Disclosure Document
June 14, 2023

Portfolio Management Services
JM Financial Servcies Ltd

JM FINANCIAL SERVICES LIMITED

DISCLOSURE DOCUMENT

(As per Schedule V of Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020)

I. DECLARATION:

a) This Disclosure Document has been filed with Securities and Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020

b) The purpose of this Disclosure Document is to provide essential information about the Portfolio Management 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 of investing with the Portfolio Manager and also retain it for future reference.

d) This document supersedes the Disclosure Document dated January 10, 2023 filed with SEBI.

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

Mr. Vinay Jaising
Managing Director – Portfolio Management Services
Tel No: 022-6704 3838
E-mail: Vinay.Jaising@jmfl.com

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1) Disclaimer Clause

This Disclosure Document is filed with SEBI. The particulars of this document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of its contents. The Portfolio Manager does not undertake to notify the Clients of any changes in the information stated herein, subsequent to the date of this document. This Disclosure Document, as updated from time to time, is also made available on the website of the Portfolio Manager.

This Disclosure Document and its contents do not constitute a distribution, an endorsement, an investment advice, an offer to buy or sell or subscribe or solicitation of an offer to buy or sell or subscribe any securities or financial products/investment approaches mentioned in the Disclosure Document. The Client/prospective client must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors for seeking independent legal, investment and tax advice as they believe necessary, before acting on any information in the Disclosure Document or any such other documents or before making any investments in the Portfolio Management Services of the Portfolio Manager. Any use of the information contained herein or any investments and investment related decisions of the Client/prospective clients are at their sole discretion and risk and the Portfolio Manager shall not be responsible/liable for the same in any manner whatsoever, to any person/entity.

2) Definitions

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

(b) ‘**Accreditation agency’** shall have the same meaning as assigned to it in clause (aa) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;

(c) **‘Accredited investor’** means any person who fulfils the eligibility criteria as specified by the Board and is granted a certificate of accreditation by an accreditation agency;”

(d) **‘Agreement’** means the agreement by whatever name called entered into between the Client and the Portfolio Manager for provision of Portfolio Management Services by the Portfolio Manager to the Client as provided for by regulation 22(1) of the Regulations, including any addendum thereto and shall be read in conjunction with the Application Form.

(e) **'Advisory Services'** shall mean the services, where the Portfolio Manager advises Clients on investments in general or gives specific advice required by the Clients and agreed upon in the PMS Agreement.

(f) **'Client'** means any person who is registered as a client with the Portfolio Manager for availing its Portfolio Management Services.

(g) **'Custodian'** shall mean the custodian providing custodial services in accordance with the regulations issued by SEBI and appointed from time to time for safe keeping of the Portfolio of the Client.

(h) **'Depository'** shall mean Depository as defined in the Depositories Act, 1996 (22 of 1996).

(i) **'Disclosure Document'** shall mean this disclosure document for the Portfolio Management Services.

(j) **'Discretionary Portfolio Management Services'** means the services provided by the Portfolio Manager exercising its sole and absolute discretion as to the investment of the Client's Funds or management of the Portfolio of securities of the Client as per the agreement relating to Portfolio Management Services, for an agreed fee, entirely at the Client's risk.

(k) **'Financial year'** shall mean the year starting from 1st April of a year and ending on 31st March the following year.

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

(m) **'Investment Approach'** means the investment approach launched and offered by the Portfolio Manager as mentioned herein for providing Discreationery Portfolio Management Services and the expression "Investment Approaches" shall mean collectively all such Investment Approach.

(n) '**Large value accredited investor**' means an accredited investor who has entered into an agreement with the portfolio manager for a minimum investment amount of ten crore rupees;"

(o) '**Minimum investment amount'** means the minimum funds or securities which the Portfolio Manager shall accept from the Client presently Rupees Fifty lakh.

(p) **'Non-Discretionary Portfolio Management Service'** means the services provided by the Portfolio Manager under which the Portfolio Manager invests the Client's Funds or manages the Client's Portfolio in accordance with the discretion of the

Client as per the agreement relating to the Portfolio Management Services, for an agreed fee, entirely at the Client's risk and directions/instructions.

(q) **'Portfolio'** means the portfolio of all the assets including, without limitation, investments made in securities, goods and funds held by the Portfolio Manager on behalf of the Client.

(r) **'Portfolio Management Services'** means portfolio management services that are carried out by the Portfolio Manager in accordance with SEBI (Portfolio Managers) Regulations, 2020, whether in the nature of Discretionary Portfolio Management Services, Non Discretionary Portfolio Management Services or Advisory Services, as the context may require.

(s) **'Portfolio Manager'** means JM Financial Services Ltd., a company registered under the Companies Act, 1956 and having its Registered Office at 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 and its Corporate Office at 5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025. JM Financial Services Ltd is registered with the SEBI as a portfolio manager under the Regulations.

(t) **'Regulations'** mean the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended from time to time.

(u) **'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.

(v) **'securities'** means and includes, whether listed or unlisted, securities as defined under the Securities Contracts (Regulation) Act, 1956, as amended from time to time.

(w) **'Securities Lending'** means securities lending as per the Securities Lending Scheme, 1997 specified by the Board.

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) History, Present Business and Background of the Portfolio Manager:

JM Financial Services Limited (the "**Company**"), a Portfolio Manager registered with Securities and Exchange Board of India ("**SEBI**"), was incorporated in June 1998 in the name of JM Morgan Stanley Retail Services Private Limited, following the formation of a joint venture between JM Financial Group and Morgan Stanley. The said joint venture was terminated by both JM Financial Group and Morgan

Stanley during the year 2007. The Company was established, inter alia, for the purpose of undertaking the share & stock broking, investment advisory, retail sales and distribution business with primary focus on the investment advisory services. SEBI has vide the registration number **INP000000621** granted registration approval to the Company to act as portfolio manager.

The Company is a trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity and Derivatives Exchange Limited (NCDEX). The Company is also a Depository Participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), Research Analyst and Investment Adviser registered with SEBI. Further, the Company is also registered as a Corporate Agent (Composite) with the Insurance Regulatory and Development Authority of India.

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

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

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

Promoters:

JM Financial Limited was incorporated as a private limited company under the name of J.M. Share and Stock Brokers Private Limited on January 30, 1986 under the Companies Act, 1956. Subsequently, the Company became a deemed public limited company upon its promoter, J. M. Financial and Investment Consultancy Services Private Limited becoming a deemed public limited company on June 15, 1988, by virtue of the Companies (Amendment) Act, 1988 read with the Companies Act, 1956. On September 15, 2004, the name of the Company was changed to JM Financial Limited.

The Registered Office and Corporate Office is located at 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025. The CIN is L67120MH1986PLC038784.

The Equity Shares are listed on BSE and NSE since July 26, 1991 and October 10, 2006, respectively.

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

Directors and their background:

Mr. Vishal Kampani

Mr. Vishal Kampani is the Non-Executive Vice Chairman of JM Financial Limited., the group's flagship listed company. Mr. Vishal Kampani is the Managing Director of JM Financial Products Limited since September 15, 2015.

Mr. Kampani joined the JM Financial Group in 1997 in the Investment Banking Division and subsequently worked with Morgan Stanley Dean Witter & Co. in New York. Upon his return to India in 2000, Mr. Kampani joined JM Morgan Stanley (Joint Venture between JM Financial Group and Morgan Stanley) and headed the Corporate Finance vertical within the Investment Bank, managing client relationships for the firm.

Post 2008, Mr. Kampani played an instrumental role in identifying new growth opportunities and further diversifying the business of the JM Financial Group. He launched the distressed credit business through JM Financial Asset Reconstruction Company Limited and also led JM Financial Group's foray into corporate, promoter and real estate financing. In 2014, he played a pivotal role in forging a strategic partnership with a global fund led by Mr. Vikram Pandit (ex-CEO of Citigroup) for real estate financing through JM Financial Credit Solutions Limited.

Mr. Kampani also strategized JM Financial Group's foray into the housing finance business through JM Financial Home Loans Limited in 2017.

Mr. Kampani has been working extensively with Confederation of Indian Industry (CII) being a member of the CII National Council in addition to being the Co-Chairman of the CII National Committee on Financial Markets.

In a career spanning almost two and a half decades, Mr. Kampani has played a defining role in ideating and consummating several landmark and transformational M&A, fund raising and restructuring transactions. In addition, he was also responsible for JM Financial Group's expansion and transforming the group into a diversified financial services player.

In 2016, Mr. Kampani was recognized as a Young leader and awarded The Economic Times "40 under forty".

Mr. Kampani has completed his MS (Finance) from London Business School, University of London

Ms. Dipti Neelakantan

Ms. Dipti Neelakantan retired in mid 2019 as Group Chief Operating Officer and part of the Firm Management at JM Financial Group. She has nearly four decades of professional experience in the financial and capital markets. Ms. Neelakantan joined the JM Financial group in the year 1981 as a trainee and grew in various disciplines and position.

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

Having been a director of various companies in JM Financial group for several years, she has a deep understanding of Board procedures, responsibilities and governance angles as well as corporate risk management.

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

She has been a member of various committees of SEBI. She is also a member of FICCI’s Capital Market Committee and CII’s National Committee on Financial Markets.

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

Mr. Hemant M. Kotak

Mr. Hemant M. Kotak is a graduate from Sydenham College of Commerce & Economics, Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India and an Associate Member of the Institute of Cost Accountants of India. He has over 30 years of experience with Capital market experience of 28 years and started his career with The Tata Oil Mills Co. Ltd. after which he joined JM Financial Limited. (erstwhile J.M. Share & Stock Brokers Ltd) in 1992. Currently Mr. Kotak is on the Board of JM Financial Services Limited since January 27, 1999.

Dr. Anup Pravin Shah

Dr. Anup Pravin Shah, aged 45 years, is a Fellow Member of The Institute of Chartered Accountants of India. He is a rank holder at the Inter and Final level of exams conducted by The Institute of Chartered Accountants of India. He is Ph.D. in Commerce from Mumbai University. He is also a Law Graduate from Mumbai University and has done Business Consultancy Studies from Jamnalal Bajaj Institute.

Dr. Shah is a Senior Partner of M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai. He has over 24 years of experience in the areas of tax advisory, business restructuring, capital markets regulations, foreign investments, international tax, PE investments, real estate structuring, management consultancy, valuations, property matters and Accounting. He has contributed articles / papers to several publications, newspapers and at conferences, delivered talks at seminars and workshops across India and published books and articles on the above mentioned subjects.
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Mr. Parthiv Kilachand

Mr. Parthiv T. Kilachand has been associated with Polychem Limited, in various capacities from November 1, 1988 and is actively involved in its management. He was appointed to the Board of Directors in December 1996 and was later appointed Managing Director in 2012 and he continues to be the managing director of Polychem Limited as on date. Polychem is listed and manufacturers speciality chemicals.

Mr. Kilachand was the co-owner and Chairman of Connell Brothers Co. (India) Pvt. Ltd. (a joint venture with Wilbur-Ellis from the US) for 22 years. It imports and sells speciality chemicals and ingredients to Indian businesses and is one of the larger speciality chemical distribution companies in India.

He was the co-promoter of International Distillers India Ltd. which manufactured alcoholic beverages in India in JV with IDV (now Diageo). He was one of the Directors on the Board for over 8 years. He was the Executive Director of Gujarat Poly Electronics Ltd. from 1990. Gujarat Poly Electronics Ltd. is a listed company which had a joint venture with AVX/ Kyocera of USA/ Japan. The company manufactures, imports and distributes multilayer ceramic capacitors. Mr. Kilachand was in charge of the company’s operations as its Executive Director for 10 years where he remains a Director.

He was also on the Board of JSM corporation for 8 years. The company is engaged in the restaurant business. He is co-promoter of Tulsi Global Logistics which runs Bonded Warehouses and BIO alcoholic beverage logistics. Mr. Kilachand is a member of the Young Presidents Organization, Entrepreneurs Organisation, on Board of Trustees of KD (charitable) Foundation. He is also director on the Board of other companies which include Ginners & Pressers ltd., JK Investors (A Raymond Group Co.) & Ring Plus Aqua (A Raymond Group Co.), JM Asset Management, JM Financial Services and JM Capital.

Mr. Kilachand has studied at Eton College, UK and Brown University USA and his qualifications are Sc.B "Electrical Engineering" & A.B. "Engineering & Economics".

Mr. DimpleKumar Shah

Mr. DimpleKumar Shah is an Associate member of the Institute of Chartered Accountants of India with a background in Commerce and also hold degree of Cost and Work Accountants (ICWAI).

Mr. Shah, having 27 years of experience in Stock Broking and Financial services and heading Equity Brokerage business of JM Financial Services Limited since 2005, also spearheads the offline and online broking business of the Company through different verticals and product basket.

Prior to joining JM Financial Services Limited, Mr. Shah, was associated with Anagram Stock Broking Limited where he was Whole Time Director and Oversaw business development and branch expansion and was instrumental in setting up functional branches in a short period of time.

Mr. Prakash Parthasarathy

Mr. Prakash Parthasarathy is the Managing Partner at Chief Investment Officer of Creaegis, which manages and advises families, their philanthropic institutions and global endowments and fiduciary institutions on long term investment initiatives.

Mr. Prakash Parthasarathy is currently a Member of the Board in FabIndia, an ethical lifestyle retailer; and, Manipal Global Education Ltd., global education and talent transformation provider with campus and online operations in India, US, ASEAN and the GCC regions.

Prior to Creaegis, Mr. Prakash Parthasarathy was the founding Managing Partner & Chief Investment Officer of PremjiInvest, an investment office serving Azim Premji (Chairman, Wipro) and his Foundations. Mr. Prakash Parthasarathy joined as the founding CIO of PremjiInvest in 2006 and was responsible for the firm's strategy and operations across all asset classes in India, China and the US and led the Investment Committee of the firm. The firm pursued a direct investment strategy across its pubic and private equity strategies with a view to hold assets for the long term. With offices in India, Singapore and the US and a staff of 40 professionals and operating partners, the firm managed over USD 4 billion in assets.

Prior to Premji Invest, Mr. Prakash Parthasarathy spent over a decade in operating and advisory roles. He was previously an Executive Vice President with iGATE Global Solutions, and prior to that with Quintant, Inc. which was acquired by iGATE.

He was earlier at Montgomery Securities and Robertson Stephens (both acquired by Bank of America) as Principal & Senior Research Analyst based in San Francisco. In a previous role as Vice President, he developed the firm's Technology Investment Banking franchise in Asia, based in Hong Kong. Prior to that, Mr. Prakash Parthasarathy was Senior Research Analyst at Peregrine Capital, responsible for India and Asia technology sectors.

He holds a Post Graduate degree in Management from Indian Institute of Management, Bangalore and a B. Tech. degree in Computer Science from BITS, Pilani.**Mr. Nirav Gandhi**

Mr. Gandhi possesses 34 years of experience in the financial markets arena. He has handled the Equity Broking, Depository, Primary Markets, NBFC, Wealth Management Operations, Legal Matters, Information Technology and Regulatory Compliances. He has been associated with the Capital markets since November 1989.

Before his association with JM Financial Services Limited, Mr. Gandhi has worked with various financial organizations in several capacities. His various professional tenures have enabled him to gain deep expertise and thorough understanding of the financial markets.

Mr. Gandhi is a qualified Chartered Accountant from India, a Certified Management Accountant from CMA (USA), CMA (Australia) and CGMA (CIMA UK) besides being Certified Public Accountant (CPA) from Australia and USA (License Awaited). He is also an alumni of the Indian Institute of Management (IIM), Kolkata having completed the Executive Education in Planning and Leadership and Management from the Indian Institute of Management (IIM), Kolkata.

Mr. Gandhi is on the Board of Directors of the Broking Industry Associations viz; Association of Exchange Members of India ("**ANMI**"), BSE Brokers Forum, Chairman of the SEBI and Exchange Committee of ANMI and is a broker public member on the SEBI mandated Clearing Corporation Committee at National Clearing Corporation.

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

Sr. No	**Name of Group companies**
1	JM Financial Credit Solutions Limited
2	JM Financial Products Limited
3	JM Financial Asset Reconstruction Company Limited
4	JM Financial Limited
5	JM Financial Institutional Securities Limited

6	JM Financial Properties and Holdings Limited
7	JM Financial Home Loans Limited
8	JM Financial Capital Limited
9	Astute Investments
10	J.M. Financial & Investment Consultancy Services Private Limited

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

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

Note: The Portfolio Manager provides the aforesaid services to the Clients by directly on-boarding them (on-boarding of the Clients without intermediation of the distributors) or on-boarding through its distributor.

4) Penalties, pending litigation or proceedings, findings of inspection or investigation for which action may have been taken or initiated by any regulatory authority:

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

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

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

SEBI conducted inspection of books and records pertaining to broking operations of the Company for the period April 2012 to March 2014. SEBI, vide its letter dated February 17, 2016, has advised the Company to take appropriate corrective action to rectify the deficiencies observed by them. **(Matter Closed).**

SEBI conducted inspection of books and records pertaining to broking operations of the Company for the period April 2013 to August 2015. SEBI, vide its letter dated October

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

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

SEBI jointly with NSE, BSE, CDSL and NSDL conducted an Inspection of the JMFSL's books of accounts and other documents for the broking and DP operations for the period April 2017 to November 2018. NSE as the lead Exchange w.r.t. the said inspection, vide its letter dated Feb 14, 2020 has warned JMFSL to take necessary corrective measures and to ensure that non-compliance of the above observations do not reoccur in future.

SEBI jointly with NSE, BSE, MCX, NCDEX, CDSL and NSDL conducted an Inspection of the JMFSL's books of accounts and other documents for the broking and DP operations for the period April 01, 2020, to July 31, 2021. NSE as the lead Exchange w.r.t. the said inspection, vide its letter dated September 29, 2022 has levied a penalty of Rs. 1,03,000/- and warning for non -compliances observed in the SEBI Joint Inspection.

