

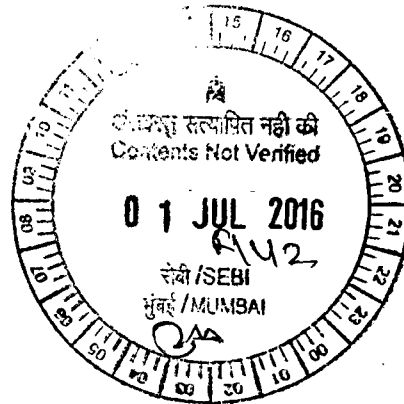
O/C

Portfolio Management SEBI Registration No: INP000000688

June 29, 2016

**Securities and Exchange Board of India
Investment Management Department**

Division of Funds- 1
SEBI Bhavan, 3rd Floor A Wing,
Plot No. C4-A, 'G' Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051



Dear Madam,

Kind Attn.: Ms. Barnali Mukherjee

Subj.: Submission of Disclosure Document

In accordance with Regulation 14 (2) of SEBI (Portfolio Managers) Regulations, 1993, please find enclosed herewith Disclosure Document dated June 29, 2016 alongwith Form C and Certificate from Chartered Accountant. The same is also updated on Company's website i.e. www.ltcapitalmarkets.com.

Kindly take this on record and acknowledge the receipt.

Thanking You,

Yours faithfully,

For **L&T Capital Markets Limited**

Bharti Jain
Company Secretary

Encl: as above

**Disclosure Document
of
Portfolio Management Services**

Offered by

L&T CAPITAL MARKETS LIMITED

The Disclosure Document has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.

The purpose of the Disclosure Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.

The Disclosure Document contains the necessary information about the Portfolio Manager, required by an investor before investing and the investor is advised to retain the document for future reference.

Principal Officer:
Mr. Prasoon Kumar

Contact Address:
L&T Capital Markets Limited
City-2, Plot No. 177, C.S.T Road,
Kalina, Santacruz (East), Mumbai – 400 098.

Email: prasoonkumar@ltcapitalindia.in
Tel: +91 22 66217300/7400
Fax: +91 22 66217509

Date: June 29, 2016

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1. DISCLAIMER

The Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time and filed with Securities and Exchange Board of India (SEBI). This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

2. DEFINITIONS

In this Disclosure Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

Sr. No.	Words and expressions	Meaning
1.	Act	'Act' means the Securities and Exchange Board of India, Act, 1992 (15 of 1992).
2.	Agreement	The agreement as executed between the Portfolio Manager and its Clients for Portfolio Management Services in terms of Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993 as may be modified from time to time.
3.	Company or LTCML or Portfolio Manager	L&T Capital Markets Limited, (the Portfolio Manager) a company incorporated under the Companies Act, 1956, and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations, 1993 vide Registration No. PM/INP000000688 dated September 17, 2014 having its validity from September 16, 2014 to September 15, 2017.
4.	Assets	Means (i) the Portfolio and/ or (ii) the Funds.
5.	Cash/ Bank Account	'Cash Account' or 'Bank Account' means one or more bank accounts opened, maintained and operated by the Portfolio Manager in the name of the Clients or a pool account in the name of the Portfolio Manager to keep the funds of all Clients, where the Funds of the Clients will be separately identified in a sub-account for the purpose of the portfolio management services to be provided by the Portfolio Manager.
6.	Chartered Accountant	Chartered Accountant means a chartered accountant as defined

Sr. No.	Words and expressions	Meaning
		in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.
7.	Client/ Investor	Client / Investor means any body corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, statutory authority, or any other person/ entity who enters into agreement with the Portfolio Manager for the management of his/her/its Portfolio.
8.	Depository	'Depository' means Depository as defined in the Depositories Act, 1996 (22 of 1996) and currently includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
9.	Depository Participant	'Depository Participant' means any person / entity with whom the Securities of the Client may be held in dematerialised form in an account opened for that purpose.
10.	Depository Account	'Depository Account' means the pool account styled as "L&T Capital Markets Limited a/c Portfolio Management Services Client account", for all its Clients for all and/or some of their products and / or individual pool accounts for each of their products or individual accounts of Clients or a combination of all or any of these at the sole discretion of the Portfolio Manager and opened, maintained and operated by the Portfolio Manager on behalf of the Client any entity, being a Depository Participant, for the purpose of providing the Portfolio Management Services.

Sr. No.	Words and expressions	Meaning
11.	Disclosure Document	'Disclosure Document' means this disclosure document issued by the Portfolio Manager for offering Portfolio Management Services, prepared in terms of Regulation 14 and Schedule V of the SEBI (Portfolio Managers) Regulations, 1993, as amended from time to time.
12.	Discretionary Portfolio Management Services	Discretionary Portfolio Management Services means the portfolio management services rendered to the Client, by the Portfolio Manager on the terms and conditions contained in the Agreement with respect to the Portfolio (including the Funds) of the Client, where the Portfolio Manager exercises its sole and absolute discretion with respect to investments or management of the Assets of the Client, entirely at the Client's risk, in such manner as the Portfolio Manager may deem fit.
13.	Funds	'Funds' means the monies placed by the Client with the Portfolio Manager and managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the proceeds of the sale or other realization of the Portfolio and interest, dividend or other monies arising from the Assets, so long as the same is managed by the Portfolio Manager
14.	Non-discretionary Portfolio Management Services	Non-discretionary Portfolio Management Services means a Portfolio Management Services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing, for an agreed fee structure and for a definite described period, invests in respect of the Client's account in any type of security entirely at

Sr. No.	Words and expressions	Meaning
		the Client's risk and ensure that all benefits accrue to the Client's Portfolio.
15.	NRI	NRI means a non-resident Indian as defined under the Foreign Exchange Management Act, 1999.
16.	Portfolio	'Portfolio' means the total holdings of Securities belonging to any person, managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes any further Securities placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
17.	Portfolio Management Services or PMS	'Portfolio Management Services or PMS' shall mean and include the Discretionary Portfolio Management Services, Non-Discretionary Portfolio Management Services and Advisory Services.
18.	Portfolio Management Fees	'Portfolio Management Fees' means fees payable by the Client to the Portfolio Manager as specified in the Agreement, for the Portfolio Management Services.
19.	Principal Officer	'Principal Officer' means officer of the Portfolio Manager who is responsible for the activities of the Portfolio Management Services and has been designated as Principal Officer by the Portfolio Manager.
20.	RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.

