Series may be solicited in tranches viz. Series 1A, 1B etc. As on September 30, 2011, the Portfolio Manager has launched 26 series under the Structured Products Series. Henceforth, the investment in such NCDs will be termed as "JM AMC PMS – Series ____". Investments in each such Series may be solicited in tranches viz. Series 1A, 1B. Each such investment opportunity will have, inter-alia, terms and conditions and risk factors specific to such investment.

The Portfolio strategy will be suitable for the medium risk taking investor with a medium to long term investment horizon.

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.

JM Financial PMS – Debt Products

The objective of the Product is to generate positive return with low risk of capital loss over a short to medium term time frame by investing in Debt Instruments, Money Market Instruments and Debt oriented Mutual Funds.

The funds deployed by the Clients in this Product will be 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, Corporate bonds, securities 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 Product. However, the Portfolio Manager will take the final decision with regard to investments. As the Product is mainly investing in debt instruments, it will be suitable for those investors who want to take low risk with stable income in a short to medium term investment time frame. The Product may be adversely affected in arising interest rate scenario resulting in a notional opportunity loss.

Under this Portfolio, the Portfolio Manager may seek to invest in various Debt securities at different points in time and investments may be solicited from clients at the time of each investment in debt securities. Investments made in each Debt security shall form part of the Debt Products Series and will be serially numbered. The first investment in the Series shall be termed as JM Financial PMS – Debt Products - Sr 1. Investments in each such Series may be solicited in tranches viz. Series 1A, 1B etc. As on September 30, 2011, the Portfolio Manager has launched 3 series under the Debt Products Series. Henceforth, the investment in such Debt Products will be termed as "JM AMC PMS Debt Products – Series ____". Investments in each such Series may be solicited in tranches viz. Series 1A, 1B. Each such investment opportunity will have, inter-alia, terms and conditions and risk factors specific to such investment which will be set out in Appendix B of the Portfolio Management Agreement.

<u>JM Financial Equity PMS</u>

1. JM Financial Equity PMS - Series - 1

Under this Portfolio, the Portfolio Manager seeks to invest in various Equity and equity related instruments including derivatives at different points in time and investments may be solicited from clients at the time of each investment in above securities. Investments made in each of such securities shall form part of the Equity PMS Series which will be serially numbered. The first investment in the Series shall be termed as JM Financial Equity PMS - Series - 1 A. Investments in each such Series may be solicited in tranches viz. Series 1- B etc. Each such investment opportunity will have, inter-alia, terms and conditions and risk factors specific to such investment which will be set out in Appendix B of the Portfolio Management Agreement.

The investment objective of the Portfolio Product is to deliver outperformance of the benchmark viz. BSE 200, by investing in equity and equity related instruments including derivatives.

Portfolio Product Investment Strategy: The Portfolio Product will have no sector restrictions. It will invest in approximately 30 stocks from the universe of BSE-200 index. The Portfolio Product will invest in companies only from the BSE-200. The maximum holding of cash will be 25% of the corpus. The indicative asset allocation to each stock would be in the range of 2% to 12% of the portfolio.

The stock selection criteria in the Portfolio Product will be based on the following parameters:

1. Create a portfolio from amongst the available stocks with the above mentioned criteria (min 2%, max 12% allocation) and try to create a minimum variance portfolio.
2. The portfolio selected should have the least standard deviation amongst all possible portfolios.

The portfolio will be rebalanced between the 40^{th} to 42^{nd} trading days. If an investor invests in between two trading sessions of forty days i.e portfolio rebalancing days, then till the next portfolio rebalancing day, the amount will be invested in securities including derivatives.

Changes in Asset Allocation: - The asset allocation pattern cited above is indicative and may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and the perception of the Portfolio Manager, the intention being at all times to seek to protect the interests of the Investors.

B. <u>Non Discretionary Portfolio Management Services</u>

Wealth Management

The objective of the Portfolio Product is to advice Clients on investing in equity, debt and other investments depending on the Clients' needs and risk-return profile and 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 facilitating the execution of transactions.

The Portfolio Manager, based on the Clients' mandate and consent, will deploy Clients' funds available from time to time. All executions of transactions based on the Clients' mandate is final and at no point Portfolio Manager's actions will be questioned during the currency of the Agreement/Portfolio Product or at any time thereafter. Each Client shall receive a periodic statement relating to their Portfolio.

C. <u>Advisory</u>

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) <u>Risk factors</u>

<u>General</u>

The Portfolio Manager is not responsible for the loss if any, incurred or suffered by the Client. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. The following are the inherent risks associated in the management of the Portfolio:

(i) Securities investments are subject to market risks including price, volatility and liquidity risks and there is no assurance, insurance or guarantee that the objectives of the Portfolio Products will be achieved. The investment in the above Portfolio Products may not be suitable for all the categories of investors.