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

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

SEBI issued show cause notice to JM Financial Commtrade Ltd (“JMFCL”) in September 2018, a subsidiary of the Company, under Regulation 25 (1) of the SEBI (Intermediaries) Regulations, 2008 in connection with the trading in commodities on National Spot Exchange Ltd platform, which JMFCL responded. Subsequently, SEBI also issued supplementary show cause notice dated February 12, 2019, which was responded by JMFCL. In September 2019, SEBI issued another show cause notice and also forwarded Enquiry Report of the Designated Authority in respect of the enquiry conducted in the NSEL matter which was responded by JMFCL. Hearing was held before the Whole Time Member of the SEBI on December 17, 2019 and written submissions was filed by JMFCL subsequent to hearing. In October 2022, SEBI sent copy of complaint filed by SFIO against NSEL and 97 other accused before the Court of Special Judge at Greater Mumbai which was replied by JMFCL. JMFCL is not a party in the said complaint filed by SFIO. Subsequently, SEBI sent copy of FIR filed by SEBI against 300 trading members of NSEL which was replied by JMFCL. Subsequently letters were issued by SEBI seeking comments which was replied by JMFCL. Hearing was held before SEBI on January 04, 2023. SEBI vide its order dated March 31, 2023 cancelled the certificate of registration of the commodity business of

JMFCL. JMFCL has filed an appeal in SAT challenging the order passed by SEBI. Next date of hearing is June 07, 2023

SEBI issued Show Cause Notice dated June 23, 2022 in the matter of Trading Member in Illiquid Stock Options. It was observed that at least 4 or more transactions in particular contract was executed through 125 different broker including JMFS. Accordingly, SEBI identified 187 trades pertaining to 3 clients of JMFS identified as non-genuine where the Counter Party was pertaining to other broker. The transaction under observation are reversal trades in various individual Stock Option contracts on BSE's Stock Option segment executed during 2014-15. It is alleged that JMFS have failed to exercise care and diligence while dealing with it clients. Reply has been filed with SEBI by JMFS and personal hearing was held and advocate from our side appeared before SEBI. Further, written submissions have been filed & we have applied for settlement and the matter was closed vide SEBI Settlement Order dated 14th March 2023.

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

a) The Company had received show cause cum demand notices for payment of service tax aggregating to Rs. 0.91 crore towards service tax liability on the brokerage income earned by the Company for distribution of RBI Bonds. The Company has got a favourable order from the CESTAT that the said liability has been set aside and not payable. Aggrieved by the order of the CESTAT, the Company has received from Supreme Court a notice of lodgement of petition of appeal filed by the Service tax department in the Supreme Court. The matter is pending for disposal.

b) The Company had received another show cause cum demand notice for payment of service tax of Rs.12.59 crore being service tax liability on brokerage earned by the Company from distribution of Initial Public offers, Fixed Income Products, IPO Financing fees, Processing Fees & reimbursement of infrastructure support services. The total liability as on date is Rs. 10.99 crore (which includes liability of service tax at Rs. 5.49 crore and a penalty of Rs. 5.50 crore). The matter is pending for disposal at the High court level on an appeal filed by the Service Tax Department.

   For the financial years 2013-2014 to 2016-2017 show cause notices have been received for levy of service tax liability on processing fees which has been earned by the Company. The total amount service tax lability which is in dispute for these years is Rs. 0.32 crore. The disposal of the said show cause notices are pending.

c) The Company has received a show cause notice (SCN) from the Directorate General of Goods and Service tax (DGGST) for levy of service tax on collection of delayed payment charges from clients for the period July 1, 2012 to March 31, 2017. The total

Service tax liability on the same works out to be Rs.9.28 crore. The Company is of the view that the delayed payment charges as envisaged in the SCN are in the nature of interest and not liable to service tax. The Company has filed its final reply to the said show cause notice on 10-02-2023. The order of the DGGST is awaited.

On October 16, 2019 the DGGSI issued a show cause notice to the Company for levy of service tax on income earned by way of processing fee from banks amounting to Rs. 1.64 crore, and Rs. 0.57 crore for short reversal of cenvat credit. The period covered by the DGGSI in the SCN is from April 2014 to June 2017. The Company had already filed its reply to the Show cause notice in March 2020. The DGGSI vide its order dated March 20, 2021 has cancelled the service tax liability on income earned by way of processing fee from banks amounting to Rs. 1.64 crore. In respect of Service tax liability of Rs. 0.57 crore for short reversal of cenvat credit, the liability has been confirmed. The Company had filed an appeal with the Additional Commissioner of GST. The order passed by the Additional Commissioner of GST was not in Company’s favour. The Company then filed an appeal at higher level with the Commissioner of GST. The matter was heard on 18-11-2021. Order from the Commissioner of GST is awaited

d) For the FY 2017-18, the company had received Notice dated 29-03-2022 in the state of Maharashtra which required the company to show cause as to why the GST department should not add the tax liability in respect of the following issues namely:

a. Excess outward tax in GSTR 1 compared to GSTR 9/GSTR 3B
b. In-eligible ITC claimed from suppliers whose Registration certificates (RC) are cancelled.
c. Excess ITC on purchase invoices uploaded by supplier in GSTR 1 filed after last date of availment as per proviso to section 16(4)
d. Excess ITC claimed in GSTR 3B/9 which is not confirmed in GSTR 2A or 8A of GSTR 9

The total additional liability for all the above issues was determined at Rs. 4.28 cr. out of which tax portion was Rs. 1.91 cr. and Interest and Penalty portion on the above tax liability was determined at Rs. 2.37 cr. The Company provided multiple replies to the notices and the final reply was filed on 06-06-2022. The GST Officer considered the replies filed by the Company and reduced the total demand to Rs. 1.31 crore for the following 2 issues namely:

1. Excess ITC claimed in GSTR 3B/9 which is not confirmed in GSTR 2A or 8A of GSTR 9
2. In-eligible ITC claimed from supplier whose registration certificate (RC) is cancelled

Out of the total demand of Rs. 1.31 crore , additional base tax liability is Rs. 0.61 cr. . Interest and penalty liability is Rs. 0.70 cr.

After consulting with the Tax Consultants , the Company on September 03, 2022, filed an appeal before the Appellate Authority against the assessment order. The appeal filed by the Company has been duly accepted by the Appellate Authority and is pending before it for disposal.

e) The Company received intimation of liability in Form DRC 01A for the period April 2018 to March 2019. In respect of the same the company filed its reply dated 06-10-2022. The Company also replied to Notice of Adjudication in Form DRC 01A. However, the Officer issued Show Cause Notice u/s 73 of the Act and sought to determine liability in respect of following parameters

Para 70 - Excess outward tax in GSTR 1 compared to GSTR 9/GSTR 3B
Para 72 - In-eligible ITC claimed from GSTR 3B Non-filers
Para 73 - Excess ITC claimed in GSTR 3B/9 which is not confirmed in GSTR 2A or 8A of GSTR 9
Para 74 - In-eligible ITC claimed from RC is cancelled suppliers
Para 81 - Excess ITC of IGST on Imports of goods shown in GSTR9_6E Vs. ICEGATE data

Total liability (including Interest & Penalty) sought to be determined was Rs. 2.55 cr. out of which tax portion was 1.32 cr. The Company made several submissions in respect of the above parameters. After considering the same, the Officer passed its order on 16-02-2023 and reduced the total liability to Rs. 0.56 cr. out of which base tax liability was Rs. 0.30 cr.

The Company consulted its tax consultants, M/s NMAH & Co. and have decided to file an appeal before the Appellate Authority in due course of time.

Income Tax :

1. The Company was carrying on the business of cash future arbitrage during the financial years 2008-2009 to 2013-2014. For the financial year 2008-2009 the Income Tax Department had treated the loss of Rs 25.96 crore incurred on the cash segment as a speculation loss and taxed fully the profits made in the futures and options segment instead of taxing only the net gains from the business. The Company has been successful in getting a favourable order from the Income Tax Appellate Tribunal (ITAT) on December 26, 2016. For the other years the Income Tax Department had disallowed Rs.298.83 crore on the same ground. The Company has been successful in getting favourable orders from the first appellate authority i.e Commissioner of Income Tax Appeals (CIT Appeals). The current status of the matter which is pending at various levels is as under:

Rs. In Crore

Financial Year	Appeal Filed by	Amount in dispute	Pending with
2008-2009, 2010-2011	Income Tax Dept.	84.04	Bombay High Court
2011-2012, 2012-2013, 2013-2014	Income Tax Dept.	240.75	ITAT

Total		**324.79**	

2. The Income tax department has raised demands for disallowance of expenditure on lease rentals paid by the Company for vehicles taken on lease. The financial years involved are from FY 2010-11 to FY 2016-17 and FY 2019-20. The tax amount in dispute for these years amounts to Rs. 0.65 crore. The Company has filed appeals against these disallowances with the tax authorities and are pending for disposal at various levels. Similar disallowances were also raised for earlier years in which the Company was successful in getting favourable orders and is hopeful of getting favourable orders for matters is dispute.

3. The Income tax department has made disallowances u/s 14A (expenditure claimed against exempt income) of the Income Tax Act for the financial years 2008-2009, 2010-2011. 2011-2012, 2015-2016 & 2016-2017. The tax amount under dispute is Rs. 1.47 crore. The Company has filed appeals against these disallowances with the high court/tax authorities and are pending for disposal at various levels.

4. The Income tax department has made disallowances u/s 37 of the Income Tax Act, 1961 in respect of the discount paid to JM Financial Ltd (Holding Company) for the equity shares issued by them to the employees of the Company under the Employee Stock Options Scheme (ESOP's). Disallowance has been for financial years 2013-2014, 2015-2016, 2017-2018 & 2019-2020. The Company has incurred the expenditure of discount on ESOP's with a view to retain its employees, and as a reward to their contribution and the loyalty for serving the Company. The said expenditure also qualifies as business expenditure as the same has been incurred in the normal course of business. Also, there is no increase in the capital of the Company as the Stock Options are allotted by the Holding Company to the employees of Company. The Stock options allotted by the holding company are in accordance with the provisions of the Companies Act and SEBI Guidelines. Accordingly, the ESOP Discounts incurred by the Company are in the nature of Revenue Expenditure. However, the Income Tax Department has treated this expenditure as capital expenditure and disallowed the same. Against these disallowances the Company has filed an appeal with the Commissioner of Income Tax Appeals (CIT Appeals) and is pending for disposal. The tax amount in dispute for these years is Rs. 2.61 crore.

5. The Income Tax department for the FY 2016-2017 has made disallowances u/s 40(a)(ia) of the Income Tax Act on certain expenses on the ground that tax was shortly deducted at source on these expenses. Actually the rate at which tax was deducted by the Company was at lower rate of TDS for which a certificate to that effect was received by the Company from its vendors. The amount of under dispute is Rs. 0.92 crore (tax amount on the same is Rs. 0.32 crore). Against these disallowances the Company has filed an appeal with the Commissioner of Income Tax Appeals (CIT Appeals) and is pending for disposal

6. The Income Tax Department for the FY 2016-2017 has held that certain IT related, and renovation to building expenses are capital expenditure instead of revenue expenditure and disallowed Rs.2.60 cr. The amount of tax under dispute is Rs. 0.89 crore. Against these disallowances the Company has filed an appeal with the Commissioner of Income Tax Appeals (CIT Appeals) and is pending for disposal.

7. The Income Tax Department for the FY 2016-2017 has disallowed business centre service charges to the tune of Rs. 2.04 crore. The tax effect on the same is Rs. 0.71 crore. The business centre service charges were paid by JMFS to one of its Group Company viz JM Financial Properties & Holdings Ltd (JMFPHL). During the financial year 2016-2017, JMFS had entered into business support service agreement with JMFPHL on 19 September 2016 for the period 01 April 2016 to 31 March 2018. The AO held that as the Company had entered into agreement on 19-9-2016 it was not in occupation of the premises for the period 1 April 2016 to 19 September 2016. The Company in its submissions has maintained that it was well in occupation of the premises taken on lease from JMFPHL for the full year i.e 2016-2017. The AO however did not consider the submissions of the Company and accordingly has disallowed proportionate rent of Rs 2.04 cr. The Company has filed an appeal with the CIT Appeals. The same is pending for disposal.

8. In the Financial year 2019-2020 the Company had made donations towards expenditure on Corporate Social Responsibility amounting to Rs. 0.89 crore. The said donation was made as required as per the provisions of section 135 of the Companies Act 2013.

   The said expenditure while computing its income under the head ‘Profits and gains of Business or Profession, was disallowed as per explanation 2 of section 37(1) of the Act.

   However, 50% of the donations made by the Company towards CSR was claimed as deduction under section 80G of the Act.

   The said deduction was claimed on the ground that disallowance under section 37(1) of the Act is *vis-a-vis* the head of income (i.e. Profits and gains of Business or Profession), whereas the deduction under section 80G of the Act is vis-a-vis total income which comprises of income from all the heads of income.

   During the assessment proceedings the deduction u/s 80G was disallowed by the Assessing Officer (AO) on the ground that only donations made voluntarily are allowable under section 80G. According to the AO the donations made for CSR being statutory requirement and mandatory in nature are not allowable.

   The amount of disallowance is Rs. 0.45 crores and the amount of tax under dispute is Rs. 0.11 crores. The Company has filed as appeal against the said disallowance made by the AO before the CIT (Appeals). The matter is pending for disposal.

Details about the enquiry/adjudication proceedings initiated by SEBI against the Associate/Group companies of the Portfolio Manager are as follows:

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

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

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

SEBI vide its order dated May 10, 2019 disposed of the show cause notice dated March 14, 2019 issued to JMFISL (amalgamated in JM Financial Limited) under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15-I of SEBI Act, 1992 in relation to alleged violation of Clause 4 and Clause 20 of the Code of Conduct for Merchant Bankers stipulated under Regulation 13 of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. **(Matter Closed).**

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

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

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

SEBI, pursuant to the filing of bi-monthly CTRs by JM Financial Asset Management Limited, observed that the daily average AUM of 2 investors in one of the scheme of JM Financial Mutual Fund was above 25% in successive quarters. SEBI vide its letter dated September 12, 2017 has given a warning to JM Financial Asset

Management Limited to take due care in future and improve the compliance standards to avoid recurrence of such instances. **(Matter Closed).**

SEBI vide its letter dated January 14, 2020 issued a warning to JM Financial Asset Management Limited due to its failure of conducting Investor Awareness Programme in an appropriate manner. SEBI has advised JM Financial Asset Management Limited to take due care in future to avoid recurrence of such instance.

JM Financial Asset Management Limited has received a warning letter dated September 23, 2020 from SEBI pertaining to KYC requirements not followed by JM Financial Mutual Fund in the case of SIPs/Micro SIPs, which were registered prior to KYC being made mandatory, for such investments. JM Financial Asset Management Limited has been advised to take due care in future and improve compliance standards to avoid recurrence of such instances. JM Financial Asset Management Limited has been advised to place the said letter before the Board of Trustees and forward their comments to SEBI. JM Financial Asset Management Limited has submitted the response to SEBI on October 23, 2020. As advised by SEBI, the letter was also placed before the Trustees and response of Trustees has been filed with SEBI on November 4, 2020.

There are no pending material litigations/legal proceedings against JM Financial Asset Management Limited or its key personnel.

JM Financial Asset Management Limited has received advisory/caution letters from SEBI from time to time and since these are not in the nature of settled/ pending disputes raised by SEBI, detailed disclosure regarding these have not been made. SEBI issued show cause notice to JM Financial Commtrade Ltd ("JMFCL") in September 2018, a subsidiary of the Company, under Regulation 25 (1) of the SEBI (Intermediaries) Regulations, 2008 in connection with the trading in commodities on National Spot Exchange Ltd platform, which JMFCL responded. Subsequently, SEBI also issued supplementary show cause notice dated February 12, 2019, which was responded by JMFCL. In September 2019, SEBI issued another show cause notice and also forwarded Enquiry Report of the Designated Authority in respect of the enquiry conducted in the NSEL matter which was responded by JMFCL. Hearing was held before the Whole Time Member of the SEBI on December 17, 2019 and written submissions was filed by JMFCL subsequent to hearing. In October 2022, SEBI sent copy of complaint filed by SFIO against NSEL and 97 other accused before the Court of Special Judge at Greater Mumbai which was replied by JMFCL. JMFCL is not a party in the said complaint filed by SFIO. Subsequently, SEBI sent copy of FIR filed by SEBI against 300 trading members of NSEL which was replied by JMFCL. Subsequently letters were issued by SEBI seeking comments which was replied by JMFCL. Hearing was held before SEBI on January 04, 2023. SEBI vide its order dated March 31, 2023 cancelled the certificate of registration of the commodity business of JMFCL. JMFCL has filed an appeal in SAT challenging the order passed by SEBI. Next date of hearing is June 07, 2023

5) Services Offered:

A. Discretionary Portfolio Management Services

The management of the Portfolio is of a discretionary nature, wherein the choice and timing of investments are left to the discretion of the Portfolio Manager, although the Client would be allowed to provide inputs/ 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, 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, based on the executed agreement. The Client may give informal guidance to customize the Investment Approach, however the final decision will rest with the Portfolio Manager. The Portfolio Manager may at times, but without any obligation, act at the Client's specific instructions with regard to the investment/disinvestment decisions of the Client's Portfolio. The securities traded or held by the Portfolio Manager in different Client's Portfolios, even if invested in the same Investment Approach, may differ from Client to Client. The Portfolio Manager may subject to authorisation by the Client in writing, participate in Securities Lending. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's funds is absolute and final and cannot be called in question or be open for review at any time during the course of availing Portfolio Management Services or any time thereafter except on the ground of malafide intent, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager will be exercised strictly in accordance with the relevant acts, rules, regulations, guidelines and notifications in force from time to time. The Portfolio Manager may make investment/disinvestment in securities under the Investment Approach either in the name of the Client or in its own name on behalf of the Clients on a pooling basis under which purchase/sale of securities under the Investment Approach will be aggregated for the economy of scale and then allocated on a pro rata basis among the Clients. In case of purchases the securities, the same would be transferred to, and held in the respective Client's Demat Account.

The following Investment Approaches are presently available to the potential investor:

I. Growth & Value
II. Focus
III. India Resurgent
IV. The Opportunistic Equity Portfolio
V. Fixed Income Opportunities
VI. Apex
VII. Liquid Management Strategy

Details of Investment Approaches:
Strategy: Equity

Investment Approach I – Growth & Value

Investment objective: The investment objective of this Investment Approach is to generate long term capital appreciation by following broad based portfolio investment strategy

Description of types of Securities: The Portfolio Manager will focus on investing in listed equity shares of Indian companies and equity related instruments/units of the Exchange Traded Funds ("ETFs"). The emphasis will be investing in those companies that are predominantly Large-cap and Larger Mid-cap shares perceived to be "attractively valued" from the point of view of their long-term growth prospects and potential. The Portfolio Manager may also consider investing in any initial public offerings of equity share of any company. The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the Portfolio. Subject to the Regulations and the applicable guidelines, the Portfolio Manager may engage in Securities Lending activities

Basis of selection of types of Securities as part of the Product/Investment Approach:

the factors due to which the companies may be perceived as attractively valued are listed below:

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

Other factors the Portfolio Manager may consider when choosing a stock for investment in this portfolio could be:

- Sustainable Earnings visibility – Consistency of returns and quality of profits.
- Market leadership with consistent earnings growth above 10%.
- Identify companies with Dividend yields at least 3% and above.
- Businesses with strong moats

- Strong operating cash flows
- Sectors capable of high growth
- High Return on capital employed [ROCE] and Returns on Equity [ROE]
- Credible Management Track record
- Stocks capable of high earnings growth and compounding including through competitive advantages in terms of pricing/ cost/ technology used.
- Evidence of growing market share gains and new business penetration
- Valuations in a position to be strongly re-rated along with high growth.
- Whether stock is in investment phase aligned with high-growth market opportunity.
- Contra / Special situations.
- Capability of revival. Stock price down substantially from 52 week / All-time highs
- Strong brands, products, market position.
- Quality management with track record of strong earnings growth.