Sr. No.	Words and expressions	Meaning
21.	Regulations	'Regulations', unless the context indicates otherwise, means Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as may be amended from time to time.
22.	SEBI or the Board	'SEBI or the Board' means the Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
23.	Securities	'Securities' ,means securities as defined under the Securities Contracts (Regulation) Act, 1956 which includes - shares, scrips, stocks, bonds, warrants, convertible and non- convertible debentures, fixed return investments, equity linked instruments, negotiable instruments, deposits, money market instruments, commercial paper, certificates of deposit, units issued by the Unit Trust of India and / or by any Mutual Funds, mortgage backed or other asset backed securities, derivatives, derivative instruments, options, futures, foreign currency commitments, hedges, swaps or netting off and any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, any State Government or any local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by rights, bonus, redemption, preference, option or otherwise) and whether in physical or dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; and any other instruments or investments

Sr. No.	Words and expressions	Meaning
		(including borrowing or lending of securities) as may be permitted by applicable law from time to time.
24.	Securities Lending	'Securities Lending' means the Securities lending as per the Securities Lending Scheme, 1997 specified by SEBI, from time to time.
25.	EPFO	'EPFO' means Employees Provident Fund Organization

3. DESCRIPTION

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

LTCML is a part of L&T Finance Holdings Limited, which in turn is a part of Larsen & Toubro Limited (“L&T”). L&T is one of the largest and most respected companies in India’s private sector.

LTCML is duly authorised to provide Portfolio Management Services under the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time. The registration is valid till September 15, 2017.

The Portfolio Manager helps the Client decide the appropriate investment portfolio, based on his current financial situation, investment objectives, time horizon, risk tolerance and other factors, so as to optimize the client portfolio. The Portfolio Manager guides the investor through an ongoing consulting process designed to lead him towards his investing goals and keep his investment strategy on track.

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

A. Promoters of the Portfolio Manager - L&T Finance Holdings Limited (“LTFHL”)

- LTFHL is promoted by L&T, one of the leading companies in India. L&T has interest in engineering, construction, electrical and electronics manufacturing and services, IT and financial services.
- LTFHL was incorporated on May 1, 2008, with the strategic intent of holding all the investments of the L&T Group in the financial services businesses.
- LTFHL is a Non-Banking Financial Company-Core Investment Company (“**NBFC-CIC**”).
- LTFHL is a listed, financial holding company offering a diverse range of financial products and services across the corporate, retail and infrastructure finance sectors, as well as mutual fund products and investment management services, through its subsidiaries. It is present (through its direct and indirect subsidiaries) in the following businesses:

- **Retail Lending**
 - Business-to-Business – for example, equipment finance, term loans, lease arrangements, etc.
 - Business-to-Consumer – for example, vehicle loans, mortgage loans, microfinance, home loans, loans against securities etc.
- **Wholesale Lending**
 - Project Finance and Corporate Loans.
 - Financial Advisory Services.
- **Investment Management**
 - Mutual Fund and Portfolio Management Services.
 - Advisory Services.
- **Distribution Services**
 - Wealth Management.
 - Distribution business.

B. Directors of the Portfolio Manager and their background:

SR. No.	Name, Address and Date of Appointment (DoA)	Designation	Age, Qualification and Experience	Present Directorship (apart from the Company)
1.	<p>Mr. Thomas Mathew T.</p> <p>Address: A-1, Jeevan Jyot, Setalwad Lane, Nepean Sea Road Mumbai: 400026</p> <p>DOA: 09/09/2014</p>	Independent Director	<p>Age: 63 years</p> <p>Qualification:</p> <p>Mr. Thomas Mathew holds a post-graduate Diploma in Management, a post-graduation in Economics and is a Graduate in Law. He is also an Associate of the Insurance Institute of India and has an Advanced Diploma in the Spanish language.</p> <p>Experience:</p> <p>Mr. Mathew is the former Chairman-in-Charge of Life</p>	<ul style="list-style-type: none"> ● Larsen & Toubro Limited ● L&T Infra Debt Fund Limited ● Metropolitan Stock Exchange Of India Limited ● RGA Services India Private Limited ● L&T Finance Holdings

			<p>Insurance Corporation of India (LIC/ Corporation).</p> <p>Mr. Mathew has close to four decades of experience in the life insurance industry in India. After acquiring grass root operational experience in Branch and Divisional level, Mr. Mathew moved to leadership positions as Zonal Manager and Executive Director. He was then elevated by the Govt. Of India as Managing Director of the Corporation.</p> <p>Mr. Mathew has handled successfully all the functions in LIC including Marketing, Investment, IT and International operations. He was instrumental in many far reaching decisions for the Corporation.</p> <p>Mr. Mathew is currently Director on the Boards of several leading companies and is an Advisor to a Global Consultant in Insurance space.</p>	Limited
2	<p>Dr. (Mrs.) Rajani Rajiv Gupte</p> <p>Address: 10, Dream Residency, 128, Anand Park, Aundh, Pune – 411007.</p> <p>DOA: 28/03/2015</p>	Independent Director	<p>Age: 60 years</p> <p>Qualification:</p> <p>Dr. (Mrs.) Rajani Gupte had done Ph D in Economics from Gokhale Institute of Politics and Economics, Pune University, on the topic “the impact of trade liberalisation on the level of protection of Indian Industry”.</p> <p>Experience:</p> <p>Mrs. Gupte is the Vice Chancellor of Symbiosis</p>	<ul style="list-style-type: none"> • L&T Finance Limited • L&T Housing Finance Limited • Family Credit Limited • L&T Vrindavan Properties Limited

			<p>International University, Pune. During the period 2004-2012 she had also served as a Director of Symbiosis Institute of International Business (SIIB). She was actively involved in establishing SIIB as one of the leading B-Schools in India.</p> <p>She had also served as a Dean of Symbiosis International University. She had also served as member WTO committee, Government of Maharashtra, Department of Horticulture during the period 2002-06.</p>	
3	<p>Mr. Dinanath Dubhashi</p> <p>Address: Flat No. B1003, 10th Floor, Hiranandani Gardens, Avalon Powai Mumbai - 400076</p> <p>DOA: April 13, 2016</p>	Director	<p>Age: 50 Years</p> <p>Qualification BE (Mechanical) PGDM from IIM, Bangalore</p> <p>Experience:</p> <p>Mr. Dubhashi holds a B.E. (Mechanical) and has completed his PGDM from IIM, Bangalore. He has been with L&T Finance since April 2007. Prior to taking over as Chief Executive, Mr. Dubhashi has occupied various senior level positions in the organization and has been responsible for leading L&T Finance's foray into Retail Finance including Microfinance. In his position as Chief Executive, L&T Finance, Mr. Dubhashi had also overseen the other Retail Finance subsidiaries of the group viz. L&T Housing Finance Limited and Family Credit Limited at a strategic level.</p> <p>He has over 23 years of experience in various fields of financial services like Retail</p>	<ul style="list-style-type: none"> • L&T Finance Holdings Limited • L&T Housing Finance Limited • L&T Fincorp Limited • Family Credit Limited • Grameen Capital India Private Limited • L&T Finance Limited • L&T Infra Debt Fund Limited • Consumer Financial Services Limited • L&T Infra Investment Partners