(ii) 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 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, debt instruments or mutual funds are subject to 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 values 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 arms 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. The Portfolio Manager will endeavour to manage credit risk through in house credit analysis.

(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 Portfolio Manager may, subject to authorisation by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell/lend out securities, which will result into creation of a situation of illiquidity of the securities. There are inherent risks in securities lending, including the risk of failure of the other party, in this case, the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of right to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon. The Portfolio Manager shall not be responsible or liable for any loss resulting from the operations of the Portfolio Products.

(xvi) 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.

(xvii) 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.

(xviii) 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.

(xix) 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 Portfolio Products 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.

(xx) 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. Despite the appointment of an advisor or consultant and the methodology used by the consultants, protection of initial corpus may or may not be achieved.

(xxi) The rebalancing of portfolio between debt and equity 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.

(xxii) There are inherent risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of portfolio.

(xxiii) 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. The Client may incur a higher rate of TDS/ Dividend Distribution Tax in case the investments are aggregated in the name of the Portfolio Product.

(xxiv) In case the Portfolio Product invests in Mutual Fund Schemes, 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.

(xxv) 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.

(xxvi) 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 gross negligence and/or wilful default.

(xxvii) 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.

(xxviii) 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.

(xxix) The arrangement of pooling of funds from various Clients and investing then 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.

(xxx) The portfolio of each Client may differ from that of the other Client in same portfolio strategy, as per the discretion of the Portfolio Manager and depending on the investment horizon and capital preservation level

(xxxi) The recipient(s) of this material shall be fully responsible / are liable for any decision taken on the basis of this material. All prospective investors should before transacting in any of the products referred to in this document should carefully review this Disclosure Document, Client Agreement and other related documents carefully and in entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under the portfolio, before making an investment decision. The investments set out herein may not be suitable for all investors

(xxxii) The Portfolio Manager has not authorised any person to give any information or make any representation, either oral or written, which are not stated in the Client Agreement or this Disclosure Document. The Client is accordingly advised not to rely on any information which is not incorporated in the Disclosure Document or the Client Agreement. Participation in the portfolio, by any person, in contravention of the above or due to relying on information which is inconsistent with the information contained in the Disclosure Document or Client Agreement, shall be solely at the risk of such person.

(xxxiii) The Client is urged not to rely upon or be misled by any oral promises or statements made by any party associated with the Portfolio Manager and it is brought to the special attention of investors that the Portfolio Manager will not be liable for any misstatement or communication by any such party which are not previously authorised or approved by the Portfolio Manager. The Portfolio Manager will not be responsible for any claims made by the Client based on such oral promises made by any such party.

(xxxiv) The distribution of this product and document in certain jurisdictions may be restricted or totally prohibited and accordingly persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

(xxxv) The tax benefits described in this Disclosure Document are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the Portfolio Manager regarding the law and practice in force in India and the investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Portfolio will enure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.

(xxxvi) As with any investment in securities, the Net Asset Value (NAV) of the Portfolio under the Portfolio Products can go up or down depending on the factors and forces affecting the capital market and the Portfolio Manager is not responsible or liable for losses resulting from the operations of the Portfolios.

(xxxviii) Due to frequent rebalancing of Portfolio the allocation to other securities can vary from 0% to 100% and there can be vast difference between the performance of the Portfolio Products and returns generated by underlying securities.

(xxxix) The Portfolio Manager may receive fees from the Issuer and/or Distributor of securities. However, the Portfolio Manager will ensure fair treatment to all his customers and provide unbiased services while not placing his interest above those of his clients.

(xl) **Interest Rate Risk -** Changes in interest rates may affect the returns/NAV of the units of the liquid/debt scheme of Mutual Fund in which the Portfolio Manager may invest from time to time. Normally the NAV of the liquid scheme increases with the fall in the interest rate and vice versa. Interest rate movement in the debt market can be volatile leading to the possibility of movements up or down in the NAV of the units of the liquid/debt funds.

(xli) **Compounding of Risks -** An investment in the securities involves risks and should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the applicable reference securities, indices, commodities, interest rates, etc., the risks associated with such investments and the terms and conditions of the securities. More than one risk factor may have simultaneous effects with regard to the securities such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the securities.

(xlii) **Political Instability or Changes in the Government could Delay Further Liberalization of the Indian Economy and Adversely Affect Economic Conditions in India Generally.**

Since 1991, successive Indian governments have pursued policies of economic liberalization. The role of the central and state governments in the Indian economy as producers, consumers and regulators has remained significant. If there is a slowdown in economic liberalization, or a reversal of steps already taken, it could have an adverse effect on the securities market which is as such exposed to the risks of the Indian regulatory and policy regime.