The guiding principles for investment by the Portfolio Manager include:

- Remain close to fully invested. Do not time the market.
- Sector agnostic – Emphasis on bottom up stock selection.
- Portfolio to remain broadly invested at all times. Strategy is not to time the market.

Allocation of portfolio across types of securities:

Security	Allocation %
Equity	100
Liquid Schemes of Mutual Funds	At the discretion of the fund manager

The Portfolio Manager may also invest some part of the Portfolio in small Mid-cap and Small cap shares. The aim is to focus on good quality businesses and managements, which demonstrate potential to grow their businesses over the longer term. The endeavour will be to hold at least equity shares of 15 listed companies and/or units of the ETFs in the Portfolio to provide balanced diversification. While investment decision of the Portfolio Manager may be guided by the above perceptions, the same are indicative in nature. The Portfolio Manager retains the flexibility to change the investment strategy from time to time, keeping in view market conditions, market opportunities, and political and economic factors..

Benchmark to compare performance: S&P BSE 500 TRI

Basis for choice of benchmark

S&P BSE 500 TRI Index is a broad-based diversified index and its composition broadly represents the strategy's investment universe.

Indicative Tenure or Investment Horizon: The indicative tenure or investment horizon of the Investment Approach will be long-term time horizon (3-5 years).

Risk associated with the Investment Approach:

Though every endeavour will be made to achieve the objective of this Investment Approach, the Portfolio Manager do not guarantee, assure, insure that the investment objective of this Investment Approach will be achieved or that there will be no loss of capital. The investment objective of the above Investment Approach may not be suitable for all the categories of investors. The Investment Approach is intended for moderate to high risk taking investors.

- The Investments in equities, equity-related instruments or units of ETFs are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. This may adversely affect returns. Market risk is a risk which is inherent to an equity investment.
- Liquidity Risk: While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments in this investment approach.
- Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. The performance of this Investment Approach may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the securities markets.

Please refer to point no. 6 of this document

Other salient features: The guiding principles for disinvestment/exit from a stock by the Portfolio Manager include:

- Stretched valuations. If the stock has reached our long-term price target and we see relatively better opportunity in other stock.
- In certain sectors like cyclicals, if the stock has become disproportionately high in weightage in our overall portfolio.
- If the overall sector weightage in a portfolio exceeds 40% for financial sector and 30% for other sectors.
- Significant change in business or regulatory environment which changes our investment thesis and would result in sharply deteriorating fundamentals.
- Management and corporate governance issues and lapses in the stock in which investment has been made which impact our investment view post developments.

Stop loss policy is triggered when our stock has underperformed relative to the sector by over 20% for a period of 3 months. In such a case we re-evaluate the investment

Strategy: Equity

Investment Approach II – Focus

Investment objective: The investment objective of this Investment Approach is to generate long term capital appreciation by following broad based portfolio investment strategy

Description of types of Securities: The objective of the Investment Approach is to generate capital appreciation by following Multi-Cap portfolio investment strategy, where the Portfolio Manager will focus on investing in listed equity shares of Indian companies and equity related instruments/units of the Exchange Traded Funds ("ETFs"). The emphasis will be investing in those companies that are predominantly large, larger mid-cap shares and some beaten down shares which may be smaller in nature perceived to be "under-valued" from the point of view of their longer-term growth prospects and potential. The aim is to focus on good quality businesses and managements, which demonstrate potential to grow their businesses over the longer term. The focus will be to hold equity shares of at least 15 listed companies and/or units of the ETFs in the Portfolio.

Basis of selection of types of Securities as part of the Product/Investment Approach:

Factors the Portfolio Manager may consider when choosing a stock for investment in this portfolio could be:

- Sustainable Earnings visibility – Consistency of returns and quality of profits
- Businesses with strong moats
- Strong operating cash flows
- Sectors capable of high growth
- High Return on capital employed [ROCE] and Returns on Equity [ROE]
- Credible Management Track record
- Stocks capable of high earnings growth and compounding including through competitive advantages in terms of pricing/ cost/ technology used
- Evidence of growing market share gains and new business penetration
- Valuations in a position to be strongly re-rated along with high growth.
- Whether stock is in investment phase aligned with high-growth market opportunity.
- Contra / Special situations.
- Capability of revival. Stock price down substantially from 52 week / All-time highs

- Strong brands, products, market position.
- Quality management with track record of strong earnings growth.

The guiding principles for investment by the Portfolio Manager include:

- Remain close to fully invested. Do not time the market.
- Sector agnostic – Emphasis on bottom up stock selection.
- Portfolio to remain broadly invested at all times. Strategy is not to time the market.

The guiding principles for disinvestment/exit from a stock by the Portfolio Manager include:

- Stretched valuations. If the stock has reached our long-term price target and we see relatively better opportunity in other stock.
- In certain sectors like cyclicals, if the stock has become disproportionately high in weightage in our overall portfolio.
- If the overall sector weightage in a portfolio exceeds 40% for financial sector and 30% for other sectors.
- Significant change in business or regulatory environment which changes our investment thesis and would result in sharply deteriorating fundamentals.
- Management and corporate governance issues and lapses in the stock in which investment has been made which impact our investment view post developments.
- Stop loss policy is triggered when our stock has underperformed relative to the sector by over 20% for a period of 3 months. In such a case we re-evaluate the investment.

The Investment Approach is intended for investors who are willing to be patient with their investments, and to have exposure to a portfolio that may not initially move in tandem with broad market trends. The Portfolio Manager will endeavour to deliver the benefits by careful and cautious stock selection. The investments will seek to achieve a balanced diversification across companies and sectors by investing in a basket of medium to large capitalized companies. The Portfolio Manager may also consider investing in any initial public offerings of equity share of any company. The indicative tenure or investment horizon will be long-term time horizon (3-5years).

The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the Portfolio. Subject to the Regulations and the applicable guidelines, the Portfolio Manager may engage in Securities Lending activities. While investment decision of the Portfolio Manager may be guided by the above perceptions, the same are indicative in nature. The Portfolio Manager retains the flexibility to change the investment strategy from time to time, keeping in view market conditions, market opportunities, and political and economic factors.

Allocation of portfolio across types of securities:

Security	Allocation %

Equity	100
Liquid Schemes of Mutual Funds	At the discretion of the fund manager

The Portfolio Manager may also invest some part of the Portfolio in small Mid-cap and Small cap shares. The aim is to focus on good quality businesses and managements, which demonstrate potential to grow their businesses over the longer term. The endeavour will be to hold at least equity shares of 15 listed companies and/or units of the ETFs in the Portfolio to provide balanced diversification. While investment decision of the Portfolio Manager may be guided by the above perceptions, the same are indicative in nature. The Portfolio Manager retains the flexibility to change the investment strategy from time to time, keeping in view market conditions, market opportunities, and political and economic factors..

Benchmark to compare performance: S&P BSE 500 TRI

Basis for choice of benchmark

S&P BSE 500 TRI Index is a broad-based diversified index and its composition broadly represents the strategy's investment universe.

Indicative Tenure or Investment Horizon: The indicative tenure or investment horizon of the Investment Approach will be long-term time horizon (3-5 years).

Risk associated with the Investment Approach:

Though every endeavour will be made to achieve the objective of this Investment Approach, the Portfolio Manager do not guarantee, assure, insure that the investment objective of this Investment Approach will be achieved or that there will be no loss of capital. The investment objective of the above Investment Approach may not be suitable for all the categories of investors. The Investment Approach is intended for moderate to high risk taking investors.

- The Investments in equities, equity-related instruments or units of ETFs are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. This may adversely affect returns. Market risk is a risk which is inherent to an equity investment.
- Liquidity Risk: While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments in this investment approach.
- Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. The performance

of this Investment Approach may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the securities markets.

Please refer to point no. 6 of this document

Other salient features: The guiding principles for disinvestment/exit from a stock by the Portfolio Manager include:

- Stretched valuations. If the stock has reached our long-term price target and we see relatively better opportunity in other stock.
- In certain sectors like cyclicals, if the stock has become disproportionately high in weightage in our overall portfolio.
- If the overall sector weightage in a portfolio exceeds 40% for financial sector and 30% for other sectors.
- Significant change in business or regulatory environment which changes our investment thesis and would result in sharply deteriorating fundamentals.
- Management and corporate governance issues and lapses in the stock in which investment has been made which impact our investment view post developments.

Stop loss policy is triggered when our stock has underperformed relative to the sector by over 20% for a period of 3 months. In such a case we re-evaluate the investment

Strategy: Equity

Investment Approach III – India Resurgent

Investment objective: The investment objective of this Investment Approach is to generate long term capital appreciation by following broad based portfolio investment strategy

Description of types of Securities: The Portfolio Manager will focus on investing in listed equity shares of Indian companies and equity related instruments/units of the Exchange Traded Funds ("ETFs").

The aim is to focus on bottom up stock picking across the sectors and generate compounding over the longer term. The emphasis will be investing in those companies that are predominantly Mid-cap and select Large & Small Cap shares (Upto 35% of the Portfolio) with high growth opportunities across industries and across market capitalizations. Broadly the investment strategy of this Investment Approach will be to adopt a more dynamic style of investment to take advantage of growth opportunities for companies focused on domestic and/or international markets.

The Portfolio Manager may also consider investing in any initial public offerings of equity share of any company. The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the Portfolio. Subject to the Regulations and the applicable guidelines, the Portfolio Manager may engage in Securities Lending activities

Basis of selection of types of Securities as part of the Product/Investment Approach:

The focus will be on the sectors and companies that could benefit due to

- resurgent in demand,
- structural reforms, government thrust,
- benefiting out of R&D, new products and/or related diversification
- or renewed thrust by the management on growth

and avoid sectors that could experience prolonged pain or take time to come out of stress, unless available at significant discount to intrinsic value.

The guiding principles for investment by the Portfolio Manager include:

- Remain close to fully invested. Do not time the market.
- Sector agnostic – More emphasis on bottom up stock selection.
- Portfolio to remain broadly invested at all times. Strategy is not to time the market.

Allocation of portfolio across types of securities:

Security	Allocation %
Equity	Up to 100
Liquid Schemes of Mutual Funds	At the discretion of the fund manager

The Portfolio Manager would also invest part of the Portfolio in small Mid-cap and Small cap shares. The aim is to focus on good quality businesses and managements, which demonstrate potential to grow their businesses over the longer term.

The endeavour will be to hold at least equity shares around 20-25 listed companies and/or units of the ETFs in the Portfolio to provide balanced diversification. While investment decision of the Portfolio Manager may be guided by the above perceptions, the same are indicative in nature. The Portfolio Manager retains the flexibility to change the investment strategy from time to time, keeping in view market conditions, market opportunities, and political and economic factors.

Benchmark to compare performance: S&P BSE 500 TRI

Basis for choice of benchmark

S&P BSE 500 TRI Index is a broad-based diversified index and its composition broadly represents the strategy's investment universe.

Indicative Tenure or Investment Horizon: The indicative tenure or investment horizon of the Investment Approach will be long-term time horizon (3-5 years).

Risk associated with the Investment Approach:

Though every endeavor will be made to achieve the objective of this Investment Approach, the Portfolio Manager do not guarantee, assure, insure that the investment objective of this Investment Approach will be achieved or that there will be no loss of capital. The investment objective of the above Investment Approach may not be suitable for all the categories of investors. The Investment Approach is intended for moderate to high risk taking investors.

- The Investments in equities, equity-related instruments or units of ETFs are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. This may adversely affect returns. Market risk is a risk which is inherent to an equity investment.
- Liquidity Risk: While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments in this investment approach.
- Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. The performance of this Investment Approach may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the securities markets.

Please refer to point no. 6 of this document

Other salient features: The guiding principles for disinvestment/exit from a stock by the Portfolio Manager include:

- Stretched valuations. If the stock has reached our long-term price target and we see relatively better opportunity in other stock.
- In certain sectors like cyclicals, if the stock has become disproportionately high in weightage in our overall portfolio.

- If the overall sector weightage in a portfolio exceeds 40% for financial sector and 30% for other sectors.
- Significant change in business or regulatory environment which changes our investment thesis and would result in sharply deteriorating fundamentals.
- Management and corporate governance issues and lapses in the stock in which investment has been made which impact our investment view post developments.

Stop loss policy is triggered when our stock has underperformed relative to the sector by over 20% for a period of 3 months. In such a case we re-evaluate the investment

Strategy: Equity

Investment Approach IV – The Opportunistic

Investment objective: The investment objective of this Investment Approach is to generate long term capital appreciation by following broad based portfolio investment strategy

Description of types of Securities: The Portfolio Manager will focus on investing in listed equity shares of Indian companies and equity related instruments/units of the Exchange Traded Funds ("ETFs") by following bottom up stock picking approach. The emphasis will be investing in those companies that are predominantly mid or small size companies as per their market capitalization. The Portfolio Manager may also deploy the funds in some value stocks across market caps. It may also invest in equity shares of special situation companies, which are companies that have experienced significant business problems however the Portfolio Manager believes that these companies have favourable prospects for recovery. Investment may be in any sector, that, in its opinion exhibit characteristics that are consistent with a growth style and / or a value style of investing.

Basis of selection of types of Securities as part of the Product/Investment Approach:

The focus will be to hold equity shares of at least 15 listed companies and/or units of the ETFs in the Portfolio. The Portfolio Manager will have a flexibility to build cash in case of return potential being achieved and where there is a significant chance of a correction, or range bound movement in the markets to enhance returns. It may have stagger investments in equity shares over a period of time in case if enough investment opportunities are not available.

The focus will be on industries and companies where growth visibility is high and remain invested in such industries and companies till the potential is largely explored. In case of stalwarts (mature businesses, large caps) across the industries, strategy will be to look for price ranges from where these stocks may bounce by 30-50%, over a medium to long term time frame. The Investment Approach is intended for medium to higher risk taking investors who are willing to be patient with their investments, and to have exposure to a portfolio that may not initially move in tandem with broad market trends.

The Portfolio Manager may also consider investing in any initial public offerings of equity shares of any company. The indicative tenure or investment horizon will be long-term time horizon (3-5 years). The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the portfolio. Subject to the Regulations and the applicable guidelines, the Portfolio Manager may engage in Securities Lending activities. While investment decision of the Portfolio Manager may be guided by the above perceptions, the same are indicative in nature. The Portfolio Manager retains the flexibility to change the investment strategy from time to time, keeping in view market conditions, market opportunities, and political and economic factors.

Allocation of portfolio across types of securities:

Security	Allocation %
Equity	100
Liquid Schemes of Mutual Funds	At the discretion of the fund manager

The Portfolio Manager may also invest some part of the Portfolio in small Mid-cap and Small cap shares. The aim is to focus on good quality businesses and managements, which demonstrate potential to grow their businesses over the longer term. The endeavour will be to hold at least equity shares of at least 15 listed companies and/or units of the ETFs in the Portfolio to provide balanced diversification. While investment decision of the Portfolio Manager may be guided by the above perceptions, the same are indicative in nature. The Portfolio Manager retains the flexibility to change the investment strategy from time to time, keeping in view market conditions, market opportunities, and political and economic factors..

Benchmark to compare performance: S&P BSE 500 TRI

Basis for choice of benchmark

S&P BSE 500 TRI Index is a broad-based diversified index and its composition broadly represents the strategy’s investment universe.

Indicative Tenure or Investment Horizon: The indicative tenure or investment horizon of the Investment Approach will be long-term time horizon (3-5 years).

Risk associated with the Investment Approach:

Though every endeavour will be made to achieve the objective of this Investment Approach, the Portfolio Manager do not guarantee, assure, insure that the investment objective of this Investment Approach will be achieved or that there will be no loss of capital. The investment objective of the above Investment Approach may not be suitable for all the categories of investors. The Investment Approach is intended for moderate to high risk taking investors.

- The Investments in equities, equity-related instruments or units of ETFs are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. This may adversely affect returns. Market risk is a risk which is inherent to an equity investment.
- Liquidity Risk: While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments in this investment approach.
- Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. The performance of this Investment Approach may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the securities markets.

Please refer to point no. 6 of this document

Other salient features: The guiding principles for disinvestment/exit from a stock by the Portfolio Manager include:

- Stretched valuations. If the stock has reached our long-term price target and we see relatively better opportunity in other stock.
- In certain sectors like cyclicals, if the stock has become disproportionately high in weightage in our overall portfolio.
- If the overall sector weightage in a portfolio exceeds 40% for financial sector and 30% for other sectors.
- Significant change in business or regulatory environment which changes our investment thesis and would result in sharply deteriorating fundamentals.
- Management and corporate governance issues and lapses in the stock in which investment has been made which impact our investment view post developments.

Stop loss policy is triggered when our stock has underperformed relative to the sector by over 20% for a period of 3 months. In such a case we re-evaluate the investment

Strategy: Debt

Investment Approach V – JM Fixed Income Portfolio

Investment objective: The investment objective of this Investment Approach is to create regular returns and Capital appreciation by investing in a mix of high quality fixed income instruments. The manager will look to invest in Listed Fixed income instruments which will include Government securities including SDL, Corporate/NBFC bonds across Investment grades, AT1 bonds and REITS. The manager will evaluate valuation gaps in the debt market with regard to the opportunity in the Yield curve and invest accordingly in Securities to achieve the desired portfolio objectives.

Investment Strategy:

- Use combination of accrual, duration, credit strategies depending on the prevailing market conditions.
- Market variables are continuously monitored to identify mispriced opportunities which aid alpha generation.
- Investment will be done in Listed fixed income securities with investment grade to ensure that liquidity risk is mitigated.
- The portfolio will invest in Liquid/money market/ equivalent mf for temporary parking of funds or pending deployment.

Investment Guideline:

- To remain fully invested at all point of time in Liquid, listed and rated fixed income instruments.
- To play a mix of accrual and duration taking into considerations the prevailing market conditions at the time of investment.
- Timely exit the security or Portfolio if the manager feels that the strategy has played out its course.
- While there is no limitation on the exposure per instrument at Portfolio level, the manager would keep the Group / associate company exposure as mentioned in the circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 August 26, 2022 and also circular issued from time to time with respect to same.
- There will be no exposure to Unlisted bonds.

Investment Horizon:

- The investor in the strategy should look to invest with a horizon of 1-3 years basis the underlying maturity/duration of the Portfolio.