			<p>Financial Services, Corporate Banking, Cash Management and Trade Finance, Credit Rating and Project Finance across various reputed Indian and international organizations. Prior to joining L&T Finance, he worked with BNP Paribas for 10 years in India and abroad, heading various important verticals like Cash Management, Trade Services and Corporate Banking products. His assignments previous to this were with Birla Sunlife, Care Ratings and SBI Capital Markets.</p> <p>He has also been appointed as a Whole time director on the Board of L&T Finance Holdings Limited, parent company.</p>	<p>Advisory Private Limited</p> <ul style="list-style-type: none"> L&T Infrastructure Finance Company Limited
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(iii) Top 10 Group companies/ firms of the Portfolio Manager on turnover basis as on March 31, 2016

Sr. No.	Name of the company
1	Larsen and Toubro Limited
2	L&T Hydrocarbon Engineering Limited
3	Larsen and Toubro Infotech Limited
4	Larsen and Toubro (Oman) LLC
5	Nabha Power Limited
6	L&T Technology Services Limited
7	L&T Infrastructure Finance Company Limited
8	L&T Finance Limited
9	Larsen and Toubro Saudi Arabia LLC
10	L&T -MHPS Boilers Private Limited

(iv) Details of the services being offered by a Portfolio Manager: Discretionary/Non discretionary/ Advisory:

(a) Discretionary Portfolio Management Services (“DPMS”):

Under DPMS, the Portfolio Manager deploys the Assets brought in by a Client by investing or divesting suitably in the capital markets as per the Act and Regulations.

The Portfolio Manager acts in a fiduciary capacity, both, as an agent as well as a trustee, with regard to the Client's account consisting of investments, accruals, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and/ or replacements or any other beneficial interest including dividend, interest, rights, bonus as well as residual cash balances, if any (represented both by quantity and in monetary value).

The Portfolio Manager provides DPMS in the nature of investment management, and includes the responsibility of managing, renewing and reshuffling the Portfolio, buying and selling the Securities, keeping safe custody of the Securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio, for an agreed fee structure and for a definite period as described, entirely at the Client's risk.

The Portfolio Manager has the sole and absolute discretion to invest on behalf of the Client in any type of security as per the Investment Objectives and Guidelines set out in the Agreement and make such changes in the investments and invest the Funds in such manner and in such markets as it deems fit. The Portfolio Manager's decision (taken in good faith) in deployment of the Clients' account shall be absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, regulations, guidelines and notifications in force from time to time.

(b) Non-Discretionary Portfolio Management Services (“NDPMS”):

In NDPMS, the investment decision of the Portfolio Manager follows the instructions received from the Client under an agreement executed between the Portfolio Manager and the Client. The deployment of Funds is the sole discretion of the Client and is to be exercised by the Portfolio Manager in a manner that complies with the Client's instruction. The decision of the Client in deployment of Funds/ disinvestment of Portfolio shall be absolute and final. The role of the Portfolio Manager apart from adhering to investments or divestments upon instructions of the Client shall be restricted to providing market

intelligence, research reports, trading strategies, trade statistics and such other material, solely on non-binding basis, which will enable the Client to take appropriate investment decisions. **However, the Portfolio Manager will continue to act and be strictly guided by relevant guidelines, Acts, Regulations and notifications in force from time to time.** For the purpose of acting on the Client's instructions, the Portfolio Manager shall take instructions in writing or through any other media mutually agreed such as e-mail, fax, telephone or suitable and secured message and may include placement of order with broker for buying and selling the Securities, keeping safe custody of the Securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio, for an agreed fee structure and for a definite described period, entirely at the Client's risk.

(c) Advisory Services:

The advisory portfolio management services, in terms of the SEBI (Portfolio Managers) Regulations, 1993, shall be in the nature of investment advisory and shall include the responsibility of advising on the Portfolio strategy and investment and divestment of individual Securities on the Client's Portfolio, for an agreed fee structure for an agreed period, entirely at the Client's risk; to all eligible category of investors who can invest in Indian markets including NRIs, FIIs, etc. The Portfolio Manager shall be solely acting as an advisor to the Portfolio of the Client and shall not be responsible for the investment/ divestment of Securities and/ or administrative activities on the Client's Portfolio. The Portfolio Manager shall provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and/ or the Client, from time to time, in this regard.

The Portfolio Manager retains the right to relax the criteria mentioned above on a case to case basis. Under each of the above type of services; the Portfolio Manager may from time to time formulate specific Products. Key features of such Products shall be made available to investors through Term Sheets/ Information Memorandum/ Product literature/ Brochures etc.

4. PENALTIES, PENDING LITIGATION OR PROCEEDING, FINDING OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY

(i) All case/s of penalties imposed by the Board or directions issued by the Board under the Act or Regulations made thereunder:

No penalties have been imposed on the Portfolio Manager by SEBI and no directions have been issued by SEBI under the Act or Regulations made thereunder.

(ii) The nature of the penalty/direction:

No penalties have been imposed on the Portfolio Manager by SEBI and no directions have been issued by SEBI under the Act or Regulations made thereunder.

(iii) Penalties imposed for any economic offence and/or for violation of any Securities laws:

There are no penalties imposed on the Portfolio Manager for any economic offence and / or for violation of any securities laws.

(iv) Any pending material litigation/legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any:

There are no pending material litigation/legal proceedings.

(v) Any deficiency in the systems and operations of the Portfolio Manager observed by the Board or any regulatory agency:

There has been no deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency.

(vi) Any enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Regulations made thereunder:

There have been no enquiry/adjudication proceedings initiated by the Board against the Portfolio Manager or its directors,

principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Regulations made thereunder.

5. PRODUCTS OFFERED BY L&T CAPITAL MARKETS LIMITED (LTCML)

LTCML offers Discretionary Portfolio Management Services (“DPMS”) to its Clients, in addition to **Non-Discretionary Portfolio Management Services (“NDPMS”)** and various types of Advisory Services. DPMS, are provides based on Client profiling and the risk appetite of the Client. Investment objectives vary from Client to Client. Depending on varied factors of Client investment motives and objectives, the Portfolio Manager presently offers the below Product under DPMS:

1. Products offered under DPMS is as follow:

- **Fund of Funds Product (“FoFP”):**

The Fund of Funds Product caters to a segment of Clients willing to take an indirect exposure to the capital markets through investments in a basket of Mutual Funds including ETFs, and offshore mutual funds. FoFP aims at capturing the potential across the mutual fund segment through a diversified portfolio of Mutual Funds including units of mutual fund schemes of Mutual Fund. The Portfolio Manager can also invest in debt instruments based on the market outlook including for the Mutual Funds and return profile of the debt instruments.

The objective of the Portfolio is long term capital appreciation through a broad based basket of Mutual funds across all the segments based on a defined asset allocation model. Identification of the mutual fund schemes for the purpose of building the portfolio would be based on thorough due diligence on the funds and evaluation of various parameters like past track record and performance of the fund houses. The selection will be guided by in-depth analysis and application of appropriate valuation and risk models.