<u>Risk Factors relating to investment in Portfolio Product under various series of JM Financial PMS Products.</u>

General Risk Factors relating to investment in Portfolio Product under various series of JM Financial PMS – NCD Products

a) The Issuer of the NCDs or the Portfolio Manager may not guarantee the returns and/or maturity proceeds thereon.

b) The Issuer of the NCDs or the Portfolio Manager may 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.

c) The Issuer of the NCDs or any person acting on its behalf 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.

d) At any time during the life of such NCDs, the value of the NCDs may be substantially less than its investment 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 currency of the NCDs/Instruments.

e) The Client may receive no income/ return at all on the NCDs, or Less income/ return than expectation, obtained by investing elsewhere or in similar investment.

f) 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 Debentures/ Portfolio Manager.

g) The return 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.

h) Investment in NCD's may also result in a loss. Even where the NCDs are principal protected there is a risk that any failure by a counter party to perform obligations when due, may result in the Loss of all or part of the investment.

i) The commencement date of the issue and the offer period may be altered at the sole discretion of the Issuer.

j) Since the Portfolio Manager may invest in NCDs to achieve portfolio objective, the issuers of the NCDs may have long or short positions or make markets including in S&P CNX Nifty indices, futures and options 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 investments or securities or other assets). Such type of activities of the issuers 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 indices, futures and options or activities in related markets.

k) **Market Risk -** The Portfolio Valuation of the Portfolio Product will react to the stock market movements. The investor could lose money over short periods due to fluctuation in the Portfolio Valuation of Portfolio Product in response to factors such as economic and political developments, changes in interest rates and perceived trends in stock market movements and over longer periods during market downturns.

l) **Market Trading Risks –**

(i) Absence of Prior Active Market: Although Securities would be listed on the Exchange(s), there can be no assurance that an active secondary market will develop or be maintained. Due to this the NCDs may quote below it's Face Value.

(ii) Lack of Market Liquidity: Trading in securities on the Market may be halted because of market conditions or for reasons that in the view of the Market Authorities or SEBI, trading in particular security is not advisable. In addition, trading in securities is subject to trading halts caused by extraordinary market volatility and pursuant to NSE and SEBI ‘circuit filter’ rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of securities will continue to be met or will remain unchanged.

m) **Asset Class Risk -** The returns from the types of securities in which a Portfolio Manager invest may under perform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and under performance in comparison of the general securities markets.

n) **Lending of Securities -** The securities lending activity, if any, by the Portfolio Manager on behalf of the investor will have the inherent probability of collateral value drastically falling in time of strong downward market trends or due to it being comprised of tainted/forged securities, resulting in inadequate value of collateral until such time as that diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business setback and become unable to honor its commitments. This along with a simultaneous fall in value of collateral would render potential loss to the Portfolio Product. Also the risk could be in the form of non-availability of ready stock for sale during the period stock is lent.

o) **Credit Risk -** Credit Risk refers to the risk that an Issuer may default or may be unable to make timely payments of principal and interest. Portfolio Valuation of Securities of the Portfolio Product is also affected because of the perceived level of credit risk as well as actual event of default. In case the issuer defaults, the investor may fail to receive the principal amount. Any stated credit rating of the Issuer reflects the independent opinion of the referenced rating agency as to the creditworthiness of the rated entity but is not a guarantee of credit quality of the Issuer (where applicable). Any downgrading of the credit ratings of the Issuer or its parent or affiliates, or by any rating agency could result in a reduction in the value of the Non Convertible Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Non Convertible Debentures may be substantially reduced or delayed.

p) **Illiquidity Risk -** The corporate debt market is relatively illiquid vis-à-vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Further, liquidity may occur only in specific lot sizes. Liquidity in a security can therefore suffer. Even though the Government Securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. Trading in specified debt securities on the Market may be halted because of market conditions or for reasons that in the view of the Market Authorities or SEBI, trading in the specified Debt security is not advisable. There can be no assurance that the requirements of the Securities Market necessary to maintain the listing of specified debt security will continue to be met or will remain unchanged.

q) **Force Majeure -** If, for reasons beyond the control of the Issuer, the performance of the Issuer's obligations under the NCDs is prevented by reason of force majeure including but not limited to an act of state or situations beyond the reasonable control of the Issuer, occurring after such obligation is entered into, or has become illegal or impossible in whole or in part or in the exercising of its rights, the Issuer may at its discretion and without obligation to do so, redeem and/or arrange for the purchase of all or some of the NCD at a price to be determined at its sole discretion.

r) **Market Disruption Events, Adjustments of the NCDs -** The Issuer may determine that a market disruption event has occurred or exists at a relevant time pertaining to the terms of issue of NCDs. Any such determination may delay valuation in respect of the Underlying which may have an effect on the value of the NCDs and/or may delay settlement in respect of the NCDs. In addition, the Issuer may make adjustments to the Conditions for issue of NCDs to account for relevant adjustments or events in relation to the Underlying including, but not limited to, determining a successor to the Underlying or its issuer or its sponsor, as the case may be.