Benchmark for the strategy:

- Crisil Composite Bond Index will be the benchmark used for this strategy.

Basis for choice of benchmark

Crisil Composite Bond Index is a broad-based diversified index and its composition broadly represents the strategy's investment universe.

Allocation of portfolio across types of securities:

Security	Allocation %
Fixed Income Securities	At any time 80-100%
Liquid Schemes of Mutual Funds	0-20%

Risk associated with the Investment Approach

- Though every endeavour will be made to achieve the objective of this Investment Approach, the Portfolio Manager do not guarantee, assure, insure that the investment objective of this Investment Approach will be achieved or that there will be no loss of capital. The investment objective of the above Investment Approach may not be suitable for all the categories of investors. The Investment Approach is intended for moderate to high risk taking investors.
- The Investments in debt or Fixed income instruments are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. This may adversely affect returns. Market risk is a risk which is inherent to any fixed income investment.
- Liquidity Risk: While securities that are listed on the bond markets carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the bond markets. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments in this investment approach.
- Fixed income securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. The performance of this Investment Approach may be affected by the investee company's performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the bond markets.

Strategy: Equity

Investment Approach VI– Apex

Investment objective:

The investment objective of APEX strategy will be to achieve capital appreciation through investing primarily into listed equity shares, equity related instruments and units of the Exchange Traded Funds ("ETFs"). This strategy will follow flexi cap investing style. The emphasis will be investing in companies based on fundamentals and/or momentum/technical indicators. The aim is to focus on good quality businesses and managements, which demonstrate potential to grow their businesses over the longer term coupled with a variety of momentum and technical parameters.

Description of types of Securities:

Equity shares, equity related instruments, units of the ETFs, derivative instruments and liquid schemes of Mutual Funds.

Basis of selection of types of Securities as part of the Product/Investment Approach:

The focus will be to hold equity shares and / or equity related instruments of at least 20 listed companies and/or units of the ETFs in the Portfolio. The Portfolio Manager may hedge portfolio positions using derivatives at times and situations like (including but not limited to) turbulent external environments, or ahead of events, or during periods of heightened volatility in markets, or to avoid capital erosion. The Portfolio Manager tactically may also take some exposure to ETFs investing of Gold/Silver or ETFs listed in India investing internationally.

Allocation of portfolio across types of securities:

Security	Allocation %
Equity and equity related instruments	0%-100%
Derivatives (for Hedging)	At the discretion of the portfolio manager
Exchange Traded Funds (ETFs)	At the discretion of the portfolio manager
Liquid Schemes of Mutual Funds	At the discretion of the portfolio manager

Benchmark to compare performance: S&P BSE 500 TRI

Basis for choice of benchmark

Strategy is flexi-cap in nature; hence S&P BSE 500 TRI Index which is a broad-based diversified index and its composition broadly represents the strategy's investment universe.

Indicative Tenure or Investment Horizon: The indicative tenure or investment horizon of the Investment Approach will be long-term time horizon (3-5 years).

Risk associated with the Investment Approach:

- Though every endeavour will be made to achieve the objective of this Investment Approach, the Portfolio Manager do not guarantee, assure, insure that the investment objective of this Investment Approach will be achieved or that there will be no loss of capital. The investment objective of the above Investment Approach may not be suitable for all the categories of investors. The Investment Approach is intended for moderate to high risk taking investors.
- The Investments in equities, equity-related instruments or units of ETFs are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. This may adversely affect returns. Market risk is a risk which is inherent to an equity investment.
- Liquidity Risk: While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments in this investment approach.
- Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. The performance of this Investment Approach may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the securities markets.
- The portfolio relies primarily on trend of a stock, any structural tailwinds, development in the macro environment that would impact a particular sector/stock etc. would weight on the portfolio performance. The portfolio will include taking exposure to mid and small capitalisation stocks which could exhibit greater price, volatility and liquidity risk. The hedge would neither guarantee nor assure that there wouldn't be any losses (if derivatives is done)
- The portfolio shall be hedged based on the market perspective of the fund manager from time to time. The portfolio would have exposure to risks associated with derivatives.
- Derivatives 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 contracts. Some of the risks relate to mis-pricing or the improper valuation of derivatives/futures and options contracts and the inability to correlate the positions with underlying assets, rates and indices.

For detailed and other risk factors, please refer to point no. 6 of this document

Other salient features:

The Portfolio Manager will have a flexibility to build cash in case of return potential being achieved and/or where there is a significant chance of a correction, or range bound movement in the markets to enhance returns. Investment approach is sector and market cap will be agnostic in nature while investing. The Investment Approach is intended for moderate to aggressive type of investors who are willing to be patient with their investments, and to have exposure to a portfolio that may not initially move in tandem with broad market trends. The Portfolio Manager may also consider investing in any initial public offerings, follow-on public offer, offer for sale and rights issue of equity share of any company. There could be scenarios where the holding period for equity share or equity linked instrument or ETF in the portfolio may be less than 1 year. Securities in the portfolio may be held for long term as well as short term therefore portfolio turnover could be higher. The Portfolio Manager may invest in derivatives and/or related instruments only to hedge or re-balance the portfolio. While investment decision of the Portfolio Manager may be guided by the above perceptions, the same are indicative in nature. The Portfolio Manager retains the flexibility to change the investment strategy from time to time, keeping in view market conditions, market opportunities, and political and economic factors.

Factors the Portfolio Manager may consider when choosing a stock for investment in this portfolio could be but not limited to:

- Sustainable Earnings visibility – Consistency of returns and quality of profits
- Businesses with strong moats
- Strong operating cash flows
- Sectors capable/witnessing high growth/tailwinds
- High Return on capital employed [ROCE] and Returns on Equity [ROE]
- Credible Management Track record
- Valuations in a position to be re-rated along with high growth.
- Whether stock is in investment phase aligned with high-growth market opportunity.
- Strong brands, products, market position.
- Quality management with track record of strong earnings growth.
- Analysing price trend of the security
- Relative strength analysis vs peers, sectors, benchmark
- Technical price chart patterns of the security
- Volumes pattern and Delivery volumes analysis
- Trend line, Support & Resistance
- Fibonacci price retracements, extensions
- Moving averages, price bands
- Technical momentum indicators
- Promoter activity /Company key events/activities
- Market sentiment and breadth analysis

The guiding principles for disinvestment/exit from a stock by the Portfolio Manager include:

- Based on fundamentals or/and technical if the stock has reached our price target and we see relatively better opportunity in other stock.

- Portfolio rebalancing; if the stock has become disproportionately high in weightage in our overall portfolio.
- Significant change in business or regulatory environment which changes our investment thesis which would result in sharply deteriorating fundamentals.
- Management and corporate governance issues and lapses in the stock in which investment has been made which impact our investment view post developments.
- On break of key support levels based on technical analysis.
- Change of trend / New sector trend emerges
- Long periods of relative underperformance
- Any change in macro environment impacting stock's future prospects

Investment Approach VII – Liquidity Management Strategy

Investment objective: To invest in liquid or overnight funds or instruments that are primarily less than one year maturity in an endeavour to manage a very liquid portfolio. This strategy will also facilitate investors in taking asset allocation calls between cash and other assets/investment approaches.

Description of types of Securities: Investment in fixed income-oriented instruments such as but not limited to listed non-convertible debentures, bonds, commercial papers, perpetual bonds, certificate of deposits, preference shares and any other securitized debt, debt oriented fund units and money market instruments. The strategy may also invest in income generating alternative instruments such as Real Estate Trusts (REITs) and Infrastructure Investment Trusts (InvITS).

Basis of selection of types of Securities as part of the Product/Investment Approach: To generate regular and stable returns consistent with lower levels of risk and high liquidity by investing in debt instruments as mentioned above.

Allocation of portfolio across types of securities:
0%-100% Cash
0%-100% Fixed income instruments as described above

Benchmark to compare performance:
CRISIL Composite Bond Fund Index

Basis for choice of choice of benchmark
The chosen benchmark is relatively closer to the investment objective than the other two indices viz Nifty Medium to Long Duration Debt Index and CRISIL Credit Index

Indicative Tenure or Investment Horizon: Upto one year.

Risk associated with the Investment Approach: Please refer to point no. 6 of this document

Other salient features: This strategy will allow the investors to tactically deploy/invest into other core strategies by switching partial/all investments. The Strategy can invest up to 100% in single mutual fund scheme (including ETF).

Note: The Portfolio of each Client may differ from that of the other Client in the given Investment Approach, at the Portfolio Manager's discretion. The funds remaining to be invested in any of the above Investment Approach 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. While providing services as a portfolio manager, the Portfolio Manager may invest in securities of associates/group companies of the Portfolio Manager in the Client's Portfolio. While providing services as a portfolio manager, investing in securities of associates/group companies of the Portfolio Manager in the Client's Portfolio shall be subject to same evaluation/due diligience criteria as is applied for other investments of similar nature and the maximum percentage of such investments therein will be subject to and in accordance with the applicable laws/regulations/guidelines for the time being in force. The Portfolio Manager may prematurely terminate any of the above Investment Approach if it believes that investment objectives of the Investment Approach are not likely to be achieved.The Portfolio Manager shall invest the Funds of the Client in any of the aforesaid Investment Approach only in the securities which are listed or traded on a recognized stock exchange, money market instruments (commercial paper, trade bill, treasury bills, certificate of deposit and usance bills), units of Mutual Funds and other securities as specified by SEBI from time to time. The Portfolio Manager shall invest in units of mutual funds only under Direct Plan.

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

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

The Portfolio Manager, based on the Client's mandate and consent, will deploy Client's Funds available from time to time. All execution of transactions based on the Client's directions is final and at no point Portfolio Manager's actions taken in good faith will be questioned during the course of availing Portfolio Management Services or at any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence on the part of the Portfolio Manager. While providing services as a portfolio manager, investing in securities of associates/group companies of the Portfolio Manager in the Client's Portfolio shall be subject to same evaluation/due diligience criteria as is applied for other investments of similar nature and the maximum percentage of such investments therein will be subject to and in accordance with the applicable laws/regulations/guidelines for the time being in force.

While providing non-discreationernery Portfolio Mmanagement Servies, the Portfolio Manager may advise the Client to invest in the unlisted securities maximum upto 25% of the Portfolio. The Portfolio Manager shall invest in units of mutual funds only under Direct Plan.

Investment Objective: Apex Plus

Under the said services, the Portfolio Manager advices Client on investing in equity, debt, mutual funds, derivatives, equity related instruments/units of the exchange traded funds (ETFs)and other investments depending on the Client's needs and risk-return profile and/or provides administrative services for execution of transaction as per the directions from the Client. The Client will decide his own investments. The Portfolio Manager's role is limited to providing investment advice, research and/or facilitating the execution of transactions. The Portfolio Manager may make investment/disinvestment in securities either in the name of the Client or in its own name on behalf of the Client on a pooling basis under which purchase/sale of securities will be aggregated for the economy of scale and then allocated on a pro rata basis among the Clients. In case of purchases of the securities, the same would be transferred to and held in the respective Client's Demat Account.

The Portfolio Manager, based on the Client's mandate and consent, will deploy Client's Funds available from time to time. All execution of transactions based on the Client's directions is final and at no point Portfolio Manager's actions taken in good faith will be questioned during the course of availing Portfolio Management Services or at any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence on the part of the Portfolio Manager. While providing services as a portfolio manager, investing in securities of associates/group companies of the Portfolio Manager in the Client's Portfolio shall be subject to same evaluation/due diligence criteria as is applied for other investments of similar nature and the maximum percentage of such investments therein will be subject to and in accordance with the applicable laws/regulations/guidelines for the time being in force.

While providing non-discretionary Portfolio Management Services, the Portfolio Manager may advise the Client to invest in the unlisted securities maximum upto 25% of the Portfolio. The Portfolio Manager may advise the client to hedge portfolio positions using derivatives at times and situations like (including but not limited to) turbulent external environments, or ahead of events, or during periods of heightened volatility in markets, or to avoid capital erosion. The Portfolio Manager may advise the client to tactically take some exposure to ETFs investing of Gold/Silver or ETFs listed in India investing internationally. The Portfolio Manager shall invest in units of mutual funds only under Direct Plan.

C. Advisory Services

The Portfolio Manager may also engage in advisory services as is envisaged under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time. The Portfolio Manager's responsibility includes advising on the portfolio strategy and investment and divestment of securities in the Client's Portfolio depending on the Client's individual needs and risk-return profile, for an agreed fee structure, entirely at the Client's risk.

While providing Advisory Servies, the Portfolio Manager may advise the Client to invest in the unlisted securities maximum upto 25% of the Portfolio.

Note: The Client shall provide Minimum investment amount or such higher amount amount as may be specified by the Portfolio Manager for managing under its Portfolio Management Services. However, the Portfolio Manager at its sole discretion may not apply the requirement of Minimum investment amount per client to an Accredited investor. Further, the Portfolio Manager may offer its Portfolio Management Services for investing up to hundred percent of the assets under management of the Client, who is identified as Large value accredited investors, in unlisted securities, subject to the terms agreed between the Large value accredited investors and the Portfolio Manager in this regard.

6) Risk factors

There are the inherent risks associated in the management of the Portfolio including, but not limited to, risks arising out of investment objectives, investment strategy, asset allocation and non-diversification of the Portfolio. The Portfolio Manager is not responsible for the loss if any, incurred or suffered by the Client. The following are some of the inherent risks associated in the management of the Portfolio:

(i) Investments in securities are subject to market risks including, without limitation, price, volatility and liquidity risks and there is no assurance, insurance or guarantee that the objectives of the investments made under any of the Investment Approach will be achieved. The investment objective of the above Investment Approach may not be suitable for all the categories of investors. Investments in various Investment Approach /Portfolio stand a risk of loss of capital and the Client/prospective clients should be aware that they may lose all or any part of their investments in such Investment Aproaches/Portfolios.

(ii) Past Performance of the Portfolio Manager does not indicate its future performance. Further past performance is not an indication that returns in the future with regard to either the same Investment Approach or any other future Investment Approach that may be launched by the Portfolio Manager, will be achieved. Investors are not being offered any assurance, insurance or guarantee either that the investment objective of the Investment Approach will be achieved or of any indicative returns or of protection of Funds and/or securities deployed by the Client or of appreciation of the Portfolio through these Investment Approaches and the names of the Investment Approach do not, in any manner, indicate their prospects or returns.

(iii) The Investments in securities are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks, risks arising from changing business dynamics, changes in the legal, tax and the regulatory regimes (including without limitation; political changes, government regulations, social instability, diplomatic disputes, or other similar developments), which could adversely affect the Client's/prospective clients' investments under the Portfolio Management Services. This may adversely affect returns.

(iv) The performance of the Investment Approach 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 of 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; (iv) actual and potential competition from other companies, whether in India or abroad and (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 the Client may be concentrated in certain companies/industries/sectors/class of assets. The risk of loss is greater because of concentration. The performance of the Portfolio would depend on the performance of such companies/ industries/sectors of the economy/class of assets. Technology, pharmaceutical stocks and some of the investments in niche sectors run the risk of high volatility, high valuation, obsolescence and low liquidity.

(vi) The value of the Portfolio 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, and other securities/financial instruments of its affiliates/group companies, subject to the relevant regulatory requirements. While, such decisions will be on an arm's length basis, it involves conflict of interest.

(viii) The decisions on investments by the Portfolio Manager may not always result in profits. The success of the Investment Approach 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) Investment Approach 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 contracts. Some of the risks relate to mis-pricing or the improper valuation of derivatives/futures and options contracts and the inability to correlate the positions with underlying assets, rates and indices.

(x) The Debt Instruments, money market instruments and other fixed income securities are subject to credit risk, which includes the risk of an issuer's inability to meet interest and principal payments on its debt obligations. Such securities may also be subject to market risk such as price volatility due to changes in interest rates, general level of market liquidity, market perception of the creditworthiness of the issuer, etc., political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. These factors may adversely affect returns.

(xi) The Investments are subject to the impact of market cycles, the returns on which would be attractive and decent during the boom period and would be unattractive or loss making during the bearish phase.

(xii) Reinvestment Risk: Since interest rates may vary from time to time, interim cash flows from interest-bearing debt instruments may be reinvested at a lower yield than the original yield.

(xiii) The 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.

(xiv) The Capital Protection Oriented Investment Approach may have lower yield.

(xv) The Portfolio Manager may, subject to authorisation by the Client in writing, participate in Securities Lending. The Securities Lending involves certain risks, as mentioned below:

- The participation in Securities Lending is subject to demand for borrowing of the securities in Securities Lending and Borroing ("SLB") Segment. Due to lower demand or no demand, the Portfolio Manager may not be able to lend the securities.
- Once a security is lent under Securities Lending, until the reverse leg of the lending transaction in SLB Segment is completed, the said security will not be available either for selling in cash/capital market segment or for providing as margin/collaterals for the purpose of taking any exposure.
- In case of corporate actions, the securities lent under the Securities Lending will be foreclosed and the lender will have to refund the lending fee on a pro-rata basis.
- There is an inherent risk of failure of the other party in honouring its commitment. Such failure may lead to the inability of the approved intermediary to return the securities deposited by the lender including corporate benefits like dividend or stock split accrued/accruing thereon. In such a scenario, the transaction would be closed out as per the clearing corporations regulations and guideliens and instead of receiving the securities on pay out, the lender would receive financial credit by way of close-out.
- In the event of default in SLB Segment, there are possibilities of circumstances wherein the Settlement Guarantee Fund of the clearing corporation(s) may not be adequate to meet default/shortfall in SLB Segment. In such a case, the investor may suffer losses or a delay in settlement.

(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. In case of Non-discreationery and Advisory Services, the Portfolio Manager may advise to invest in unlisted securities to the extent permitted by the Regulations. Such investments offer attractive yields, this may however increase the risk of the Portfolio.

(xviii) The liquidity of the investments is guided and inherently restricted by trading volumes in the securities in which the Portfolio Manager may invest. 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 instruments / 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 if there is any delay in liquidating such securities.

(xix) In any Investment Approach, which may invest predominantly in schemes of Mutual Funds - Debt and/or equity and other instruments, its performance may depend on that of the underlying schemes of Mutual Funds. Any change in investment policies or fundamental attributes of underlying schemes could adversely affect performance of the Investment Approach. Also, for a sharp increase in the stock market during the period of investment, the return of the Investment Approach might be less than that given by direct investment of similar amounts in equities.

(xx) The rebalancing of the Portfolio between debt/liquid funds and equity funds as and when required may lead to increased transaction costs including but not limited to entry/exit loads that may be levied by the Mutual Funds. Also, it will result in generation of short term/long term capital gain and levy of STT or any other transaction charges on such transactions.

(xxi) The Client 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 Client.