Briefly, the Product profile embodies:

Objective	Generate long term capital appreciation
Options	- Defensive - Balanced - Aggressive

Investment Horizon	Depends on the Product launched as per the Options provided above varying from long term to short term.
Underlying Asset class	Units of Mutual Funds, Debt/ Fixed Income Instruments
Instruments	Mutual Funds including Gold ETF, debt/ fixed income instruments, shares and cash
Risk	<p>Would vary depending on the Options i.e. from Low risk to High risk.</p> <p>Example: Defensive Option would have the risk profile of Low to Medium risk, whilst, Aggressive Option would have the risk profile of Medium to High.</p>
Suitability	Could be ideal for investors with 3 risk profiles as mentioned above and seeking professional help in generating long term capital appreciation

Benchmark Index: CRISIL Composite Bond Fund Index/ CRISIL Balanced Fund Index/ Sensex (as the case may be)

Please note that, as on date Portfolio Manager does not serve any client under DPMS, NDPMS and Advisory Services, however, this document enables the Portfolio Manager to launch products under DPMS, NDPMS and Advisory Services within the guidelines as mentioned herein in the document.

Information Common to all Services offered

• Overall Investment objectives:

The corner stone of the investment objectives is long term investment performance and endeavor to optimize risks and rewards. The investment objective of the Portfolio Manager shall be preservation and growth of capital; at the same time to endeavor to reduce the risk of capital loss. This will be in accordance with the Regulations, Term sheets of the products, the Agreement and the Disclosure Document, as amended from time to time. However, while the aforesaid is the objective, it needs to be reiterated that investments in securities entail a degree of risk and that there can be no assurance and/ or guarantee of such growth or even as regards preservation of capital or of there being no capital loss.

• Indicative classes of securities/ instruments for investment:

Based on the investment philosophy, strategy and policies of the Portfolio Manager, as well as the choice of product option of the Client, the Portfolio Manager would make investments in Securities as are permitted by the Regulations from time to time.

Examples of some of the asset classes are indicated below:

- Equity and equity related securities including convertible bonds (including equity linked debentures) and debentures and warrants carrying the right to obtain equity shares;
- Securities issued/guaranteed by the Central, State Governments and local governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills);
- Obligations of Banks (both public and private sector) and Development;
- Financial Institutions like Certificate of Deposits (CDs), Coupon bearing Bonds, Zero Coupon Bonds;
- Money market instruments permitted by SEBI/RBI;
- Certificate of Deposits (CDs);
- Commercial Paper (CPs);
- Mutual Fund units, Fixed deposits, Bonds, Debentures etc;
- Derivatives including but not limited to Futures, Options, Arbitrage etc in accordance with SEBI Regulations;
- Units of venture funds;
- Securitisation instruments;
- Foreign securities as permissible by Regulations from time to time;
- Any other securities and instruments as permitted by

SEBI/ RBI or any other Regulatory bodies from time to time.

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, and rights offers or negotiated deals and invest in derivatives, including transactions for the purpose of hedging and portfolio rebalancing, through a recognized stock exchange.

The policies for investments in associates/ group companies of the Portfolio Manager and the maximum percentage of such investments therein are subject to the applicable laws/ regulations/ guidelines issued from time to time.

Following is the policy for investing in associates/ group companies of the Portfolio Manager:

- The Portfolio Manager shall evaluate investments in associates/ group companies on merits and the same shall be done on arm's length basis;
- The investments made shall be sound and backed by justification;
- The investments shall be made in accordance with the investment objective and investment pattern of the Product.

With respect to cap on investments in associates/ group companies of the Portfolio Manager, same shall depend upon the Product selected by the Client and shall be within the overall framework of Regulations, applicable from time to time.

6. RISK FACTORS (Common for Products/ Portfolio):

1. Securities Investments including investments in NCDs are subject to market risks, credit rate risk, liquidity risk, redeployment risk, interest rate risks, counter party risks, risks due to movement in futures and options Markets, risk associated with investment in securitized debt, risk due to changes in economic and political developments, and foreign exchange risks and there is no assurance or guarantee that the objective of investments will be achieved.
2. Investment decisions made by the Portfolio Manager may not always be profitable, as actual markets movements may be at variance with anticipated trends.
3. The past performance of the Portfolio Manager/ Issuer of NCDs does not indicate/ guarantee its future performance.
4. Clients are not being offered any guaranteed/assured returns. The Portfolio Manager does not guarantee any capital protection for any of the risk profiles. The Portfolio Manager would attempt to stay within the risk bands for each of the risk profiles on a best effort basis.
5. In case of Principal/ Capital Protected Structures, the principal amount is subject to the credit risks of the Issuer and the Investors/ Clients may or may not recover all or part of the funds in case of the default by the Issuer.
6. In case of Principal/ Capital Protected Structures, the securities are subject to model risk i.e., the securities are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.
7. The name of the Products do not in any manner indicate either the performance/ quality of the Products or its future prospects and returns, and are only the indicative names for identification and convenience.
8. The Portfolio Management Service is subject to risk arising from the investment objective, investment strategy and asset allocation.
9. The Portfolio is subject to risk arising out of non-diversification.

10. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.
11. The Portfolio Manager may, considering the overall level of risk of the Portfolio, invest in lower rated / unrated securities offering higher yields. This may increase the risk of the Portfolio.
12. Investments are subject to certain risks viz. limited liquidity in the markets, settlement risk, impeding readjustment of Portfolio composition, highly volatile stock market in India etc. Such loss could arise due to factors which by way of illustration, include, default or non-performance of a third party, company's refusal to register a security due to legal stay or otherwise, disputes raised by third parties. Mis-judgment by the Portfolio Manager or his incapacitation due to any reason however remote is also a risk. Thus the investment in capital markets involves above average risk for investors compared with other types of investment opportunities. Investments would generally be of a longer duration compared to trading in securities. There is a possibility of the value of investment and the income there from falling as well as rising depending upon the Markets - situation.
13. The investments made are subject to external risks as well such as War, Natural Calamities, and Policy changes of Local / International markets which affect stock markets.
14. Any policy change/ technology change/ obsolescence of technology would affect the investments made in a particular industry.
15. The value of the Portfolio investments may be affected generally by various factors affecting securities markets, including price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments. Consequently, the Portfolios may fluctuate and can go up or down.
16. Liquidity of the investments made by the Portfolio Manager may be restricted by the trading volumes, settlement periods and transfer procedures. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The inability of the Portfolio to make intended securities purchases due to

settlement problems could cause the Portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Portfolio due to the absence of well developed and liquid secondary markets for debt securities would result, at times, in potential losses to the Portfolio, in case of a subsequent decline in the value of securities held in the Portfolio.