General Risk Factors relating to investment in Portfolio Product under various series of JM Financial PMS – Structured Products (Including Structured NCDs)

In case of NCDs being structured debentures, the investors are requested to note that they are sophisticated instruments which involve a significant degree of risk and are intended for sale only to those investors capable of understanding the risks involved in such instruments. Investors are further requested to note that both the return on the NCDs and the return of the principal amount in full are at risk if the NCDs are not held till or for any reason have to be sold or redeemed before the Redemption Date.

The NCDs are structured and are complex and an investment in such a structured product may involve a higher risk of loss of a part of the initial investment as compared to investment in other securities unless held till Final Redemption Date. The Debenture Holder shall receive at least the face value of the NCD only if the investor holds and is able to hold the NCDs till the Final Redemption Date. Prior to investing in the NCDs, a prospective investor should ensure that such prospective investor understands the nature of all the risks associated with the investment in order to determine whether the investment is suitable for such prospective investor in light of such prospective investor's experience, objectives, financial position and other relevant circumstances. Prospective investors should independently consult with their legal, regulatory, tax, financial and/or accounting advisors to the extent the prospective investor considers necessary in order to make their own investment decisions.

An investment in NCDs where the payment of premium (if any), and/or coupon and/or other consideration (if any) payable or deliverable thereon is determined by reference to one or more equity or debt securities, indices, baskets, formulas or other assets or basis of reference will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the level or value of the relevant underlying equity or debt securities or basket or index or indices of equity or debt securities or other underlying asset or basis of reference and the holder of the

NCDs may receive a lower (or no) amount of premium, coupon or other consideration than the holder expected.

The Issuer has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including, but not limited to, economic, financial and political events. In addition, if an index or formula used to determine any amounts payable or deliverable in respect of the NCDs contains a multiplier or leverage factor, the effect of any change in such index or formula will be magnified. In recent times, the values of certain indices, baskets and formulas have been volatile and volatility in those and other indices, baskets and formulas may occur in the future.

a) **Risks relating to NCDs due to linkages to the Reference Index -** An investment in any series of NCDs that has payments of principal, coupon or both, indexed to the value of any equity share, index or any other rate, asset or index, or a basket including one or more of the foregoing and /or to the number of observation of such value falling within or outside a prestipulated range (each of the foregoing, a “Reference Value”) will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the applicable Reference Value and how such changes will impact the amount of any principal or coupon payments linked to the applicable Reference Value. The Issuer has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including economic, financial and political events. Past performance of any Reference Value to which any principal or coupon payments may be linked is not necessarily indicative of future performance. Investors should be aware that a Reference Value may go down as well as up and/or be volatile and the resulting impact such changes will have on the amount of any principal or coupon payments will depend on the applicable index formula. The Debenture holder shall receive at least the face value of the Debenture only if the investor holds and is able to hold the NCDs and the NCDs are not sold or redeemed or bought back till the Final Maturity Date.

If so specified, the early redemption amount, if any, may in certain circumstances be determined by the Calculation Agent based upon the market value of the NCDs less any costs associated with unwinding any hedge positions relating to the particular series of NCDs. In the event the terms and conditions do not provide for a minimum redemption amount even in the event of an early redemption, then on such occurrence a holder may receive less than 100.00% of the principal amount.

However, if the NCDs are held till the Final Maturity Date, the holder of the Debenture will receive at least the principal amount.

The NCDs are likely to be less liquid than conventional fixed or floating rate debt instruments. No representation will be made as to the existence of a market for a series of NCDs. While the Issuer intends under ordinary market conditions to indicate and/or procure indication of prices for any such NCDs there can be no assurance as to the prices that would be indicated or that the Issuer will offer and/or cause to purchase any NCDs. The price given, if any, will be affected by many factors including, but not limited to, the remaining term and outstanding principal amount of the particular series of NCDs, the level of the Reference Value, fluctuations in interest rates and/or in exchange rates, volatility in the Reference Value used to calculate the amount of any coupon or principal payments, and credit spreads. Consequently, prospective investors must be prepared to hold the series of NCDs for an indefinite period of time or until the redemption or maturity of the NCDs. Trading levels of any NCDs will be influenced by, among other things, the relative level and performance of the applicable Reference Value and the factors described above.