(xxii) The arrangement of pooling of funds from various Clients and investing them in securities could be construed as an 'Association of Persons' (AOP) in India under the provisions of the Income-tax Act, 1961 and taxed accordingly.

(xxiii) The Client shall bear the recurring expenses of the Investment Approach 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.

(xxiv) 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 Client may suffer opportunity loss.

(xxv) Any act, omission or commission of the Portfolio Manager while managing the Portfolio is solely at the risk of the Client and the Portfolio Manager will not be liable save and except in cases of gross negligence and/or wilful default.

(xxvi) All risks arising out of refusal by the issuer company for whatever reasons, to register the transfer of any securities held in the Client's portfolio account. The Portfolio Manager will endeavour to sell the securities, which are purchased and refused to be transferred in the name of the Client, at the best available market price, at the sole risk and responsibility of the Client.

(xxvii) 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.

(xxviii) Investment in Structured Products is subject to model risk, i.e., the securities are created on the basis of complex mathematical models involving multiple derivative exposure which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical modules.

(xxix) <u>Risk Factors specific to investment in Non- Convertible Debentures (NCDs)</u>

- The NCDs may not have a market at all either in the OTC market or on the debt Segment of the Exchanges where it is/will be listed. This may lead to low/no liquidity in the said NCDs. The listing of the NCDs does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the NCDs will develop or be maintained. Consequently, the NCDs may quote below its face value at any time before maturity. The Portfolio Manager does not guarantee the returns and/or maturity proceeds thereon.
- The Portfolio Manager does not make any representation or warranty, express or implied, on the ability of the underlying securities or indices to perform in line with performance of the general stock market performance in India.
- The Issuer of the NCDs ("Issuer") or any person acting on behalf of the Issuer may have an interest/position with the Portfolio Manager and/or may have an existing relationship viz. financial, advisory, etc. and/or may be in negotiation/ discussion as to transactions of any kind.
- The Issuer may appoint its affiliate or the Portfolio Manager's affiliate as the Calculation Agent for the purposes of calculating amounts payable or deliverable to holders of NCDs. Under certain circumstances, it may give rise to conflicts of interest. Further, the Issuer may also enter into an arrangement with its affiliate to hedge market risks associated with its obligations under the NCDs. Such an affiliate would expect to make a profit in connection with this arrangement. There is possibility that, the Issuer may not seek competitive bids for such arrangements from unaffiliated parties.
- The market conditions may affect the coupon of the NCDs. The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies.
- At any time during the life of such NCDs, the value of the NCDs may be substantially less than its investment/maturity value. Further, the price of the NCDs may be affected in case the credit rating of the Issuer gets downgraded.

The Portfolio Manager does not assure that Credit Rating of the instrument will be maintained during the maturity period of the NCDs.

- The returns on the NCDs, whether primarily linked to the price of basket of securities or indices as the Reference Index or otherwise, may be lower than prevalent market interest rates or even be Nil depending entirely on the movement in the futures values of the basket of stocks or indices over the life of the NCDs (including the amount if any, payable on maturity, redemption, sale or disposition of the NCDs.)
- The Client may receive no income/return at all on the NCDs, or less income/return than expectation, or obtained by investing elsewhere or in similar investments.
- It is possible that the normal methods of computation adopted in relation to the NCDs may have to be modified or even alternative methods could be adopted due to any disruptions in any of the financial markets or on account of any other reason. In such cases the Issuer 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 Portfolio Manager.
- There is a possibility of the underlying securities of the basket or one or more of them getting de-listed from one or more stock exchanges where they are listed or one or more of the securities are withdrawn or suspended from trading on the stock exchanges and in such an event the Debenture- Trustees upon request by the Issuer may modify the terms of issue of NCDs.
- Investment by the Portfolio Manager in instruments like Market Linked NCDs such as stock linked or indices linked, etc., involves a certain level of risk. The value of the NCDs may be impacted by movements in the returns generated by the underlying basket of stocks or indices or market.
- Investment in Market Linked NCDs is subject to model risk, i.e., the securities are created on the basis of complex mathematical models involving multiple derivative exposure which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical modules.
- The returns on investment in NCDs would depend on the happening/ non-happening of specified events and the returns may or may not accrue on the said instruments.
- The Investment in NCDs is subject to credit risk of the Issuer either due to default or their inability to make timely payments of principal and interest. The portfolio value may also be adversely affected and in case the Issuer defaults, the Client may not receive the principal amount.
- Investment in NCD's may also result in a loss. Even in case of principal/capital protected NCDs, the principal amount is subject to the credit risk of the Issuer whereby the Clients may or may not recover all or part of the funds in case of default by the Issuer and any failure by a counter party to perform obligations when due may result in the loss of all or part of the investment.

- In case there is a credit default by the Issuer, there will be a risk of receiving lower than expected or negligible returns or no returns in respect of Market Linked NCDs over the life and/or part thereof or upon maturity of the NCDs.

(xxx) Conflict of Interest:

While carrying out purchase and/or sale of securities on behalf of the Client, such transaction may be carried out between the Client's account and the Portfolio Manager's own account or any of its employees who are directly involved in investment operations. Any such transaction shall be at the prevailing market price. However, as on date there is no such conflict of interest with the transactions in any of the client's portfolio.

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

1. Broking Services as a member of BSE, NSE, MCX, NCDEX and MSEI.
2. Depository Services as a participant of the NSDL and CDSL.
3. Service as a distributor of Mutual Fund Schemes (AMFI Certified) and other financial products.
4. Research Services
5. Investment Advisory services under SEBI (Investment Advisers) Regulations, 2013.

The Portfolio Manager shall avail the aforesaid services of securities broking, depository, Research Services and distribution of financial products (excluding mutual funds), in managing the Portfolio of the Client. The Client will bear the cost of these services. The Company may get commission as a distributor of financial products (other than mutual funds) for investment made on behalf of the Client in Investment Approach through its distribution division.

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

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

The Portfolio Manager may advise the Client to invest in Alternate Investment Funds launched by JM Financial Asset Management Limited from time to time. The Portfolio Manager may also avail the brokerage services of JM Financial Institutional Securities Ltd.

Disclosure of the details of investment of clients' funds in the securities of associate/related parties

Currently the Portfolio Manager does not invest in securities of associates / related parties , before starting investment in the same Portfolio Manager will comply the circulars issued by SEBI from time to time.

Investments in the securities of associates/related parties of Portfolio Manager

Sr No	Investment Approach, if any	Name of the associate / related party	Investment amount (cost of investment) as on last day of previous calender quarter (INR in Crores)	Value of investment as on last day of the previous calendar quarter (INR in crores)	percentage of total AUM as on last day of the previous calendar quarter
	NIL				

7) (i) Client Representation:

The following table indicates details of categories of clients in respect of whom Portfolio Management Services were rendered in the past:

Category of Clients	No. of Clients	Funds Managed (Rs. In Crore)
Clients being Associates/Group companies		
(Last 3 years)		
2019-2020	Nil	Nil
2020-2021	Nil	Nil
2021-22	Nil	Nil
2022-2023	**Nil**	**Nil**
Others		
2019-20		
Discretionary clients	291	319.909

Non-discretionary clients	47	77.171
Total – 2019-2020	**338***	**397.080**
2020-21		
Discretionary clients	296	556.618
Non-discretionary clients	40	120.959
Total – 2020-2021	**336***	**677.577**
2021-22		
Discretionary clients	292	636.985
Non-discretionary clients	39	125.965
Advisory	1	39.3081
Total – 2021-2022	**331***	**802.2491**
2022-23		
Discretionary clients	**219**	**453.27**
Non-discretionary clients	**20**	**113.43**
Advsiory	**03**	**527.41**
Total – 2022-2023 (As On 31st March 2023)	**271***	**1094.12**

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

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

There have been no transactions with related parties with respect to portfolio management activities of the Company.

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

Related parties only where transactions have taken place (other than the portfolio management activities) during the financial year ended March 31, 2023.

Related party disclosures

A	**Enterprise where control exists**		
	i) Holding Company		JM Financial Limited
	ii) Subsidiary Company/Firm/AOP		JM Financial Commtrade Limited

			JM Financial Capital Limited
			JM Financial Institutional Securities Limited
			Astute Investments (Partnership Firm)
			ARB Maestro (Association of Person)
B	**Related parties in accordance with Ind AS 24 "Related Party Disclosures"**		
	(Parties with whom the transactions were carried out during the current year/previous year)		
	i) Holding Company		JM Financial Limited
	ii) Subsidiary Company/Firm		JM Financial Commtrade Limited
			JM Financial Capital Limited
			JM Financial Institutional Securities Limited
			Astute Investments
			ARB Maestro
	iii) Fellow Subsidiaries		JM Financial Products Limited
			JM Financial Properties and Holdings Limited
			JM Financial Asset Management Limited
			Infinite India Investment Management Limited
			CR Retail Malls (India) Limited
			JM Financial Credit Solutions Limited
			JM Financial Asset Reconstruction Company Limited
			JM Financial Home loans Limited
	iv) Key Management Personnels and close members of the family (relatives) of the Key Management Personnels		Ms. Dimple Mehta (Company Secratory)

			Relatives
			Mr. Mayank Mehta
			Mr. Nirav Gandhi (whole time director w.e.f December 8,2022)
			Mr. Dimple kumar Shah (Whole time Director)
			Relatives:
			DimpleKumar Shah (HUF)
			Mr. Purvi DimpleKumar Shah
			Ms. Maanya DimpleKumar Shah
			Mr. Devikaben Navinchandra Shah
			Mr. Jigar Navinchnadra Shah
			Mr. Ishita Amit Pothiwala
			Mr. Amit Agarwal (chief Financial officer w.e.f August1, 2022)
			Relatives:
			Ms Priyanka Agarwal
			Mr. Vishwanath Subramanian (till July 31, 2022)
			Mr. Subodh Shinkar(till December 31,2022)
			Relatives:
			Subodh D Shinkar HUF
			Mrs Sunita Shinkar
			Mr. Sunil Shinkar
	KMPs of Parent company i.e JM Financial Limited		Mr. Prashant Choksi (Compnay Secratory)
			Mr. Prashant Choski HUF
			Ms. Parul Choksi
			Mr. Atul Mehra (Joint Managing Director)
			Ms. Suvidha Mehra
			Ms. Sammiksha Mehra
			Ms. Sasha Mehra

	v) Wholetime Director and Company Secretary		
			Mr. Ajay Mishra (whole Time Director, upto April 11.2022)
			Mr. DimpleKumar Shah (Director w.e.f. June 03, 2021 and Whole Time Director w.e.f. June 15, 2021.)
			Mr. Nirav Gandhi (Whole time Director w.e.f December 8,2022)
	vi) Non executive directors		Mr. Nimesh N Kampani upto September 30, 2021
			Mr. Vishal Kampani
			Mrs. Dipti Neelkanthan
			Mr. Hemant Kotak
	vii)Independent directors		Mr. Anup Shah
			Mr. Parthiv Kilachand
			Mr. Prakash Parthasarathy (w.e.f. October 22, 2021)
	ix) Associate		JM Financial Trustee Company Private Limited
	x) Enterprises over which any person		JM Financial & Investment Consultancy Services Pvt Ltd
	described in Clause B iv) and vi) above		JM Assets Management Pvt. Ltd
			JSB Securities Ltd
	is able to exercise significant influence		Kampani Consultants Limited
			Persepolis Investment Company Private Limited
			SNK Investments Private Limited
			Kampani Properties & Holdings Limited
			Capital Market Publishers India Private Limited

Related party transactions during the Financial Year ended March 31, 2023

(Rs. in Crore)

C) Details of Transaction

Name of the related Party	Nature of transaction	Year ended 31st March 2023	Year ended 31st March 2022
i) Holding Company			
JM Financial Limited	Reimbusement of employee expenses	-	0.42
	Recovery of employee expenses	0.13	-
	Rent Paid	0.27	0.27
	ICD Taken	1180.00	250.00
	ICD Repaid	1180.00	350.00
	Interest on ICD	2.36	1.64
	Fees Received	25.43	22.04
	Dividend on Prefernce Shares	0.45	0.45
	Dividend on Equity Shares	50.00	40.00
	Issue of 9% Reedemable Cumulative Prefernce Shares	42.00	-
	Reimbursement of expenses Paid	-	0.18
	Gratuity Paid in transfer of employee	0.04	-
	Closing Balance recived	5.13	7.83
	Closing Balance Deposit	1.00	1.00
ii) Subsidairy Company			
JM Financial Commtrade Limited	Reimbursement of expenses (Received)#	0.00	0.08
	ICD Taken	68.80	64.87
	ICD Repaid	68.80	64.87
	Interest on ICD paid	1.19	0.70
	Closing Balance - lnvestment in Equity Shares	5.00	5.00
	Closing Balance- Investment in 9% non-cumulative redeemable preference shares	2.50	2.50
	Closing Balance- Investment in 6% Optionally convertible redeemable non -cumulative preference shares	16.00	16.00
	# (Current Year Rs. 29,890/-)		
JM Financial Capital Limited	ICD Taken	115.00	-
	ICD Repaid	65.00	-
	Interest on ICD Paid	0.83	-
	Reimbursement of expenses (Received)	0.03	-

	Recovery of Employee's Health Insurance expenses*	0.00	-
	Gratuity paid in transfer of employee	0.01	-
	Dividend Received	-	33.75
	Secondary Brokerage Received #	-	0.00
	Closing Balance Investment in Equity Shares	225.00	225.00
	Closing Balance Receivable/Payable(ICD)	(50.00)	-
	* Current year Rs 2,104/- # NIL Previous Year Rs 25,034/-		
JM Financial Institutional Securities Limited	Dividend from Shares	15,75	-
	Recovery from Employee's health Insurance Expenses#	0.00	-
	Closing Balance – Investment in Equity Shares	27.75	27.75
	#Current Year Rs 6,417/-		
iii)Partnership Firm			
Astute Investments	Receipt on Partner's current account	2.07	14.79
	Interest on Margin	0.58	11.10
	Referral Fees Paid	1.17	-
	Margin Deposit Received	62.69	204.95
	Margin Deposit refunded	63.88	213.50
	Secondary Brokerage received	0.04	0.42
	Demat Charges Received*	0.00	0.00
	Reimbursement of expenses (received)	0.09	0.42
	Share Profit for the period	0.58	14.24
	Closing, Balance Receivable / (Payable) - Current Account	0.21	1.69
	Closing balance Receivable / (Payable)-Trade Receivable#	0.00	(8.20)
	Closing balance Receivable / (Payable) - Capital Account	0.90	0.90
	Closing Balance Receivable / (Payable) - Margin Deposit	(0.04)	(1.23)
	* Rs. 23,160/- (Previous Year Rs. 33,290/-)		

	#Current Year Receivable balance Rs. 6,690/-)		
iv)Association of Persons			
ARB Maestro	Interest on Margin	7.73	-
	Margin Deposit Received	566.39	-
	Margin Deposit refunded	234.37	-
	Contribution towards Capital Account	0.90	-
	Secondary Brokerage Received	0.63	-
	Demat Charges Received	0.01	-
	Reimbursement of expenses (received)	0.23	-
	Share of Profit for the Period	4.67	-
	Closing Balance Receivable / (Payable)- Current Account	0.98	-
	Closing Balance Receivable / (Payable)- Margin Deposit	(332.02)	-
	Closing Balance Receivable / (Payable)- Capital Account	0.90	-
v)Fellow Subsidiaries			
JM Financial Products Limited	ICD Taken	580.00	250.00
	ICD Repaid	580.00	250.00
	Interest on ICD Paid	2.72	0.23
	Fees Received	-	5.13
	Reimbursement of Expenses (received)	0.07	0.06
	Purchase of Fixed Asset	-	0.01
	Recovery of Employee's Health Insurance Expenses*	0.00	-
	Secondary Brokerage Received (Own)	0.89	1.02
	Grauity Paid in transfer of employee	0.06	-
	Grauity Received in transfer of employee	0.04	-
	Closing Balance Receivable /(Payable)	(22.39)	(17.38)
	*Rs 17,147/-		
	Demat Charges Received *		
Infinite India Investment Management Limited	Closing Balance Recivable/(Payable)	-	0.00

	*NIL(Previous year Rs 500/-)	-	-
JM Financial Asset Management Limited	Secondary Brokerage Received #	-	0.00
	Closing Balance Receivable	-	-
	# NIL(Previous Year Rs 10,030)		
JM Financial Properties and Holding Limited	Business Service Center Expenses	9.23	5.71
	Reimbursement of expenses –Paid	1.28	0.82
	Reimbursement of expenses (Received)	0.01	0.03
	ICD Taken	130.00	-
	ICD Paid	80.00	-
	Interest on ICD Paid	0.08	-
	Property Deposit Received	4.60	-
	Closing Balance Receivable / (Payable)- ICD	(50.00)	-
	Closing Balance – Deposit	10.59	5.99
CR Retail Malls (India) Limited	ICD Taken	30.00	-
	ICD Repaid	30.00	-
	Interest on ICD Paid	0.06	-
	Demat Charges Received*	0.00	0.00
	Closing Balance Receivable /(Payable)	-	-
	*Rs 500/- (Previous Year Rs 515/-)		
Jm Financial Asset Reconstruction Compnay Limited	Investment in Market linked non convertible debentures	320	200.84
	Fees Received	6.61	2.65
	Gratuity Recived in transfer of employee	0.01	-
	Secondary Brokerage Received*	0.00	-
	Closing Stock of MLD (at face value)	0.20	-
	Clsoing Balance Receivable	-	-
	*Rs 3.425/-(Previous Year NIL)		
JM Financial Credit Solutions Limited	Reimbursement of expenses (Received)	0.07	0.06
	Secondary Brokerage Received*	-	0.01