17. The monies to the extent invested in Debt and Money markets securities or Debt and Money markets instruments/ mutual fund schemes, are likely to be affected by changes in the prevailing rates of interest and are likely to affect the value of the holdings and thus the value of the Portfolios.
18. The monies to the extent invested in Debt and Money markets securities or Debt and Money markets instruments/ mutual fund schemes, are subject to various risks including but not limited to credit risk and interest rate risk associated with the Portfolio and underlying securities. Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk. Changes in the prevailing rates of interest are likely to affect the value of the holdings and thus the value of the Portfolios.
19. Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
20. Currency Risk: The Portfolio Manager may also invest in overseas Fixed Income or other Securities / instruments as permitted by the concerned regulatory authorities in India. To the extent that the Portfolio of the Product / Services will be invested in securities / instruments denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes / fluctuation in the value of certain foreign

currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

21. Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. This may increase the risk of the Portfolio.
22. 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 markets securities, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of the Portfolio and may lead incurring losses till the security is finally sold.
23. The Portfolio Manager may, subject to authorisation by the Client in writing, participate in securities lending. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
24. To implement a decision of the Client regarding investments, the Portfolio Manager would have to employ the services of persons and bodies who are not the Portfolio Manager's employees and rely on them. While the Portfolio Manager, would exercise all care and take all precautions while employing such persons, it should be understood that the Portfolio Manager would not be liable for any act or omission on the part of such persons engaged by the Portfolio Manager for the purpose of making an investment or disposing off an investment and that the Portfolio Manager would not be liable for any loss caused by any act or omission on the part of such person.
25. The Portfolio Manager will also not be liable for any bona fide act of omission or commission or delay in carrying out the instructions of the Client.
26. The Portfolio Manager may invest in the units issued by

SEBI registered Venture Capital Fund (the Fund). Many of such investments made by the Fund may be illiquid, and there can be no assurance that the Fund will be able to realize profits on its investments in a timely manner. Since the Fund may make only a limited number of investments and these may involve a high degree of risk, poor performance by even a few of these investments could lead to adverse effects on the returns received by investors.

27. Risks associated with investments in derivatives: The Portfolio Manager may use derivatives instruments like Stock / Index Futures, Stock Options, Interest Rate Swaps, Forward Rate Agreements or other derivative instruments, as permitted under the Regulations and guidelines. As and when the Portfolio Manager trades in the derivatives markets, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Portfolio and the ability to forecast price or interest rate movements correctly. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
28. Short Selling Risk: Short-selling is the sale of shares that the seller does not own at the time of trading. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock he shorted and returns the stock to close out the loan.
29. Investors/ Clients are requested to note the risk associated with upward movement in markets price of security sold short may result in loss. The losses on short position may be unlimited as there is no upper limit on rise in price of a security.
30. In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Portfolio Managers, have to formulate and implement a Client identification

programme, verify and maintain the record of identity and address(es) of investors. If after due diligence, the Portfolio Manager believes that any transaction is suspicious in nature as regards money laundering, failure to provide required documentation, information, etc. the Portfolio manager shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the account of the investor(s), reject any application(s) and effect mandatory payment of termination proceeds, subject to payment of fees and any other expenses, if any.

31. Given that some of the Portfolio seeks to invest in sector specific companies, the volatility and/or performance of the said sector and/or of the scrips belonging to this sector can have a material adverse bearing on the performance of the Portfolio.
32. Some of the Portfolio aims to create value by investing in stocks that trade below the estimated fair value of the Company, which shall be judged by various quantitative valuation parameters. But, due to various reasons it may so happen that such stocks continue to languish and are not able to attain the price discovery. Accordingly, this may have material adverse impact on the performance of the Portfolio.

Prospective Clients are requested to read and understand the Risk Factors mentioned herein and in the Term Sheet, Information Memorandum, and independently consult their legal, regulatory, tax, financial and/or accounting advisors to the extent he/she/ it considers necessary in order to make their own investment decisions.

7. CLIENT REPRESENTATION

Category of Clients

Category of Clients	No. of Clients	Funds Managed (Rs. Cr.)	Discretionary / Non Discretionary (if available)
Associate / Group Companies (Last 3 Financial years)	Nil	N.A.	N.A.
Others (Last 3 Financial years)	Nil	Nil	Nil

Disclosure in respect of transaction with related parties as per the Standard specified by ICAI:

Related party disclosure

Disclosure as required by AS – 18 “Related Party Disclosure” notified under Companies Act, 2013 is as follows:

a) List of related parties: (with whom transactions were carried out during and previous year

A. Ultimate Holding Company

Larsen & Toubro Limited

B. Holding Company

L&T Finance Holdings Limited

C. Fellow Subsidiaries

L&T Housing Finance Limited
L&T Finance Limited
L&T Vrindavan Properties Limited (Formerly L&T Unnati Finance Limited)
L&T Investment Management Limited
L&T Capital Company Limited
L&T Parel Project LLP

D. Key Management Personnel

Mr. Ved Prakash Chaturvedi – Director (till September 10, 2014)

(b)	Details of transactions with related parties	(Rs. in Lakhs)	
		March 31, 2016	March 31, 2015
	Nature of transactions		
1	Remuneration paid – KMP#		
	Mr. Ved Prakash Chaturvedi	-	62.18
2	Subscription of Equity Shares		
	L&T Finance Holdings Limited	4,775.00	2,275.00
3	Intercompany borrowings taken		
	L&T Finance Holdings Limited	-	75.00
4	Intercompany borrowings repaid		
	L&T Finance Holdings Limited	-	75.00
5	Overhead support charges paid		
	L&T Finance Holdings Limited	175.95	265.23
	L&T Finance Limited	180.52	126.97

6	ESOP Charges Paid		
	L&T Finance Holdings Limited	0.12	(5.10)
7	Interest on inter-company deposits paid		
	L&T Finance Holdings Limited	-	0.06
8	Rent paid		
	L&T Vrindavan Properties Limited	16.19	15.20
	L&T Finance Limited	9.53	3.31
	Larsen & Toubro Limited	109.48	-
10	Other expenses paid to		
	Larsen & Toubro Limited	28.89	18.44
	L&T Finance Limited	7.85	2.23
	L&T Vrindavan Properties Limited	8.08	6.42
12	Brokerage & Commission earned from		
	L&T Finance Limited	5.08	-
	L&T Capital Company Limited	-	11.37
	Larsen & Toubro Ltd (Realty Division)	3.06	16.85
	L&T Parel Project LLP	(2.56)	15.41
	L&T Housing Finance Ltd	4.05	0.46
	L&T Investment Management Limited	68.82	250.12

Managerial Remuneration excludes provisions for Gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as whole

(c)	Amount due to/ from related parties	(Rs. In Lakh)	
		March 31, 2016	March 31, 2015
1	ESOP charges payable		
	L&T Finance Holdings Limited	-	0.15
2	Other expenses payable		
	Larsen & Toubro Limited	50.24	3.24
	L&T Finance Limited	4.47	-
3	Other Expenses receivable		
	Larsen & Toubro LTD (Realty Div)	0.20	-
4	Brokerage & Commission receivable		
	L&T Finance Limited	6.87	1.79
	Larsen & Toubro Ltd (Realty Div)	-	3.26