b) **Purchases and sales by the Issuer and its affiliates may affect the holders' return -** The Issuer and its affiliates may from time to time buy or sell the NCDs or debt instruments similar to the NCDs and/or other obligations or have positions in securities economically related to a series of NCDs for their own account for business reasons or in connection with hedging of the obligations under the particular series of NCDs. These transactions could affect the price of such obligations or securities in a manner that would be adverse to the holder’s investment in the NCDs. The Issuer and its affiliates have not considered, and are not required to consider, the interests of investors as holders of the NCDs in connection with entering into any of the above mentioned transactions.

c) **Potential conflicts -** The Issuer may appoint an affiliate (including its parent) as its Calculation Agent or other agent, for the purposes of calculating amounts payable or deliverables to holders under a series of NCDs, or for any other purpose. Under certain circumstances, the agent as an affiliate and its responsibilities as Calculation Agent or other agent for the NCDs could give rise to conflicts of interest. The Calculation Agent or other agent is required to carry out its duties in good faith and using its reasonable judgment. However, because the Issuer could be controlled by the affiliate, potential conflicts of interest could arise. The Issuer also may enter into an arrangement with an affiliate to hedge market risks associated with its obligations under the NCDs. The Issuer may not seek competitive bids for this arrangement from unaffiliated parties.

d) **No Claim against Reference Index -** The holders of the NCDs would not have any interest in, claims or rights to the underlying Reference Index.

e) **Leverage Risk -** Borrowing capital to fund the purchase of the NCDs (leveraging) can significantly increase the risks of the investment such that if the value of the NCDs decreases on a mark to market basis, leveraging will magnify that decrease in value. Any statement on the potential risks and return on the NCDs does not take into account the effect of any leveraging. Investors must factor in and consider the potential impact of, amongst other things, the cost of funding and possibility of margin calls due to a decrease in the daily mark to market value of the NCDs prior to their maturity. Investors considering borrowing capital to leverage their investment in the NCDs should obtain further detailed information as to the applicable risks from their lender.

f) The returns on the NCDs are primarily linked to the price of basket of securities or indices as a 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 value 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 Non Convertible Debentures.)

g) The Issuer of the NCDs may have long or short positions or make markets including in futures and options of the basket of stock 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 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 the activities in the related markets.

h) 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 exchange and in such an event the Debenture-Trustees upon request by the Issuer of the NCDs may modify the terms of the issue of NCDs, so as to track a different and suitable Reference asset and in that event, appropriate intimation will be sent to the Clients.

i) Investment by the Portfolio Manager in instruments like stock linked or indices linked NCDs 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.

j) **Zero Return Risk -** Returns on investments undertaken in structured products would depend on occurrence / nonoccurrence of specified events. Thus, returns may or may not accrue to an investor depending on the occurrence / non - occurrence of the specified event.

k) The Portfolio Manager does not make any representation or warranty, express or implied to the subscribers of the NCDs regarding the advisability of investing in such instruments or the ability of the S&P CNX Nifty (or any other index used instead of, in replacement or in conjunction with the S&P CNX Nifty) to track general stock market performance in India. The Portfolio Manager has not guaranteed the accuracy and/or the completeness of the S&P CNX Nifty (or any other index) or any data included therein.

General Risk Factors relating to investment in Portfolio Product under various series of JM Financial PMS – Debt Products

An investment in the Commercial Paper involves risks. These risks may include, among others, equity market, bond market, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Some of these are briefly discussed below. Investors should be experienced with respect to transactions in instruments such as the Commercial Paper. Investors should understand the risks associated with an investment in the Commercial Paper and should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (a) the suitability of an investment in the Commercial Paper in the light of their own particular financial, tax and other circumstances and (b) the information set out in this Disclosure Document.

1. Taxation

Potential purchasers and sellers of the Commercial Paper should be aware that they may be required to pay stamp duties or other documentary charges/taxes in accordance with the laws and practices of India. Payment and/or delivery of any amount due in respect of the Commercial Paper will be conditional upon the payment of all applicable taxes, duties and/or expenses.

2. Interest Rate Risk

All securities where a fixed rate of interest is offered are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fluctuation in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Any increase in rates of interest is likely to have a negative effect on the price of the Commercial Paper.

3. The Commercial Paper may be Illiquid

It is not possible to predict if and to what extent a secondary market may develop in the Commercial Paper or at what price the Commercial Paper will trade in the secondary market or whether such market will be liquid or illiquid. If the Commercial Paper are listed or quoted or admitted to trading on any stock exchange(s) or quotation system(s), no assurance is given that any such listing or quotation or admission to trading will be maintained. The fact that the Commercial Paper may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading.