	Closing Balance Receivable /(Payable)	-	-
	*NIL(Previous Year Rs 54847/-)		
JM Financial Home Loan Limited	Secondary Brokerage Received	0.04	0.04
	Closing Balance Receivable /(Payable)	-	-
vi)Key Management Personnels / Wholetime Director & Company Secratory	Remunaration		
	Short Term employee benefits	8.74	10.12
	Post Employee benefits	0.21	0.16
	Share based Payments (refer note no 33)	0.25	0.61
	Demat Charges received*	0.00	0.00
	Secondary Brokerage Received	0.01	0.02
	Interest income from margin money #	0.00	0.00
	Closing balance Receivable /(Payable)**	(4.09)	(7.10)
	*Rs 2,745/-(Previous Year Rs 300/-)		
	#Rs 39,439/-		
Relatives of Key Management Personnels	Demat Charges received*	0.00	0.00
	Secondary Brokerage Received	0.02	0.02
	Sitting Fees Paid	0.00	0.02
	Directors Commission	0.00	0.00
	Closing Balance Receivable /(Payable)	(0.05)	-0.19
	*Rs 1,090/- (Previous Year Rs 1042/-)		
vii)Directors	Sitting FeesPaid	0.05	0.03
	Directors Commission	0.05	0.05
	Demat Charges received*	0.00	0.00
	Secondary Brokerage Received	0.01	0.01
	Closing Balance Receivable /(Payable)	(0.05)	(0.05)
	*Rs 1,750/- (Previous Year Rs 5,194/-)		

viii)Independent Directors	Sitting Fees paid	0.11	0.10
	Directors Commission	0.10	0.13
	Closing Balance Receivable /(Payable)	(0.10)	(0.13)
ix)Associate			
JM Financial Trustee Company Private limited	Secondary Brokerage Received	-	0.04
	Closing Balance Receivable /(Payable)	-	-
x) Enterprise over which any person described in Clause B (iv) and (v) above is able to exercise significant influence			
JM Financial & Investment Consultancy Servcies Pvt Ltd	Secondary Brokerage Received	0.17	0.27
	Demat charges Recived*	0.00	-
	Grautity paid in transfer of employee	-	0.09
	Closing Balance Receivable /(Payable)	-	-
	*Rs 950/-(Previous year Rs 1,115/-)		
JM Asset Management Private Limited	Secondary Brokerage Received	0.08	0.06
	Closing Balance Recivable / (Payable)	-	-
Kampani Consultants Limited	Rent Paid	0.05	0.05
	Secondary Brokerage Received	0.03	0.06
	Closing Balance Receivable/(Payable)	-	-
Persepolis Investment Compnay Private Limited	Secondary Brokerage Received *	0.00	0.01
	Closing Balance Recivable /(Payable)*Rs 10,288/-	-	-
JSB Securities Limited	Demat Charges recived*	0.00	-
	Closing Balance Received/(Payable)*	0.00	-
	*Rs 392/-(Previous Year Rs NIL)		
	**Balance Payable Rs 3,194/-(Previous Year NIL)		

SNK Investments Private Limited	Secondary Brokerage Received #	-	0.03
	Closing Balance Recivable / (Payable)	-	-
Kampani Properties and Holdings Limited	Secondary Brokerage received #	-	0.00
	Closing Balance Recivable /(Payable)	-	-
	#NIL(Previous Year Rs 25,880/-)		
Capital Market publishers India Private Limited	IT Application Expenses	0.04	0.04
	Closing Balance Recivable / (Payable)	-	-

- *The above transactions are excluding Goods & Service tax wherever applicable.*
- *The details of related party relationships are identified by the management of the company and relied upon by auditors.There have been no write-off / write back in case of related party*

Notes:

31 Share-based payments

3 1.1 Employee share option plan of the Holding Company
During the current year and in the earlier years , based on the request made by JM Financial Services Limited ('the Company'), JM Financial Limited, in accordance with Securities And Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, has granted the equity stock options, inter alia, to the eligible employees and/or directors of the Company. Charge on account of the above scheme included in employee benefit expenses

(iii) The Portfolio Manager, in addition to its own securities broking services and securities broking services of its subsidary JM Financial Institutional Securities Ltd., may avail securities broking services from Emkay Global Financial Services Ltd., Prabhudas Lilladher Pvt. Ltd. and/or any other the SEBI registered stock brokers empaneled by the Company from time to time for its Portfolio Management Services activities.

8) <u>The Financial Performance of the Portfolio Manager:</u>

(Rupees in Crore)

Financial Statement – Balance Sheet	**As at**	**As at**	**As at**

	March 31, 2023	March 31, 2022	March 31, 2021
Assets			
Financial Assets	3,540.15	2023.22	1889.33
Non-Financial Assets	214.53	122.44	119.32
Total Assets	**3754.68**	**2145.66**	**2008.65**
Liabilities and Equity			
Financial Liabilities	3224.77	1570.14	1527.89
Non-Financial Liabilities	36.71	44.37	31.73
Equity	493.20	531.145	449.03
Total Liabilities and Equity	**3754.68**	**2145.66**	**2008.65**
Financial Statement (P&L)	**Year ended**	**Year ended**	**Year ended**
	March31, 2023	**March 31, 2022**	**March 31, 2021**
Total Revenue	573.27	602.20	414.14
Total Expenses	543.00	439.69	358.02
PBDT	**30.27**	**162.51**	**56.12**
Depreciation	20.83	14.92	15.70
Profit before Tax	**9.44**	**147.59**	**40.42**
Provision for Tax	-	25.36	11.34
Deferred Tax	(2.61)	0.19	(2.81)
Profit After Tax	**12.05**	**122.04**	**31.89**

The audited financial statements shall be made available on request.

9) a. Performance of the Portfolio Manager during the last three years, and in case of discretionary Portfolio Management, disclosure of performance indicators calculated using Time Weighted Rate of Return (TWRR) method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020:

Investment Approach	2019-2020	2020-21	2021-22	2022-23
	% Returns	% Returns	% Returns	% Returns
Discretionary				

Growth & Value	-5.96	57.06	9.29	-4.47
Performance Indicator Nifty 50	-26.03	70.87	18.88	-0.60
India Resurgent Portfolio III	-35.92	94.57	36.00	0.00
Performance Indicator Nifty 500	-27.60	75.99	20.96	-2.26
Focus	-5.79	52.10	11.51	-3.36
Performance Indicator Nifty 500	-27.60	75.99	20.96	-2.26
Wealth Builder - Equity Enhancer	-31.24	95.61	29.25	4.38
Performance Indicator BSE-MIDCAP	-31.72	90.93	19.46	-0.18
Wealth Builder - Equity Leader	-22.03	64.85	18.23	-2.85
Performance Indicator NSE Nifty	-26.03	70.87	18.88	-0.60
Wealth Builder - Equity Opportunities	-31.68	86.29	23.39	NA
Performance Indicator BSE-200 INDEX	-26.44	74.25	19.87	NA

The Opportunistic Equity Portfolio	-48.45	95.94	21.49	1.49
Performance Indicator BSE-200 INDEX	-26.44	74.25	19.87	-2.00
Apex Portfolio	**NA**	**NA**	**NA**	0.25
Perforance Indicator –Nifty 200	**NA**	**NA**	**NA**	0.48
Non Discretionary	-44.05	92.92	17.73	-2.76

Notes:

1. The Time Weighted Rate of Return (TWRR) is arrived at by taking into account clients who are active clients and also clients whose accounts are closed during the period. TWRR is arrived at by breaking up the return on an investment portfolio into separate intervals, based on whether money was added or withdrawn from the fund.
2. Above figures also include closed clients during the period.
3. Other information:
   - Growth & Value commenced on 1st March, 2005.
   - Focus Investment Approach commenced on 15th October 2012.
   - India Resurgent Portfolio III commenced on 4th March 2015.
   - The Opportunistic portfolio commenced on 4th May 2017.
   - Wealth Builder - Equity Enhancer, Equity Leader and Equity Opportunities Investment Approach commenced on 02nd November 2009.
   - Apex Portfolio Commennced on 1st February 2023

4. In case of Equity Plus Investment Approach, no valuation has been carried out in the books of accounts. For the purpose of performance computation, value provided by the issuer has been used. As mentioned by the issuer of the security, for the purpose of valuation, the security value given above are indicative and does not reflect the returns that could be generated on the final valuation/ redemption date. The returns on the investments on the maturity date can be lower than the returns indicated above as the returns are attributed to contingent conditions. The performance of Investment Approach disclosed above and the benchmark indicator for the year 2017-18 it is calculated from the inception till 20th November 2017.

B. The Risk Matrix computed by the Portfolio Manager for its Discretionary Portfolio strategies as on March 31,2023 are as follows:

Measure	Name of Discretionary Portfolio Investment Approach	Benchmark
	Focus	Nifty 500
Standard Deviation	13%	14%
Sharpe Ratio	0.8	0.6
	Growth and Value	Nifty 50
Standard Deviation	14%	18%
Sharpe Ratio	0.6	0.5
	The Opportunistic Equity Portfolio	BSE 200
Standard Deviation	16%	15%
Sharpe Ratio	-0.2	0.46
	India Resurgent Portfolio	Nifty 500
Standard Deviation	14%	14%
Sharpe Ratio	0.4	0.4

Notes: a. All computations above are since inception of the Investment Approaches
b. Risk free rate of 4% has been assumed when arriving at the above computation

10) Audit Observations with Status

The observations noted by the Statutory Auditor during audit of the Portfolio Manager during the preceding three years:

Sr No.	Year	Audit observations
1	2019-2020	Nil
2	2020-2021	Nil
3	2021-2022	Nil

11) 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 is for providing the Portfolio Management Services to the Client as may be agreed upon between the Portfolio Manager and the Clients as per the termsss and conditions of a particular Investment Approach. The fee may be a fixed fee (maximum upto 10% of Portfolio being managed or linked to portfolio returns achieved (maximum upto 50 % of return generated during the F.Y.) or a combination of any of these.

The Portfolio Manager shall charge performance linked fee only on increase in portfolio value in excess of the previously achieved High Water Mark.

High Water Mark Principle: High Water Mark shall be the highest value that the Portfolio/account has reached. Value of the Portfolio for computation of high watermark shall be taken to be the value on the date when performance linked fee is charged.

ii. Upfront Fees:

The Portfolio Manager shall not levy upfront fees to the Client.

iii. Exit Charge:

The Portfolio Manager may charge Exit charges / Early withdrawal fee to the Client for earliy withdrawal of the Portfolio, either in part or full, as may be agreed upon between the Portfolio Manager and the Clients as per the terms and conditions of a particular Investment Approach.

However the same shall be within the maximum limit in terms of rate and for the time period as specified herein below or in the Regulaitons and circulars issued thereunder from time to time, whichever is lower.

- In the 1st year of investment: Maximum 3% of the amount withdrawan
- In the 2nd year of investment maximum 2 % of the amount withdrawan
- In the 3rd year of Investment: Maximum 1% of the amount withdrawan
- After period of 3 years from the date of investment: Nil

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

Charges relating to regular communication, account statements, operating expenses, etc. shall be in aggregate maximum upto 0.50% p.a. of the asset under management.

v. Depository/Custodian fee:

Charges relating to opening and operation of demat account, dematerialisation and rematerialisation, Custodian charges, etc. shall be recovered on actual basis.

vi. Registrars and Transfer Agents' fees:

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

vii. Brokerage, Transaction Costs and other Services:

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

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

Mutual Funds including JM Financial Mutual Fund may be recovering expenses or management fees, exit loads and other incidental expenses along with GST, if any, on such recoveries and such fees, exit loads and charges including GST on such recoveries, as per the relevant regulation shall be paid to the Asset Management Company of these Mutual Funds on the Client's account.

ix. Certification charges or professional charges:

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

x. Securities lending charges:

The charges pertaining to the lending of securities, costs associated with transfer of securities connected with the lending transactions shall be borne by the Clients on actual basis.

xi. Any other incidental or ancillary expenses:

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

12) Taxation:

1. General

This summary on Indian tax matters contained herein is based on existing law as on the date of this disclosure document. No assurance can be given that future legislation, administrative rulings, or court decisions will not significantly modify the conclusions set forth in this summary, possibly with retroactive effect.

The following is a summary of certain relevant provisions of the Income-tax Act, 1961 ('ITA') as amended by the Finance Act, 2023 ('Finance Act 2023).

The summary is based on laws, regulations, rulings and judicial decisions now in effect, and current administrative rules, practices and interpretations, all of which are subject to change, with possible retrospective effect.

In view of the nature of tax consequences, each client is advised to consult their own tax advisor with respect to the specific tax consequences arising to them from participation in any of the investments.

The Portfolio Manager accepts no responsibility for any loss suffered by any Investor as a result of current taxation law and practice or any changes thereto.

2. Tax Rates

The tax rates stated in this tax chapter are exclusive of surcharge and health and education cess (unless stated otherwise).

The tax rates are applicable for the financial year 2023-24. Tax rates (excluding surcharge and cess) for different assessees are as below:

Assessee	% of Income Tax (refer notes below)
Individuals, Hindu Undivided Family (‘HUF’), Association of Persons (‘AOP’), Body of Individuals (‘BOI’)	Applicable slab rates
Domestic Company having turnover/gross receipt not exceeding INR 400 crores in FY 2021-22	25%
Domestic Company having turnover/gross receipt exceeding INR 400 crores in FY 2021-22 and Partnership Firm including Limited Liability Partnership (‘LLP’)	30%
Foreign Company	40%

Note 1:

Domestic company under section 115BAA of the ITA, has the option to pay tax at the rate of 22%, subject to certain prescribed conditions

Domestic manufacturing company under section 115BAB of the ITA, has an option to pay tax at the rate of 15%, subject to certain conditions.

The option under section 115BAA or 115BAB of the ITA needs to be exercised before the due date for furnishing the first of the return of income for any financial year starting from AY 2020-21 or subsequent AYs. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

Companies exercising the above options have been excluded from the applicability of Minimum Alternate Tax (‘MAT’).

The rate of surcharge and health and education cess are as under:

2.1 Surcharge rates are provided below:

Type of Investor	Surcharge rate as a % of income-tax (refer notes below)				
	If income is less than INR 50 lakhs	If income is more than INR 50 lakhs but less than INR 1 Crore	If income exceeds INR 1 Crore but less than INR 2 Crores	If income exceeds INR 2 Crores but less than INR 5 Crores	If income exceeds INR 5 crores
Individual, HUF, AOP, BOI (Resident and non-resident) (those not subject to tax rates prescribed under section 115BAC(1A) of the ITA)	Nil	10%	15%	25%	37%
Individual, HUF, AOP [other than a co-operative society], BOI (Resident and non-resident) subject to tax rates prescribed under section 115BAC(1A)	Nil	10%	15%	25%	25%

Type of Investor	Surcharge rate as a % of income-tax (refer notes below)		
	If income does not exceed 1 crore	If income exceeds INR 1 crore but less than INR 10 crores	If income exceeds INR 10 crores
Partnership firm or Limited Partnership Firm (Domestic and foreign)	Nil	12%	12%
Domestic Company (Refer note 4)	Nil	7%	12%
Foreign Company, including FPI	Nil	2%	5%

Note 1: In the case where the total income includes any income referred to in Section 111A or Section 112 or Section 112A of the ITA, surcharge on such income shall not exceed 15%.

In case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of income-tax shall not exceed 15%.

Note 2: In the case where the total income of foreign institutional investor or foreign portfolio investor ('FPI') includes any income referred to in section 115AD(1)(b) being short-term capital gains or long-term capital gains, surcharge on such income shall not exceed 15%.

Note 3: Where the total income includes dividend income, surcharge on such income shall not exceed 15%.

Note 4: The applicable surcharge rate on income chargeable to tax under sections 115BAA or 115BAB of the ITA shall be 10% irrespective of the income threshold.

Note 5: Surcharge on buyback distribution tax shall be at the rate of 12%.

2.2 Health and Education Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge.

2.3 In this tax chapter, we have used the term 'applicable slab rates' at many places. The slab rates which are applicable for individuals / HUF / AOP / BOI are as follows:

Total Income (Refer notes below)	Tax rates (refer notes below)
Up to INR 2,50,000	Nil
From INR 2,50,001 to INR 5,00,000	5%
From INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

Note 1: The Central Government *vide* the Finance (No. 2) Act, 2019 and section 87A of the ITA, has provided for a rebate on tax of an amount equal to 100% of such income-tax or an amount of INR 12,500 (whichever is less) on total income if the income does not exceed INR 5,00,000 for resident individual assessee.

Note 2: In the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR 3,00,000.

Note 3: In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 5,00,000.

With effect from FY 2023-24, the Finance Act, 2023 has inserted section 115BAC(1A) under the ITA, which introduces lower slab rates as provided under section 115BAC of the ITA and such revised slab rates shall be considered to be the default slab rates. However, the benefit of the lower slab rates will be available subject to the taxpayers forgoing certain exemptions, deductions and set-off of brought forward losses. In case, the taxpayer intends to claim deductions / exemptions, the existing tax rates and slabs will continue to apply. Such person will have the option to be taxed on its total income as per the tax rates under the old regime. The option is required to be exercised – (i) on or before the due date specified under section 139(1) of the ITA for furnishing the return of income for such assessment year, in case of a person having income from business or profession and such option once exercised shall apply to subsequent assessment years; or (ii) along with the return of income to be furnished under section 139(1) of the ITA for such assessment year in case of a person not having income referred to in clause (i). A person having income from business or profession who has exercised the above option of shifting out of the new regime shall be able to exercise the option of opting back to the new regime only once. However, a person not having income from business or profession shall be able to exercise this option every year.

Total Income	Rate of tax
Up to INR 3,00,000	Nil
From INR 3,00,001 to INR 6,00,000	5%
From INR 6,00,001 to INR 9,00,000	10%
From INR 9,00,001 to INR 12,00,000	15%
From INR 12,00,001 to INR 15,00,000	20%
INR 15,00,001 and above	30%

3. Taxability of income in the hands of the Resident and Non-resident Investor. It is envisaged that a portfolio investor, including FPI, could earn the following streams of income from investments made in the portfolio investments:

- Dividend income;
- Distribution from mutual fund;
- Interest income;
- Gains on sale of securities;
- Premium on redemption; and
- Gains on buy-back of shares.

The tax implications of each stream of income are provided below:

3.1 Dividend income on shares

The dividend income shall be taxable in the hands of the shareholders at the applicable rates.

As per Section 80M of the ITA, in case any Indian company receives dividend (forming part of its gross total income) from another Indian company or foreign company or business trust and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing tax return under section 139 of the ITA), then deduction can be claimed by such Indian company of so much of dividend received from such another Indian company or foreign company or business trust.

Section 234C of the ITA to provide that no interest on deferment in payment of advance tax payable on dividend income should be applicable provided full tax is paid in subsequent instalments. Deemed dividend under 2(22)(e) of the ITA will not form part of the exclusion.

The dividend income shall be taxable at the following rates:

Resident investors

Dividend income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	30%
Firms / LLPs	30%
Others (Refer Note 3)	As per applicable slab rates, maximum being 30%

Note 1: The Finance Act 2023, has reduced tax rate to 25% (plus applicable surcharge and health and education cess) in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2021-22 (Assessment Year 2022-23).

Note 2: The tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the ITA shall be 22% (plus applicable surcharge and health and education cess), subject to the fulfilment of conditions prescribed in the said sections.

Note 3: Please refer to Note 3 to point 2.3 above

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Non-resident investors

Investor being FPI

Under section 115AD of the ITA, dividend income earned by FPIs shall be taxable at 20% on gross basis (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).

Other Investors

Dividend income shall be taxable in the hands of the non-resident investors at the rate of 20% under section 115A of the ITA (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA). In case the investments are made by Non-resident Indians, then such investors may be entitled to be governed by the special tax provisions under Chapter XII-A of the ITA.