(c)	Amount due to/ from related parties	(Rs. In Lakh)	
	L&T Parel Project LLP	-	10.24
	L&T Investment Management Limited	16.72	7.45
	L&T Housing Finance Limited	0.45	-
5	Security Deposit- Rent		
	L&T Vrindavan Properties Limited	6.60	6.60

Note: Transaction shown above are inclusive of Service Tax if any

8. FINANCIAL PERFORMANCE OF L&T CAPITAL MARKETS LIMITED (BASED ON AUDITED FINANCIAL STATEMENTS) FOR LAST THREE YEARS:-

Balance Sheet

Particulars	(Rs. in Crore)		
	31-Mar-16	31-Mar-15	31-Mar-14
Sources of Funds			
Paid Up capital	47.75	22.75	16.75
Securities premium account	0.00	0.00	0.00
Deferred Tax Liability (Net)	0.00	0.00	0.00
Total	47.75	22.75	16.75
Application of funds			
Net Fixed Assets (including Capital WIP)	0.95	0.93	0.40
Investments	5.28	4.66	4.30
Other Assets	8.33	6.67	5.05
Less: Other Current Liabilities	(7.59)	(6.56)	(5.93)
Net Current Assets	0.74	0.11	(0.88)
Deferred Tax Assets	0	0.00	0.00
Profit and Loss Account	40.78	17.05	12.93
Total	47.75	22.75	16.75

Income Statement

Particulars	(Rs. in Crore)		
	31-Mar-16	31-Mar-15	31-Mar-14
Total Income	29.29	33.41	18.14
Total Expenses before Depreciation and Tax	52.5	37.29	29.43
Profit / (Loss) before Tax and Depreciation	(23.21)	(3.88)	(11.29)
Depreciation	0.52	0.24	0.06
Profit before Tax	(23.73)	(4.12)	(11.34)
Provision for Tax	0	0.00	0.00
Profit / (Loss) after Tax	(23.73)	(4.12)	(11.34)

9. PORTFOLIO MANAGEMENT PERFORMANCE OF THE PORTFOLIO MANAGER FOR THE LAST THREE YEARS:

Particulars	Year 1 (April 1, 2015 to March 31, 2016)	Year 2 (April 1, 2014 to March 31, 2015)	Year 3 (April 1, 2013 to March 31, 2014)
Fund of Fund ¹	Nil	Nil	Nil

10. NATURE OF EXPENSES:

The following are the general costs and expenses to be borne by the Client availing the services of the Portfolio Manager. The exact quantum and 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. However, the same shall be in accordance with the SEBI circular IMD/DF/13/2010, dated October 5, 2010.

¹ Performance of Portfolio manager is not available for the previous years. However, the Company is in process of acquiring clients as on the date of this Disclosure Document.

Investors may note that, the fees/ expenses that may be charged to Clients mentioned below are indicative only. The same will vary depending upon the exact nature of the services to be provided to investors.

Common for all Portfolios/ Products except Equity/ Commodities linked structure Debenture Product		
	Nature of Expenses (Indicative)	Maximum Indicative Rate of Fee (%)
(I)	Portfolio Management fee**	
	1 Fixed Fee	Up to 6% p.a.
	2 Fixed Upfront fee	Up to 10%
	3 Performance Linked Fee	Up to 50% profit sharing for returns above the hurdle rate of up to 81% p.a. Concept of high water mark shall apply
	4 Exit Loads***	Up to 10%
(II)	Custodian Fee**	Up to 2% p.a. These charges relate to opening and maintenance of Depository Accounts (wherever required), dematerialization of scrips, Securities lending and borrowing and their transfer charges in connection with the operation and management of the Client's Portfolio account.
(III)	Brokerage	Equity: Maximum of 0.5% on each transaction subject to a minimum of five paisa per security Debt: Maximum of 10 paisa on each transaction subject to a minimum of one paisa

		per security Service charges payable to the broker for execution of transactions on the stock exchange or otherwise on purchase and sale of shares, bonds, debentures, units, and other instruments.
(IV)	Transaction Charges	These are the charges payable by the broker to the exchange/SEBI/Revenue Authorities for execution of transactions on the stock exchange on purchase and sale of shares, bonds, debentures, units, and other instruments which are recovered from Client
(V)	Fund Accounting Charges**	Up to 1% p.a.
<p>**Basis of charge could be any one or combination of following : Average Daily Assets Under Management Capital Invested</p> <p>*** Exit fees Applicable only in case of early withdrawal (part or full) of the Portfolio as agreed under agreement.</p>		

Equity/ Commodities linked structure Debenture Product		
	Nature of Expenses (Indicative)	Maximum Indicative Rate of Fee (%)
I	Portfolio Management fee	
	Fixed Upfront fee	Up to 10% of Capital invested

Common Notes:

- 1) Average daily Portfolio value means the value of the Portfolio of each Client determined in accordance with the relevant provisions of the agreement executed with the Client and includes both realized and unrealized gains/ losses.

- 2) The Portfolio Manager may also be entitled to recover transaction fee, brokerage charges, straight through processing charges, demat fees, and/or disbursement made in respect of the investments (and/or disbursements) and/or any incidentals in the form of stamp duties, registration charges, professional fees, legal fees, consultancy charges, service charges etc. and such other expenses, duties, charges incurred on behalf of the Client on account of the Service provided to him/her/it.
- 3) The Portfolio Manager shall deduct directly from the Cash/ Bank Account of the Client all the fees / costs specified above or require the Client to make the payments separately to the Portfolio Manager, at the option of the Portfolio Manager. Other expenses which could be attributable to the Portfolio Management Services would also be directly deducted and the Client would be provided details of the same.
- 4) The fees charged for rendering Portfolio Management Services do not guarantee or assure, either directly or indirectly, any return on the investment made by the Client.
- 5) The exact fees charged to the Client relating to each of the above services will vary depending upon the exact nature of the services to be provided. These shall be annexed to the Agreement depending upon the services to be provided by the Portfolio Manager to the Client at the time of execution of the Agreement with the Client.
- 6) The fees charged to the Client for PMS come under the ambit of “fees for technical services” under Section 194J of the Income Tax Act, 1961 (“the Act”). As the section calls for withholding tax, the Client is required to withhold tax @ 10% on the fees that the Client pays to the Portfolio Manager, if he/ she falls under the following two categories:
 - A) Individual/ HUFs having business income exceeding Rs. 100 lakhs or income from profession exceeding Rs. 50 lakhs
 - B) Others
- 7) This implies the Client (as mentioned in point (a) and (b) above) while making payment of the fees would deduct tax at source.
- 8) For the purpose of enabling Client to deduct the tax at source, if applicable, Portfolio Manager shall furnish details

of fees directly recovered by the Portfolio Manager. Upon production of Tax Deducted at Source certificate by Client, the amount to the extent of tax so deducted would be refunded to the Client either by adding back to their Portfolio as fresh funds inward or shall be paid back to the Client as per Client's choice.