The Issuer may, but is not obliged to, at any time purchase the Commercial Paper at any price in the open market or by tender or private agreement. Any Commercial Paper so purchased may be resold or surrendered for cancellation. The more limited the secondary market is, the more difficult it may be for holders of the Commercial Paper to realise value for the Commercial Paper prior to redemption of the Commercial Paper.

4. Downgrading in Credit Rating

The Issuer would not guarantee that the rating by the Credit Agency will not be downgraded. Such a downgrade in the credit rating may lower the value of the Commercial Paper and may also affect the Issuer's ability to raise further debts.

5. Future Legal and Regulatory Obstructions

Future government policies and changes in laws and regulations in India and comments, statements or policy changes by any regulator, including but not limited to SEBI or RBI, may adversely affect the Commercial Paper. The timing and content of any new law or regulation is not within the Issuer's control and such new law, regulation, comment, statement or policy change could have an adverse effect on market for and the price of the Commercial Paper.

Note: Please refer **"Appendix B"** of the Portfolio Management Agreement of the respective Portfolio Products for the specific risk factors pertaining to each of the Portfolio Products/Issuer under each of the Series.

6) (i) Client Representation as on March 31, 2012:

Category of Clients	No. of Clients	Funds Managed$ (Rs. in Crore)
Clients being Associates/Group companies	Nil	Nil
Discretionary and non discretionary clients#	821	129.55
Others	Nil	Nil

\# We have only Discretionary Clients
$ Includes Rs. 986,148 (current value of Equity Product on 31.3.2012) and balance is the face value of NCDs for Debt/Structured Products launched.

Note:- The above Funds Managed (Rs. In Crore) are in respect of Active Clients as on 31.03.2012 and does not include the matured/closed Portfolio Products.

ii) Complete disclosure in respect of transactions pertaining to Portfolio Management Services 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 as on March 31, 2012.

It may also be noted that the Portfolio Manager is approved by SEBI to act as investment manager to the various schemes of JM Financial Mutual Fund

The Portfolio Manager may avail of services of securities broking, depository and distribution of financial products including mutual funds, in managing the portfolio of the Clients from its group company, viz. JM Financial Services Pvt. Ltd. The Client will bear the cost of these services.

The Portfolio Manager may invest Clients' funds in the mutual fund schemes of JM Financial Mutual Fund 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 avail the advisory and or/ other services offered by JM Financial Group companies for the purpose of making investment from time to time. The portfolio manager may also avail of other services of group companies for marketing and distribution of its PMS products, brokerage services, depository participants' services and other related services. The Portfolio Manager may deal with the portfolio in such IPOs or in securities where JM Financial Consultants Pvt. Ltd or any other group company is acting as a Lead Manager or renders advisory services in fund raising or open offers of various entities.

The Portfolio Manager may avail the services offered by entities in JM Financial group for the purpose of dealing in securities.

Disclosure in respect of Related Party of the Portfolio Manager as appearing in the Audited Accounts for the year ending March 31, 2012

Names of related parties and description of relationship where control exits

Nature of Related Party	Nature of Relationship
JM Financial Limited	Holding Company

Names of related parties and description of relationship where transactions have taken place during the year

Nature of Related Party	Nature of Relationship
JM Financial Consultants Private Limited	Fellow Subsidiary
JM Financial Services Private Limited	Fellow Subsidiary
JM Financial Investment Managers Limited	Fellow Subsidiary
JM Financial Products Limited	Fellow Subsidiary
Financial Engineering Solutions Private Limited	Entities over which individual exercising significant influence on the reporting enterprise is able to exercise significant influence.
J.M. Financial & Investment Consultancy Services Private Limited	Entities over which individual exercising significant influence on the reporting enterprise is able to exercise significant influence.
JM Financial Trustee Company Limited	Entities over which individual exercising significant influence on the reporting enterprise is able to exercise significant influence.
FICS Consultancy Services Limited	Entities over which individual exercising significant influence on the reporting enterprise is able to exercise significant influence.

8) The Financial Performance of the Portfolio Manager:

(Rupees in Crore)

Financial Statement – Balance Sheet	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds	207.49	207.44	207.41
Loan and Advances	-	-	-
Unsecured Loans	-	-	-
Deferred Tax Liability (Net)	-	-	-
Long Term Liability	-	-	-
Total	**207.49**	**207.44**	**207.41**
APPLICATION OF FUNDS			
Fixed Assets (Net)	6.29	7.73	8.71
Investments	81.61	87.80	89.94
Stock Exchange Membership	-	-	-
Current Assets	28.74	25.66	34.02
Less: Current Liabilities and Provisions	(6.62)	(8.96)	(14.48)
Net Current Assets	22.12	16.70	19.53
Miscellaneous Exp			
(to the extent not written off or adjusted)	-	-	-
Debit Balance in the P&L A/C	97.47	95.21	89.22
Deferred Tax Asset (Net)	-	-	-
Total	**207.49**	**207.44**	**207.41**
Financial Statement - P&L			
Total Income	30.25	31.69	35.17
Total Expenses	30.81	35.46	37.82
PBDT	(0.56)	(3.78)	(2.65)
Depreciation	1.71	2.23	2.35
Profit/(Loss) before exceptional items & tax	**(2.27)**	**(6.01)**	**(5.00)**
Exceptional items	-	0.02	-