Note 1: Please refer to Note 3 to point 2.3 above
Withholding tax by Indian Company

For resident investor – Flat 10% (without applying surcharge and cess) as per the provisions of section 194 of ITA. No tax shall be required to be deducted in case of a shareholder being an individual, if the dividend is paid by any mode other than cash and aggregate amount of dividend distributed or paid or likely to be distributed or paid during the year by the Company does not exceed five thousand rupees. Further, no tax shall be required to be deducted under section 194 of the ITA where specific exclusion is provided.

For non-resident investors:

f) Being FPI – 20% (plus applicable surcharge and cess) as per the provisions of section 196D of ITA (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).
g) Others - at rates in force being 20% as per the provisions of section 195 of ITA (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).

3.2 Distribution from Mutual Fund

Distributions from mutual funds shall be taxable at the following rates:

Resident investors

Distribution income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	30%
Firms / LLPs	30%
Others (Refer Note 3)	As per applicable slab rates, maximum being 30%

Note 1: The Finance Act 2023, has reduced tax rate to 25% in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2021-22- (Assessment Year 2022-23).

Note 2: The tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the ITA shall be 22% (plus applicable surcharge and health and education cess), subject to the fulfilment of conditions prescribed in the said sections.

Note 3: Please refer to Note 3 to point 2.3 above

Non-resident investors:

a) Being FPI – Under section 115AD of the ITA, distribution from mutual fund earned by FPIs shall be taxable at 20% on gross basis (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).
b) Others – The non-resident investors (being foreign Company) shall be taxable at the rate of 40%. Non-resident investor (being firms and LLPs) shall be taxable at 30% under the provisions of the ITA and Non-resident investor (others) shall be taxable as per slab rate maximum being 30%. Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA. In case the investments are made by Non-resident Indians, then such investors may be entitled to be governed by the special tax provisions under Chapter XII-A of the ITA.

Note 1: Please refer to Note 3 to point 2.3 above

Withholding tax

For resident investor:

Flat 10% (without applying surcharge and cess) as per the provisions of section 194K of ITA. No tax shall be required to be deducted in a case where aggregate amount of income credited or paid or likely to be credited or paid during the year does not exceed INR 5,000. Further, no tax shall be required to be deducted if the income is in the nature of Capital gains.

For non-resident investors:

a) Being FPI – 20% (plus applicable surcharge and cess) as per the provisions of section 196D of ITA (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).
b) Others – 20% (plus applicable surcharge and cess) as per the provisions of section 196A of ITA (subject to availability of Treaty provisions, lower than 20%). Further, no tax shall be required to be deducted under section 196A of the ITA where specific exclusion is provided.

3.3 Interest income on debt securities

As per the provisions of ITA, interest income shall be taxable at the following rates:

Resident investors

Interest income earned by	Tax rate for domestic investors
Resident companies (Refer Note 1 and 2)	30%
Firms / LLPs	30%
Others (Refer Note 3)	As per applicable slab rates, maximum being 30%

Note 1: The Finance Act 2023, has reduced tax rate to 25% in the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the Financial Year 2021-22 (Assessment Year 2022-23).

Note 2: The tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the ITA shall be 22% (plus applicable surcharge and health and education cess), subject to the fulfilment of conditions prescribed in the said sections.

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Note 3: Please refer to Note 3 to point 2.3 above

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Non-resident investors:

a) Being FPI – Under section 115AD of the ITA, interest earned by FPIs shall be taxable at 20%. However, interest referred to in section 194LD of the ITA shall be taxable at 5% before the 1st day of July, 2023 subject to fulfilment of conditions (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).
b) Others – The non-resident investors (being foreign Company) entity shall be taxable at the rate of 40%. Non-resident investor (being firms and LLPs) shall be taxable at 30% under the provisions of the ITA and Non-resident investor (others) shall be taxable as per slab rate maximum being 30%. (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA). In case the investments are made by Non-resident Indians, then such investors may be entitled to be governed by the special tax provisions under Chapter XII-A of the ITA.

Note 1: Please refer to Note 3 to point 2.3 above

Withholding tax by issuer

Resident investors:

At rates in force being 10% (without surcharge and cess). Section 193 of the ITA provides for certain cases where no withholding of tax is required.

Non-resident investors:

a) Being FPI – 5% before the 1st day of July, 2023 /20% (plus applicable surcharge and cess) as per the provisions of section 194LD / 196D of ITA (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).
b) Others – The non-resident investors (being foreign Company) entity shall be taxable at the rate of 40%. Non-resident investor (being firms and LLPs) shall be taxable at 30% under the provisions of the ITA and Non-resident investor (others) shall be taxable as per slab rate maximum being 30%. (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).

3.4 Gains on sale of securities

Gains characterised as capital gains

The ITA, provides for a specific mechanism for computation of capital gains. Capital gains are computed by deducting from the sale consideration, the cost of acquisition and certain other expenses. The tax payable on capital gains would depend on whether the capital gains are long-term or short-term in nature. Depending on the period for which the securities are held, capital gains earned by the Investors would be treated as short term or long-term capital gains. The taxability of capital gains is discussed below:

Type of instrument	Period of holding	Characterisation
Listed Securities (other than a unit), units of equity-oriented funds, units of Unit Trust of India and Zero- Coupon bonds	More than twelve (12) months	Long-term Capital Asset
	Twelve (12) months or less	Short-term Capital Asset
Shares of a company (other than shares listed on a recognised stock exchange)	More than twenty-four (24) months	Long-term Capital Asset
	Twenty-four (24) or less	Short-term Capital Asset
Other securities	More than thirty-six (36) months	Long-term Capital Asset
	Thirty-six (36) months or less	Short-term Capital Asset

Taxability of capital gains under the ITA (without considering the benefits under the Treaty for non-resident investors) should be as follows:

Sr. No	Particulars	Resident investors	Non-resident investors [Note 1]	FPI
		Tax rate (%) excluding applicable surcharge and health and education cess		
1	Short-term capital gains on transfer of listed equity shares, to be listed shares sold through offer for sale, units of an equity-oriented fund and units of a business trust on which securities transaction tax ('STT') has been paid (Note 7)	15%	15%	15%
2	Any other short-term capital gains (Note 7)	30% [Note 2]	30% (in case of firms/LLP/foreign non-corporates) / 40% (in case of foreign company) (assumed highest slab rate for individuals – Note 2)	30%
3	Long-term capital gains on transfer of: (i) (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented fund (iv) units of a business trust and on which STT has been paid[Note 3 and 8]	10% (without indexation)	10% [Note 4]	10% [Note 4]
4	Long term capital gains on sale of listed bonds or listed debentures (other than units of mutual fund) on which STT has	10% (without indexation) [Note 5]	10% (without indexation) [Note 5]	10% [Note 4]

	not been paid			
5	Long term capital gains on transfer of listed securities (other than units, listed bonds and listed debentures) and on which STT has not been paid	10% (without indexation) or 20%, whichever is lower	10% (without indexation) [Note 5]	10% [Note 4]
6	Long term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity-oriented fund (Note 7)	20% (with indexation)	20% (with indexation)	10% [Note 4]
7	Long-term capital gains on transfer of unlisted bonds or unlisted debentures	20% (without indexation)	10% [Note 4]	10% [Note 4]
8	Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and unlisted debentures) [Note 6]	20% (with indexation)	10% [Note 4]	10% [Note 4]

Note 1:

In case, the investments are made by Non-resident Indians, then such investors may be entitled to be governed by the special tax provisions under Chapter XII-A of the ITA.

Note 2:

Assuming highest slab rates for individual investors.

In the case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the FY 2021-22 (AY 2022-23), the tax rate would be 25% (plus surcharge and health and education cess).

Domestic companies have the option to pay tax on total income at the rate of 22% as per section 115BAB and section 115BAA (plus applicable surcharge and health and education cess).

Please refer to Note 3 to point 2.3 above

Note 3:

The cost of acquisition of equity shares or units of an equity oriented funds acquired before 1 February 2018, shall be higher of:

- the actual cost of acquisition; and
- Lower of:
  - Fair market value as on 31 January 2018, determined in the prescribed manner; and
  - Value of consideration received or accruing upon transfer.

The CBDT issued a notification dated 1 October 2018, wherein the list of transactions has been specified in respect of which the provision of sub-clause (a) of clause (iii) of sub-section (1) of section 112A of the ITA shall not apply.

Note 4:

Without considering indexation and foreign exchange fluctuation benefit.

Note 5:

The Indian Revenue Authorities may disregard the said position and apply a tax rate of 20%.

Note 6:

As per section 50CA of the ITA, where the consideration received or accruing on account of transfer of unlisted shares is less than the Fair market value of such share, determined in the prescribed manner, the fair value as determined should be deemed to be the full value of consideration for the purpose of computing capital gains.

The CBDT vide notification dated July 12, 2017 (with effect from April 1, 2017) has issued rules for computation of FMV for the purpose of section 50CA of the ITA. Where the actual sales consideration is disregarded and the fair market value, as computed under section 50CA read with the IT Rules is considered for the purpose of determination of capital gains, the investors or the Fund may be taxable on an amount that may be greater than gains realised. The taxability of such gains would be as discussed above.

The CBDT vide notification[1] has notified Rule 11UAD which provides that the above provision shall not apply for to any consideration received / accruing on transfer from such class of persons and subject to fulfilment of conditions prescribed.

Note 7:
As per section 50AA of the ITA introduced by the Finance Act 2023, capital gains on transfer/redemption/maturity of specified mutual funds[2] acquired on or after 01 April 2023 and market linked debentures[3] shall be deemed to be short term capital gains (irrespective of the period of holding) and such short term capital gains shall be chargeable to tax at the ordinary tax rates (Refer tax rates provided for ‘Other short term capital gains’ in the table above).

Note 8:
i. LTCG above INR 1 lakh on following transfers shall be taxable at 10% (excluding surcharge and cess):
a. listed equity shares (STT paid on acquisition and transfer)
b. units of equity-oriented fund (STT paid on transfer); and
c. units of business trust (STT paid on transfer)

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

Note 9:
The cost of acquisition of bonus shares should be taken as 'Nil' while computing capital gains on transfer of such bonus shares.

[1] no. 42 /2020/F. No.370149/143/2019-TPL dated 30 June 2020

[2] As per explanation (ii) to section 50AA of the ITA, “Specified Mutual Fund” means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures. In a scenario where the Scheme fulfils the conditions mentioned for being a specified mutual fund, there is a litigation risk of units of the Scheme being treated as specified mutual fund.

[3] As per explanation (i) to section 50AA of the ITA, "Market Linked Debenture" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a Market Linked Debenture by the Securities and Exchange Board of India.

Note 10:
The non-resident investors shall be entitled to the beneficial provisions of the DTAA, if any, subject to providing a valid TRC along with Form 10F and claim a lower taxability of such income subject to fulfilment of the relevant conditions under the applicable DTAA.

<u>Withholding tax</u>

<u>Resident investors</u>: Refer to point 4.1 below.

<u>Non-resident investors:</u>
a) Being FPI – No withholding of taxes
b) Others – rates in force (being the rates provided above) as per the provisions of section 195 of ITA (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA)

Gains are characterised as 'business income' - for investors other than FPIs

If the gains are characterised as business income, then the same should be taxable on net income basis at the rate of 30% for resident investors. Kindly note, we have assumed highest rate for resident individual investors.

The Finance Act 2023, has reduced the tax rate to 25% in case of domestic companies having a total turnover or gross receipts not exceeding 400 crores in the FY 2021-22 (AY 2022-23). Also, as provided earlier, domestic companies have the option to pay tax on total income at the rate of 15% or 22%.

If the gains are characterised as business income, then the same should be taxable on net income basis at 40% for foreign company if it has a business connection/ permanent establishment in India, and such income is attributable to the business connection/ permanent establishment of the non-resident in India. Non-resident investor (being firms and LLPs) shall be taxable at 30% under the provisions of the ITA and Non-resident investor (others) shall be taxable as per slab rate maximum being 30%. The non-resident investors, where treaty benefits are available, shall be entitled to the provisions of the Treaty to extent beneficial than the ITA.

<u>Withholding tax</u>

<u>Resident investors:</u> Refer to point 4.1 below.

<u>Non-resident investors:</u>
c) Being FPI – Not Applicable.
d) Others – rates in force (being the rates provided above) as per the provisions of section 195 of ITA (Where treaty benefits are available, the taxpayer shall be entitled to the provisions of the Treaty to extent beneficial than the ITA).

3.5 <u>Premium on redemption:</u>

Where redemption premium is classified as capital gains, the same shall be taxable at the rate specified against capital gains. If redemption premium is classified as interest, it shall be taxable at the rate specified against interest.

3.6 <u>Proceeds on buy-back of shares by a domestic company</u>

As per section 10(34A) of the ITA, gains arising on buy back of shares shall be exempt in the hands of investors. However, a distribution tax at the rate of 20% (plus applicable surcharge of 12% and health and education cess of 4%) shall be payable by the Indian company on distribution of income by way of buyback of its shares if the buy-back is in accordance with the provisions of any law for the time being in force relating to companies. Such distribution tax shall be payable on the difference between consideration paid by such Indian company for purchase of its own shares and the amount that was received by the Indian company at the time of issue of such shares, determined in the manner prescribed. In this regard, Rule 40BB of IT Rules provide for mechanism for determining the amount received by the Indian company in respect of issue of shares.

4. Other tax considerations

4.1 Deduction of tax at source on payment of certain sum for purchase of goods

Section 194Q of ITA provides that any person (i.e., a buyer) who is responsible for paying any sum to any resident (i.e., seller) for purchase of any goods of the value or aggregate of such value exceeding INR 50 lakhs in any previous year, shall, at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier, deduct an amount equal to 0.1% of such sum exceeding INR 50 lakhs as income-tax.

For the purpose of this clause, the term "buyer" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed INR 10 crore during the financial year immediately preceding the financial year in which the purchase of goods is carried out, not being a person, as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

It should however be noted that CBDT has issued Circular No. 13/2021 dated 30 June 2021 inter alia clarifying that the above provisions shall not apply to:

- to transactions in shares and commodities transacted through recognised stock exchanges/ recognised clearing corporations, including those located in International Financial Service Centres,
- a non-resident purchaser whose purchase of goods from seller resident in India, is not effectively connected with the permanent establishment of such non-resident in India.
- on purchase of goods from a person, being a seller, who as a person is exempt from income tax under the ITA (like person exempt under section 10) or under any other Act passed by the Parliament (e.g., RBI Act, ADB Act etc.). This will not apply where only part of income of the person is exempt.

The provisions of this section 194Q shall not apply to a transaction on which—
(a) tax is deductible under any of the provisions of this ITA; and

(b) tax is collectible under the provisions of section 206C other than a transaction to which sub-section (1H) of section 206C applies.

4.2 Withholding Taxes with respect to any benefit / perquisite

The Finance Act, 2022 has inserted section 194R in the ITA, which provides that any person responsible for providing any benefit or perquisite (whether convertible into money or not) arising from carrying out of a business or exercising of a profession by such person, to another resident, should deduct tax at source at 10% of the value of such benefit or perquisite as specified in the ITA, before providing such benefit or perquisite, as the case may be.

4.3 Application to Assessing Officer for credit of TDS

Finance Act 2023 has introduced provision to provide that where any income has been included in the return of income furnished by an assessee under section 139 of the ITA for any assessment year (herein referred to as the relevant assessment year) and tax on such income has been deducted at source and paid to the credit of the Central Government in a subsequent financial year, the Assessing Officer shall, on an application made by the assessee in such form, as may be prescribed, within a period of two years from the end of the financial year in which such tax was deducted at source, amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year. However, the credit of such tax deducted at source shall not be allowed in any other assessment year.

4.4 Collection of tax at source on sale of goods

Under Section 206C(1H) of the ITA, the seller who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding INR 50 lakhs, at the time of receipt of such amount, shall collect from the buyer, a sum equal to 0.1 % of the sale consideration exceeding INR 50 lakhs as income-tax. Further, in case the buyer does not furnish his Permanent Account Number (‘PAN’) or Aadhaar number to the seller, then the tax shall be collected by the seller at the rate of 1%. Provided further, that the provision of section 206C(1H) of the ITA shall not apply, if the buyer is liable to deduct tax at source under any other provisions of the ITA on the goods purchased by him from the seller and has deducted such amount.

For the purpose of this clause, the term "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed INR 10 crore during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

It should however be noted that CBDT vide circular No. 17/2020 has clarified that the above provisions are not applicable to transactions in shares and commodities transacted through recognised stock exchanges/ recognised clearing corporations, including those located in International Financial Service Centres.

In a transaction where both TCS provision – Section 206(IH) and TDS provision – 194Q of the ITA are applicable, then in such transaction, Section 194Q shall prevail.

TCS at higher rate

Section 206CCA of the ITA applies on any sum or amount received by a person from a specified person. The TCS rate in this section is higher of the following rates:

a. twice the rate specified in the relevant provision of the ITA; or
b. the rate of 5%.

If the provision of section 206CC of the ITA is applicable to a specified person, in addition to the provision of this section, the tax shall be collected at higher of the two rates provided in this section and in section 206CC of the ITA.

For the purposes of section 206CCA of the ITA "specified person" has been defined to mean a person who has not filed the returns of income for the assessment year relevant to the previous years immediately prior to the previous year in which tax is required to be collected, for which the time limit of filing return of income under section 139(1) of the ITA, has expired; and the aggregate of tax collected at source in his case is rupees fifty thousand or more in each of these two previous years. It is also provided that such specified person shall not include a non-resident who does not have a permanent establishment in India.

The rate of TCS under section 206CCA shall not exceed 20%[4].

4.5 Default in providing PAN

The income tax provisions (section 206AA of the ITA) provide that where a recipient of income (who is subject to withholding provisions) does not furnish its Permanent Account Number ('PAN'), then tax is required to be deducted by the payer at the higher of the following i.e., (i) rates specified in the relevant provisions of the ITA; (ii) rates in force; or (iii) at 20%.

In the case of non-residents not having a PAN, this provision requiring tax deduction at a higher rate shall not apply if they furnish certain prescribed information / documents. The CBDT had issued a notification granting certain relaxations from deduction of tax at a higher rate in the case of non-resident investors or a foreign company. The provisions of section 206AA of the ITA shall not apply in respect of payments to be made which

[4] As amended by Finance Act 2023 w.e.f. 1 July 2023.

are in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, provided the deductee furnishes certain details and specified documents to the deductor.

Accordingly, in the case of investors who do not have a PAN, the tax would be required to be deducted at a minimum rate of 20%, unless certain prescribed information / documents are provided by such investors, being non-residents.