- 9) Clients are requested to carefully study and understand the Annexure, term sheet pertaining to fees and charges payable to the Portfolio Manager, mentioned in the Client Agreement.

11. TAX IMPLICATIONS TO THE DIFFERENT CATEGORIES OF INVESTORS

The information furnished below outlines briefly the key tax implications applicable to the Clients investing in the Securities based on advice received from the Portfolio Manager. The tax implications are based on the relevant provisions of the Income-tax Act, 1961 ('the Act'). Since the information below is based on the relevant provisions of the Finance Act, 2016, any subsequent changes in the said provisions could impact the overall tax considerations for the Client.

The following information is provided for general information purposes only. The following summary of the anticipated tax treatment in India does not constitute legal or tax advice and is based on the taxation law and practice in force at the date of this document. While this summary is considered to be a correct interpretation of existing laws and practice in force on the date of this document, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation, or that changes in such laws or practice will not occur. This summary does not purport to be a complete analysis of all relevant tax considerations, nor does it purport to be a complete description of all potential risks inherent in investing in the Securities based on advice received from the Portfolio Manager. Clients should make their own investigation of the tax consequences of such investment and each Client is advised to consult its own tax advisor with respect to the specific tax consequences. The Portfolio Manager is not making any representation or warranty to any Client regarding any legal interpretations and tax consequences to the Client.

1. TAXATION ON INCOME FROM SECURITIES HOLDING

1.1 Income from units of equity oriented mutual funds

As per Section 10(35) of the Act, any distribution of income made by a registered equity oriented mutual fund to its unit holders is exempt from tax in the hands of such unit holders.

Under Chapter XII-E of the Act, any income distributed by an equity oriented mutual fund is not subject to any additional distribution tax in the hands of the mutual fund.

1.2 Dividend income on shares of the domestic company

As per Section 10(34) of the Act, any distribution of income made by a domestic company, to its shareholders is exempt from tax in the hands of such shareholders.

Under Chapter XII-D of the Act, any income distributed by an Indian company by way of dividends shall be subject to additional distribution tax at the rate of 15% (plus applicable surcharge and education cess) computed in a prescribed manner.

As per Section 11BBDA of the Act, dividends received by an individual, Hindu Undivided Family (“HUF”) or a firm resident in India from a domestic Indian company, in aggregate during the financial year, exceeds Rs. 10 lakhs, then dividends income is to be taxed at 10% (plus applicable surcharge and education cess) received.

As per Section 115QA of the Act, any amount of distributed income by the Company on buy-back of shares (not being shares listed on a recognised stock exchange) from a shareholder shall be charged to tax at the rate of 20% (plus applicable surcharge and education cess) on such distributed income.

1.3 Income from units of non-equity oriented mutual funds

As per Section 10(35) of the Act, any distribution of income made by a registered non-equity oriented mutual fund to its unit holders is exempt from tax in the hands of such unit holders.

Under Chapter XII-E of the Act, any income distributed by a liquid fund or a money market mutual fund to the Clients shall be subject to additional distribution tax at the rate of 25% (plus applicable surcharge and education cess) to any person being an individual or HUF and 30% (plus applicable surcharge and education cess) to any other person.

Under Chapter XII-E of the Act, any income distributed by a mutual fund (other than a liquid fund or a money market mutual fund), to the Clients shall be subject to distribution tax at the rate of:

- (i) 25% (plus applicable surcharge and education cess) on income distributed by the mutual fund to the unit holders who are individuals or HUFs; or
- (ii) 30% (plus applicable surcharge and education cess) on income distributed by the mutual fund to all other categories of unit holders.

1.4 Interest income from other Securities

Income by way of interest on other Securities (such as bonds and debentures) is taxable and will be charged to tax at normal rates, (plus applicable surcharge and education cess) as applicable to the Clients. However, interest income from certain securities as prescribed under Section 10(15) of the Act such as certain bonds issued by the government will be exempt from tax.

2. TAXATION ON INCOME FROM SECURITIES TRANSFER

2.1 Capital gains

Clients may realize a gain or a loss on transfer of Securities. Redemption of units of a mutual fund would be regarded as a transfer.

Under the Act, the gain or loss realized on transfer of Securities may be characterized, based on facts and circumstances applicable to each Client, as either being in the nature of capital gains or as business profits.

Capital gains are liable to tax based on:

- (i) the duration for which the Securities are held prior to transfer; and
- (ii) the manner in which the transfer is effected

Capital gains realised on: (i) transfer of shares held in a domestic company and listed in a recognized stock exchange in India, securities listed in a recognized stock exchange in India, unit of a registered mutual fund or a zero coupon bond held for a period in excess of 12 months; (ii) transfer of any unlisted shares held for a period in excess of 24 months are classified as long term capital gains (iii) transfer of any other Securities held for a period in excess of 36 months are classified as long term capital gains; in any other case, the gains from such Securities are classified as short term capital gains. The period of holding for additional units issued by a registered mutual fund under the 'Reinvest Dividend Option' available in various schemes would commence from the date of allotment of additional units under such option. The period of holding for bonus shares would commence from the date of allotment of such bonus shares.

2.1.1 Long term capital gains

(i) Transfer of shares in a listed company

As per section 10(38) of the Act, long-term capital gains arising upon the transfer of shares of a listed company, for which Securities Transaction Tax (“STT”) has been paid, are exempt from income tax.

(ii) Redemption / Transfer of unit of a mutual fund or equity shares

As per section 10(38) of the Act, long-term capital gains arising on redemption of units of an ‘equity oriented fund’, for which STT has been paid, are exempt from income tax.

As per Sections 48 and 112 of the Act, long term capital gains realized on the transfer of units of a non-equity oriented mutual fund or equity shares except falling in (i) above are taxable at the rate of 20% (plus applicable surcharge and education cess) after claiming indexation benefit.

Alternatively, the Client earning such long term capital gains from sale of listed securities (other than a unit) or Zero Coupon Bonds may elect to be taxed at the rate of 10% (plus applicable surcharge and education cess), without claiming any indexation benefit.

As per Section 115AD of the Act, long term capital gains realized by foreign institutional investors (“FIIs”) /sub-accounts on transfer of units of a non-equity oriented mutual fund are taxable at the rate of 10% (plus applicable surcharge and education cess), and the FIIs/sub-accounts will not be permitted to claim indexation benefit.

2.1.2 Short term capital gains

(i) Transfer of shares in a listed company

As per Section 111A of the Act, short term capital gains realized on transfer of shares of a listed company, on which STT has been paid, are taxable at the rate of 15% (plus applicable surcharge and education cess).

(ii) Redemption / Transfer of unit of a mutual fund

As per Section 111A of the Act, short term capital gains realized on redemption of units of an equity oriented mutual fund, on which STT has been paid, are taxable at the rate of 15% (plus applicable surcharge and education cess).

Short term capital gains realized on transfer of units of a non-equity oriented mutual fund or equity shares except falling in (i) above are taxable at the normal rates applicable to the Clients. Surcharge and education cess would apply separately.