Profit/(Loss) before Tax	**(2.27)**	**(5.99)**	**(5.00)**
Provision for Tax	-	-	-
Deferred Tax	-	-	-
Fringe Benefit Tax	-	-	
Profit/ (Loss) After Tax	**(2.27)**	**(5.99)**	**(5.00)**

The audited financial statements shall be made available on request.

9) <u>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:</u>

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 or a percentage of the quantum of the funds being managed or linked to portfolio returns achieved or a combination of any of these. In case the fees are not charged upfront, then fees will be charged based on daily average net assets of the Portfolio (inclusive of all securities and cash/bank balances).

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 or may be collected separately at the time of investment by the clients.

iii. 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.

iv. Depository/Custodian fee:

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

v. Bank Charges:

Charges relating to opening and operation of bank accounts, incidental banking charges etc.

vi. **<u>Registrars and Transfer Agents' fees:</u>**

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. **<u>Brokerage, Transaction Costs and other Services</u>:**

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

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

Mutual Funds including.JM Financial Mutual Fund shall be recovering expenses or management fees, loads and other incidental expenses along with services tax, if any, on such recoveries and such fees, entry/exit loads and charges including services tax on such recoveries 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. **<u>Certification charges or professional charges</u>:**

The charges payable for outsourced professional services like accounting, taxation, certification of client's annual accounts and portfolio statement and any legal services, notarisations, etc. shall be borne by the Clients.

x. **<u>Securities lending and borrowing charges</u>:**

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

xi. **<u>Any other incidental or ancillary expenses</u>:**

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)	**General** In view of the individual nature of tax consequences on the income, for capital gains or otherwise, arising from investments under the Portfolio Product, Clients are advised to consult their tax advisors with respect to the specific tax liabilities/exemptions to them as a result of 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. Income to Client 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 Portfolio Manager shall not be responsible for assisting in, or completing the fulfilment of any Client's tax obligations.
(ii)	**Tax on income in respect of units** As per the provisions of Section 10(35) of the Income tax Act, 1961 income not being capital gains received in respect of units of a mutual fund specified under Section 10(23D) of the Act is exempt from income tax in the hands of the recipient unit holders.
(iii)	**Income Distribution Tax** As per proviso to section 115(R)(2) of the Income Tax Act, 1961, any amount of income distributed by a mutual fund to the unit holders shall be chargeable to tax except equity oriented funds which are exempt from Income distribution tax.
(iv)	**Wealth Tax benefits** As per Section 2(ea) of the Wealth Tax Act, 1957, units, equity shares, and derivatives are not to be treated as assets and hence not liable to wealth tax.
(v)	**Tax deducted at source** 1. Presently, in applicable cases tax is withheld at source for payment made to non-residents. 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. 2. No tax is required to be deducted at source from capital gains arising to resident investors at the time of repurchase or redemption of the units. However, as per the provisions of Section 195 of the Act, tax is required to be deducted at source from the redemption proceeds paid to non-resident investors. The withholding of tax is in addition to the securities transaction tax payable, if any, by the investor. 3. Interest receivable on Fixed Deposits placed with bank is subject to deduction of Tax at Source as per Income Tax laws applicable from time to time.
(vi)	**Advance tax instalment obligations** It shall be the Client's responsibility to meet the obligation on account of advance tax instalments payable on the due dates under the Income tax Act, 1961.
(vii)	**Short Term Capital Gains** 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 held by an assessee for not more than twelve months immediately preceding the date of its transfer. As per Section 111A 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 & 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.
(viii)	**Short term Capital losses** 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 for declaration of dividend and sold within 9 months after such date, will be disallowed to the extent of income distribution on such units claimed as tax exempt by the unit holder.