4.6 Withholding at a higher rate on account of non-filing of Return of Income

Where any sum or income or amount is paid, or payable or credited, by a person to a specified person and tax is required to be deducted at source as per provisions of the ITA (except where taxes have been withheld under certain sections of the ITA), tax shall be deducted at higher of the followings rates:

i. twice the rate specified in the relevant provision of the ITA; or
ii. twice the rate or rates in force; or
iii. the rate of 5%

The provisions of section 206AB of the ITA shall not apply to a non-resident payee who does not have a permanent establishment in India and as per Finance Act 2023, a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf.

Where the provisions of section 206AA and 206AB of the ITA are found to be applicable together, the higher of the two rates under the respective sections shall be applicable for deduction of taxes.

4.7 Advance tax instalment obligations

It will be the responsibility of the investors to meet the advance tax obligation instalments payable on the due dates prescribed under the ITA.

2.4 STT:

STT is applicable on various transactions as follows:

(a)

Transactions/Particulars	**Payable by Purchaser**	**Payable by Seller**
Delivery based purchase transaction in equity shares entered into in a recognised stock exchange	0.1%	N.A.
Delivery based sale transaction in equity shares entered in a recognised stock exchange	N.A.	0.1%
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange	N.A.	0.025%
Delivery based sale transaction of unit of equity oriented fund	N.A.	0.001%

Sale of options in securities	0.125% of the difference between the strike price and settlement price of the option (In case option is exercised)	0.0625%
Sale of futures in securities	N.A.	0.0125%
Sale of a unit of an equity oriented fund to the Mutual Fund	N.A.	0.001%
Sale of unlisted shares under an offer for sale	N.A.	0.2%
Sale of unlisted units of business trust under an offer for sale	N.A.	0.2%

4.8 Transfer of unquoted shares at less than Fair market value

As per Section 50CA of ITA, if there is a transfer of unquoted shares of a company at a value lesser than the Fair market value, then the Fair market value should be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has notified rules for computation of FMV for the purpose of section 50CA of the ITA.

The CBDT vide notification no. 42 /2020/F. No.370149/143/2019-TPL dated 30 June 2020 has notified Rule 11UAD of the Income-tax Rule, 1962 (IT Rules) which provides that the above provision shall not apply to any consideration received / accruing on transfer from such class of persons and subject to fulfilment of conditions as prescribed.

4.9 Deemed income on investment in securities

Section 56(2)(x) of the ITA provides that if any assessee receives any property (including securities) without consideration or for inadequate consideration in excess of INR 50,000 as compared to the Fair market value, Fair market value in excess of such consideration shall be taxable in the hands of the recipient. The CBDT vide Notification No. 40/2020/F. No.370149/143/2019-TPL dated 29 June 2020 has in Rule 11UAC of the IT Rules provided that above provision shall not apply to any sum of money or any property received from such class of persons and subject to fulfilment of conditions as prescribed.

The CBDT has issued rules for computation of FMV for the purpose of section 56(2)(x) of the ITA.

Accordingly, such other income should be chargeable to tax (i) at the rate of 30% (plus applicable rates of surcharge and cess) in case of resident investors (assuming highest slab rate for resident individual) (ii) at the rate of 40% (plus applicable rates of surcharge and cess) in case of foreign companies (ii) at the rate of 30% (plus applicable rates of surcharge and cess) in case of non-resident firms/LLPs. The rates would be subject to availability of benefits under the Treaty, if any in case of non-resident investors.

4.10 General Anti Avoidance Rules ('GAAR'):

The GAAR regime as introduced in the ITA shall be effective from April 1, 2017. GAAR may be invoked by the tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the ITA;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

The GAAR provisions would override the provisions of a Tax Treaty in cases where GAAR is invoked. GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

4.11 FATCA Guidelines

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and Other reportable accounts (i.e. under CRS).

Further, if a person who is required to furnish the statement under section 285BA provides in accurate information in the statement, and where –

- the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or
- the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or
- the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA, then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

Further, the Finance Act, 2023 has inserted a new sub-section (2) in the section 271FAA of the ITA which provide that if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, the prescribed income-tax authority shall direct that the reporting financial institutions shall in addition to the penalty of fifty thousand rupees (as mentioned above), pay a sum of five thousand rupees for every inaccurate reportable account and the reporting financial institution shall be entitled to recover the amount so paid on behalf of the account holder or retain out of any moneys that may be in its possession or may come to it from every such reportable account holder.

4.12 Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting

The Organisation of Economic Co-operation and Development (‘OECD’) released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting.

MLI is an agreement negotiated under Action 15 of the OECD/G20 BEPS Project. As opposed to bilateral Double Taxation Avoidance Agreements, the MLI is intended to allow jurisdictions to swiftly amend their tax treaties to include the Tax Treaty-related BEPS recommendations in multiple Tax Treaties. MLI seeks to curb tax planning strategies that have the effect of shifting profits to low or no tax jurisdictions, supplements or modifies existing tax treaties etc.

The Union Cabinet of India issued a press release dated 12 June 2019, approving the ratification of the MLI to implement Tax Treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty. On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The MLI entered into force from 1 October 2019 and operational with effect from the financial year beginning from 1 April 2020 in respect of certain treaties signed by India.

Once MLI evolves and is implemented in future, one would need to analyse its impact at that point in time on the existing tax treaties that India has entered into with other countries. There is limited guidance or jurisprudence at present on how the above will be interpreted by the Revenue authorities and applied.

4.13 Minimum Alternate Tax

As per the ITA, if the income-tax payable on total income by any company is less than 15% (excluding applicable surcharge and health and education cess) of its book profits, the company will be required to pay MAT which will be deemed to be 15% of such book profits (excluding applicable surcharge and health and education cess). Further, MAT provisions shall not be applicable to a foreign company if such company is a resident of a country or a specified territory with which India has a Tax Treaty and the company does not have a permanent establishment in India. Also, MAT provisions are not applicable if the company is a resident of a country or a specified territory with which India does not have a Tax Treaty, but the company is not required to seek registration under any law in relation to companies.

Further, the MAT credit is allowed to be carried forward up to 15 assessment years. The Finance Act, 2017, has introduced the framework for computation of book profit for IndAS compliant companies in the year of adoption and thereafter.

In case where the domestic company opts to be taxed as per the rates and manner prescribed under Section 115BAA and 115BAB of the ITA, then MAT provisions shall not be applicable to such domestic companies. Also, MAT credit (if any) shall not be allowed to be carried forward once the company exercises the option to avail reduced tax rates as mentioned above.

4.14 Alternate Minimum Tax

As per the ITA, if the income-tax payable on total income by any person other than a company is less than the alternate minimum tax, the adjusted total income shall be deemed to be the total income of that person and he shall be liable to pay income-tax on such total income at the rate of 18.5% (excluding applicable surcharge and health and education cess). Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs.

Further, the AMT credit is allowed to be carried forward up to 15 assessment years.

These above provisions are not applicable in case of a person who exercises the option referred to in section 115BAC or section 115BAD of the ITA. Also, AMT credit (if any) shall not be allowed to be carried forward once the person exercises the option to avail reduced tax rates as mentioned above.

4.15 Bonus stripping

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of three months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the Administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive additional unit without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of nine months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units.

4.16 Dividend stripping

Section 94(7) of the ITA, 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 or income on units and sold within 9 months after such date, will be ignored to the extent of income distribution on such units claimed as tax exempt by the unit holder.

Section 94(7) of the ITA, also provides that losses arising from the sale or transfer of securities purchased within 3 months prior to the record date fixed for declaration of dividend or income on such securities and sold within 3 months after such date, will be ignored to the extent of the income distribution on such securities claimed as tax exempt by the holder of the securities. As per this Section, securities include stocks and shares.

The above provisions should not apply where the dividend received by the shareholders are taxable in their hands.

4.17 Carry-forward of losses and other provisions (applicable irrespective of the residential status)

In terms of section 70 read with section 74 of the ITA, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

4.18 Goods and Services Tax

From July 1, 2017 onwards, India has introduced Goods and Service Tax (GST). Post introduction of GST, many Indirect tax levies (including service tax) have been subsumed and GST should be applicable on services provided.

4.19 Changes in Law

While the comments outlined in this section factor in the prevalent general industry practices and current interpretations of tax laws, such positions may not have been specifically addressed or endorsed by the revenue / judicial authorities and could be subject to scrutiny.

Further, there can be no assurance that there will not be future legislative, judicial, or administrative changes in the law or interpretations thereof. Any such changes, which could be retroactive, could adversely affect the consequences, including the tax consequences, of an investment in the Fund.

13) Accounting Policies

A. Portfolio Valuation

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

Investments in Equities

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

Investment in Dervatives

For derivatives including futures and options, unrealized gains and losses will be calculated by marking to market the open positions

Investments in Mutual Funds

Investments in units of exchange traded funds (“ETF”) and close-ended schemes of mutual funds, which are listed on NSE, will be valued at the closing market price on NSE. In case the units of mutual fund are not listed on NSE or the units are not traded on NSE on a particular day, closing price on BSE will be used for valuation purpose. In case the closing price of any of the units of the mutual fund is not available either on

NSE or on BSE, then the closing price of the units on the previous working day will be taken for the valuation purpose.

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

Investment in Unlisted Securities/ Securities under Lock In Period

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Unlisted Equity / Securities would be valued in accordance with the guidelines prescribed by APMI from time to time.Debt instruments and money market instruments would be valued accordance with the guidelines prescribed by APMI from time to time.

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

B. Basis of Accounting

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

(i) The Books of Account of the Client is maintained on a historical cost basis.

(ii) Realised gains/losses will be calculated by applying the first in/first out method.

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

(iv) Unrealised gains/losses are the differences between the current market values/NAV's and the cost of the securities/price at which securities are valued on the date of admitting as a corpus.

(v) All income will be accounted on accrual or receipt basis, whichever is earlier.

(vi) All expenses will be accounted on due or payment basis, whichever is earlier.

(vii) The Portfolio Manager and the Client can adopt any specific norms or methodology for valuation of investment or for accounting the same, as may be mutually agreed between them on a case-by-case basis.

(viii) Purchase and Sale transactions are accounted for on contract date basis.

(ix) Purchases are accounted at the cost of acquisition inclusive of brokerage, stamp duty, transaction charges and entry loads in case of units of mutual fund. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction charges and exit loads in case of units of mutual fund. Securities Transaction Tax, Demat charges and Custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian..

(x) Securities Transaction Tax paid on purchase/sale of securities including derivatives, during the financial year is recognized as an expense in the books of accounts.

(xi) Bonus shares are recorded on the ex-benefit date (ex-date).

(xii) Dividend income is recorded on the ex-dividend date (ex-date).

(xiii) Interest on Debt instruments/ Fixed Deposit with banks is accounted on accrual basis.

(xiv) Tax deducted at source (TDS) on interest on Fixed Deposits is considered as withdrawal of Portfolio and debited accordingly.

(xv) Portfolio received from the Clients in the form of securities will be accounted at previous day's closing price on NSE. Where the Client withdraws Portfolio in the form of securities, the same will be accounted on the date of withdrawal at the previous closing price. In case any of the securities are not listed on NSE or they are not traded on NSE on a particular day, closing price on BSE will be used for aforesaid accounting purpose.

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

14) <u>Investors Services</u>

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

Mr. Shyam Bhutra
2nd Floor, B Wing, Suashish IT Park, Plot No. 68E,
Off. Dattapada Road, Opp. Tata Steel,
Borivali (East),
Mumbai 400 066.
Tel: 022-4505 7262

Email: shyam.bhutra@jmfl.com; lgpms@jmfl.com

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

Mr. Akshay Vora 2nd Floor, B Wing, Suashish IT Park, Plot No. 68E,
Off. Dattapada Road, Opp. Tata Steel,
Borivali (East), Mumbai 400 066.
Tel: 022-45057104 ; Email: akshay.vora@jmfl.com

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

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

(ii) Grievance Redressal and Dispute Settlement mechanism:

Grievance Redressal:

i. The aforesaid personnel of the Portfolio Manager shall attend to and address any Client query or concern as soon as practicably possible.
ii. All Clients' complaints are escalated to the Compliance department immediately on receipt of complaint.
iii. The Compliance Department reviews and monitors the status of Client's complaint and takes necessary action for quick resolution of the same.
iv. If during the review of complaint, it is noticed that the complaint is due to some procedural lapse or due to any other identifiable reasons, then necessary corrective steps are taken immediately.
v. Complaints are generally resolved within 30 days from the date of receipt and any complaint which is pending for more than 30 days is escalated to Senior Management for discussion and resolution.

Dispute Settlement Mechanism:

All disputes, differences, claims and questions whatsoever, which shall arise either during the subsistence of the agreement with the Client or afterwards with regard to the terms thereof or any clause or thing contained therein or otherwise
in any way relating to or arising there from or the interpretation of any provision therein shall be, at the first instance settled by mutual discussion, failing which the same shall be referred to, and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration proceedings shall be held in Mumbai and conducted in English.

The agreement with the Client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with theClient 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.

15) **Details of Diversification policy for portfolio manager:**

The Portfolio Manager aims to provide optimal diversification based on the investment strategy of the Investment approach, to minimize the concentration risk in the client portfolio. The Portfolio Manager shall endeavour to achieve diversification of the portfolio at a company/stock level by allocating between 15 to 30 investment ideas based on the stated investment strategy. Portfolio managers may also book profits from time to time, to lower the weight in the portfolio, if the stock price increases significantly and weight in the portfolio increases disproportionally high, and investment strategy calls for such an approach.

The Portfolio Manager will also make endeavour to achieve diversification across various sectors based on assessment of macro-economic outlook and the investment strategy. We avoid taking aggressive sector concertation risk, unless the portfolio strategy allows us to do so. E.g. Diversification across sectors may not be needed for sectoral / thematic /opportunistic strategies, due to the nature and stated objective of the strategies.

In a customised & advisory type client mandates, the diversification is a per the clients need and approval from time to time.

Further, the investments made by the Portfolio Manager into associate/related parties of the Portfolio Manager shall be with prior consent of the Investor and in accordance to the SEBI circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022 or as notified by SEBI from time to time.

Sr. No.	Name of the Director	Signature
1.	Mr. Nirav Gandhi	NIRAV MANSUKHLAL GANDHI Digitally signed by NIRAV MANSUKHLAL GANDHI DN: c=IN, o=JM FINANCIAL SERVICES LIMITED, ou=COMPANY, 2.5.4.20=ded045332f83699a05b3cdd985bab63a5a1ceb224d5bff37371586db37c2cf39, postalCode=400025, st=Maharashtra, serialNumber=4A2BEE1794A0214A529E0CE4E24C4B6981F14E0C61C0FDF007A53D842012902A, cn=NIRAV MANSUKHLAL GANDHI Date: 2023.06.14 15:19:38 +05'30'
2.	Mr. Dimplekumar Shah	DIMPLEKUMAR SHAH Digitally signed by DIMPLEKUMAR SHAH DN: c=IN, o=Personal, title=0437, pseudonym=522ac86fb9e3477ea6931dea90adde48, 2.5.4.20=917442bfcacb0ce691c7eeb56d7274a67e49456a3ad325abe91674e586671c55, postalCode=380014, st=Gujarat, serialNumber=d2d6052386a38d38928c74c831fccdecdc4b31a3e6e5b83733e64c9700981936, cn=DIMPLEKUMAR SHAH Date: 2023.06.14 15:20:32 +05'30'

Place: Mumbai

Date: January 14, 2023

M. P. Chitale & Co.
Chartered Accountants
1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 25 • Tel.: 43474301-03

The Board of Directors,
JM Financial Services Limited,
7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025.

Certificate under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

1. We have been requested by management of JM Financial Services Limited ('the Company'/'the Portfolio Manager') to certify the contents of Disclosure Document dated June 14, 2023 for portfolio management services of the Company which is prepared by the Company in accordance with the Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ('the SEBI Regulations'). We understand that the Disclosure Document is required to be submitted to the Securities and Exchange Board of India ("the SEBI") and to the clients of the Company.

Management's responsibility

2. The management of the Company is responsible for the maintenance of the books of account and such other relevant records as prescribed by applicable laws, which includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation and presentation of Disclosure Document.

3. The preparation of Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 is the responsibility of the management of the Company.

Auditor's responsibility

4. We have not performed an audit, the objective of which would be expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such an opinion.

5. For the purpose of this certificate, we have planned and performed the following procedures to determine whether anything has come to our attention that causes us to believe that the aforementioned Disclosure Document is not in compliance with the SEBI Regulations.

a) The list of persons classified as group companies and list of related parties of the company are verified as per audited financial statements provided to us by the Company;
b) The promoters and directors' qualifications, experience, ownership details are as confirmed by the Portfolio Manager and have been accepted without further verification;
c) We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to penalties or litigations against the Portfolio Manager, as mentioned in the Disclosure Document;
d) We have reviewed the figures for performance disclosed in the Disclosure Document on the basis of performance data provided to us by the Company and disclosed in SEBI reports;
e) We have reviewed the transactions with the related parties during the quarter ended March 2023 as per the list of related parties and transactions data provided by the Portfolio Manager;
f) We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to the investment objectives and policies / investment philosophy;
g) We have reviewed nature of fees and expenses as per the agreements and representations provided by the Company; and
h) We have verified the financial figures disclosed in the Disclosure Document with the audited financial statements for the respective years.

Conclusion

6. Based on the procedures performed as stated above, evidence obtained and information and explanations provided by the Company, nothing has come to our attention that causes us to believe that the Disclosure Document is not, in all material aspects, in compliance with the SEBI Regulations.

Based on our review of attached Disclosure Document, audited annual accounts of the Portfolio Manager and its other group companies and its other relevant records and information furnished by the Portfolio Manager along with representation provided, we certify that the disclosures made in the attached Disclosure Document for Portfolio Management are true, fair and adequate to enable the investors to make a well informed decision.

7. This certificate is issued solely to comply with Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (as amended from time to time) and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document or made available to any other person or persons other than being part of Disclosure Document without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our certificate is shown or into whose hands it may come without our prior written consent.

For M.P. Chitale & Co.
Chartered Accountants
Firm Reg. No. 101851W

V.V. Barje

Vidya Barje
Partner
M. No. 104994
Mumbai, June 14, 2023
UDIN: 23104994BGWOVL7996

FORM C

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

JM Financial Services Ltd
5th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi Mumbai: 400025
Telephone: 022 67040404
Fax: 022 67043139

We confirm that:

i) the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;

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

iii) the Disclosure Document has been duly certified by an independent chartered accountant M/s M.P. Chitale & Co. Chartered Accountants , 1st Floor , Prabhadevi Industrial Estate, Veer Savarkar Marg Prabhadevi, Mumbai 400025, bearing registration no 101851W dated June 14, 2023.

Signature of Principal Officer
Vinay Jaising
Managing Director-PMS
5th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi Mumbai: 400025

Date: June 14, 2023