	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 sold or transferred within 9 months after such date, the loss arising on 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 bonus units. As per section 71 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
(ix)	**Long term capital gains** An investment, which is not a short term capital asset, would be treated as a long term capital asset. As per Section 10(38) any income arising from the transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund is exempted from tax, if such transaction is chargeable to Securities Transaction Tax (STT). Other long term capital gains are taxable as per the rates given in the Section 112 of the Income Tax Act, 1961, which presently is 20% (plus applicable surcharge and education cess if any) In case of long term capital gains on listed security or units of a mutual fund (other than gains qualifying for exemption u/s 10(38)) of the Income Tax Act, 1961 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 indexation. As per Section 54F of the Act, Long term capital gain arising from transfer of any capital asset (if the STT is not paid on such transfer) will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
(x)	**Securities Transaction Tax (STT)** STT is the tax leviable on the taxable securities transactions i.e. transaction of: a. Purchase or sale of an equity share of listed companies (delivery based) or a unit of an equity oriented fund or a derivative, entered

	into in recognised stock exchange and the STT on such transaction is payable @ 0.125%. b. Purchase or sale of an equity share of listed companies (otherwise than by the delivery base) or a unit of an equity oriented fund or a derivative, entered into in a recognised stock exchange and the STT on such transaction is payable @ 0.025%, Also STT on a sale of an option or a futures in securities is payable by the seller @ 0.017%. 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. c. Sale of a unit of an equity oriented fund to Mutual Fund and the STT is payable by the seller @0.25% of the transaction amount. As per Section 88E of Income Tax Act, 1961, 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, he shall be entitled to a deduction, from the amount of income-tax on such income arising from such transactions, of an amount equal to the securities transaction tax paid by him in respect of the taxable securities transactions entered into in the course of his business during that previous year.
(xi)	**Treatment of Derivatives** Pursuant to Explanatory Memorandum in respect of Notification S.O.89 (E), dated January 25, 2006, all gains/losses on eligible transaction in derivatives on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited will be treated as business gains/losses.
(xii)	**Tax treatment if STT is not paid** The income arising from the securities transactions shall be taxed at applicable rates in force under the Income Tax Act, 1961, if, transaction is not through recognised Stock Exchange and STT is not paid in respect of such transactions.
(xiii)	**Tax Treatment on Interest Income** Pursuant to Section 56 (2) (id) of Income Tax Act, 1961, income by way of Interest on securities, 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 shall be taxed at applicable rates in force under the Income Tax Act, 1961.

12) <u>Accounting Policies</u>

Books and Records would be separately maintained in the name of the client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Management) Regulations, 1993, as amended from time to time. Accounting under the respective portfolios will be in accordance with Generally Accepted Accounting Principles.

A) Basis of Accounting

1. The Books of Account of the Client is maintained on an historical cost basis.

2. Transactions for purchase or sale of investments shall be recognised as of the trade date .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. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.

3. 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 at closing price on NSE on the date of withdrawal. 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 Bombay Stock Exchange Ltd. (BSE) will be used for aforesaid accounting purpose.

4. 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.

5. In determining the holding cost of investments and realised gains/losses on sale of investment "first in/first out(FIFO)" method would be applied.

6. For derivatives/futures and options, unrealised gains and losses will be calculated by marking to market all the open positions.

7. Unrealised gains/losses are the differences between the current market values / NAV and the historical cost of the securities/price at which securities are valued on the date of admitting as a corpus.

8. All income and expenses will be accounted on accrual basis.

9. Dividend income shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on the stock exchange, dividend income would be recognized on the date of declaration.

10. In respect of interest bearing investments, income would be accrued on a day to day basis as it is earned.

11. Bonus shares shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognized only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-right basis.

b) Portfolio Valuation

1. Investments in Equity or Equity Related instruments, Debt Securities/units of mutual funds listed on NSE/BSE are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If on a particular valuation date, a security is not traded on NSE, the value at which it is traded on The Stock Exchange, Mumbai (BSE) is used. If a particular security is not listed on the NSE, then it is valued at the last quoted closing price on the BSE on the valuation date.

2. Non-traded/unlisted equity securities, are valued at fair value as determined in good faith by JM Financial Asset Management Pvt Ltd

   Investment in securities not listed on NSE and/or on BSE will be valued at cost of acquisition inclusive of brokerage and stamp duty.

3. Non-traded Fixed Income Instruments, will be valued at cost plus interest accrual till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument.

4. 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.

5. Pending listing on BSE/NSE, securities resulting from a demerger are valued at their apportioned costs as per the ratios/ book values published by the Company.

   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 within the SEBI (Portfolio Management) Regulations,1993, as amended from time to time. The accounting policies and standards as outlines above are subject to change from time to time by Portfolio Manager. However such changes would be in conformity with the Regulations.

13) Investor Services

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

Mr. Vishwas More

JM Financial Asset Management Private Limited
502, 5th Floor, A Wing,
Laxmi Towers, Bandra Kurla Complex,
Bandra (E),
Mumbai-400 051
India
Tel: 022-61987777
Email: vishwas.more@jmfinancial.in

(ii) Grievance Redressal and Dispute Settlement mechanism:

Grievance Redressal:

The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query or concern as soon as practicably possible.

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.