As per Section 115AD of the Act, short-term capital gains realised by FIIs/sub-accounts on transfer of units of a non-equity oriented mutual fund are taxable at the rate of 30% (plus applicable surcharge and education cess).

2.1.3 Special Provisions for low income earning individual or Hindu Undivided Family (“HUF”)

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

2.2 Business profits

Business profits are liable to tax at the normal rates applicable to the Clients. Surcharge and education cess would apply separately. In case of business profits, the Client is not entitled to claim the long-term capital gains tax exemption under section 10(38) of the Act, as discussed above.

3. SPECIAL PROVISIONS FOR SHORT-TERM REDEMPTION OR BONUS OF SECURITIES

As per Section 94(7) of the Act, where a person acquires any stock, shares or units of a registered mutual fund within a period of 3 months prior to the dividends record date and redeems such stock or shares within 3 months date and such units within 9 months after the record date, respectively, and the income distributed on such securities within this period, is exempt from income tax, then the loss suffered on transfer of such securities, to the extent of such income distributed thereunder, shall be ignored while computing income chargeable to tax.

Section 94(8) of the Act provides that where any person who acquires any units of a registered mutual fund within a period of 3 months prior to the record date is allotted additional units without consideration (i.e. bonus units) based on the original holding, any subsequent loss on sale of the original units within a period of 9 months from the record date shall be ignored for computing

income chargeable to tax. The loss so ignored will be deemed to be the cost of acquisition of bonus units (held at such time) when these bonus units are subsequently sold.

4. TAXATION FOR NON-RESIDENTS

4.1 Exchange rate fluctuations

On transfer of any capital asset, being shares or debentures of an Indian company, the capital gains that accrues to non-resident Indians would be taxable in accordance with the first proviso to Section 48 of the Act read with Rule 115A, which provides that capital gains shall be computed by converting the: (i) cost of acquisition; (ii) expenses incurred wholly and exclusively in connection with such a transfer; and (iii) full value of consideration from transfer of such shares and debentures into the same foreign currency, at the prescribed conversion rates, as was initially utilized for purchase of such shares or debentures. The capital gains so computed shall then be reconverted into Indian currency. The benefit of adjusting the cost of acquisition of the shares and debentures with cost inflation index is not available in this case.

4.2 Other specified benefits

Under Chapter XIIA of the Act, the investment income earned by the non-resident taxpayers from specified assets will be taxed at a beneficial rate. The specified assets inter-alia include:-

- (i) Shares in an Indian company; and
- (ii) Debentures issued by an Indian company (other than a private company)

The income from these investments (other than dividends declared by an Indian company) is chargeable to tax at 20% (plus applicable surcharge and education cess) and long-term capital gains on these investments are chargeable to tax at 10% (plus applicable surcharge and education cess).

Non-resident taxpayers have an option to be governed either by the provisions of Chapter XIIA of the Act or by the normal provisions of the Act.

4.3 Tax treaty benefits

Section 90 of the Act provides that taxation of non-resident Clients would be governed by the provisions of the Act, or those of a Double Taxation Avoidance Agreement (“DTAA”) that the Government of India has entered into with the Government of any

other country of which the non-resident investors are tax resident. The provisions of the DTAA prevail over those of the Act if they are more beneficial to the taxpayer. Hence, the above rates are subject to applicable DTAA benefits, if applicable. In order for the non-resident Client to obtain the benefit of a lower rate or nil rate available under a DTAA, the Client will be required to provide with a Tax Residency certificate issued by Tax Authority of the Resident country, confirming the eligibility for such DTAA benefits.

5. SECURITIES TRANSACTION TAX (“STT”)

As and when the Securities are purchased or sold, applicable STT is required to be paid to the concerned Regional Stock Exchanges at the following rates:

Sr. No.	Taxable securities transaction	Effective from 01/06/2014	Payable by
1	Purchase of an equity share in a company, where such contract is settled by the actual delivery or transfer of such share or unit.	0.10%	Purchaser- on the value of taxable securities transaction based on the volume weighted average price.
2	Purchase of a unit of an equity oriented fund, where such contract is settled by the actual delivery or transfer of such share or unit.	NIL	NA
3	Sale of a equity share in a company, where such contract is settled by the actual delivery or transfer of such share or unit	0.10%	Seller - on the value of taxable securities transaction based on the volume weighted average price.
4	Sale of a unit of an equity oriented fund, where such contract is settled by the actual delivery or transfer of	0.001%	Seller - on the value of taxable securities transaction based

Sr. No.	Taxable securities transaction	Effective from 01/06/2014	Payable by
5.	such share or unit Sale of an equity share in a company or a unit of an equity oriented fund, where such contract is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	on the volume weighted average price. Seller - on the value of taxable securities transaction based on the volume weighted average price.
6	Sale of an option in securities	0.017% / 0.05%*	Seller - on the option premium.
7.	Sale of an option in securities, where option is exercised	0.125%	Purchaser - on the settlement price.
8.	Sale of a futures in securities	0.01%	Seller - on the price at which such futures is traded.

* With effect from 1st June 2016

6. TAX RATES, SURCHARGE AND EDUCATION CESS

6.1 Tax rates applicable under the Act

Tax rates applicable to individuals, HUFs, body of individuals, association of persons and artificial juridical persons

Resident of the age of 80 years or more	Resident tax payers of the age of 60 years or more but less than 80 years	Others	Tax rates
Upto Rs. 5,00,000	Upto Rs 300,000	Up to Rs 250,000	Nil
	Rs 300,001 to Rs 500,000	Rs 250001 to Rs 500,000	10%
Rs. 5,00,001 to Rs. 10,00,000	Rs 500,001 to 10,00,000	Rs 500,001 to Rs 10,00,000	20%
Rs. 10,00,001 and above	Rs 10,00,001 and above	Rs 10,00,001 and above	30%

Note:

1. Tax deduction u/s 87 upto amount Rs. 5,000 or 100% of tax, whichever is less for resident Individual having income below Rs.5,00,000.

Tax rates applicable to other tax payers

Nature of person	Tax rates
Firms, Limited Liability Partnerships and resident corporate taxpayers (other than specified)	30%
Non-resident corporate tax payers	40%

6.2 Surcharge and education cess applicable under the Act

Nature of person	Surcharge (applicable on the total income)
For Individuals, HUFs, AOPs, BOIs and Artificial Juridical Persons	15% surcharge on tax payable, if the total income exceeds Rs. 1,00,00,000. A marginal relief is available.
For Firms, Limited Liability Partnerships, Local Authorities and Co-operative Societies	12% surcharge on tax payable if total income exceeds Rs. 1,00,00,000
For Resident Corporate taxpayers	12% surcharge on tax payable if the total income exceeds Rs. 10,00,00,000 7% surcharge on tax payable if the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000
Non-resident corporate tax payers	5% surcharge on tax payable if the total income exceeds Rs 10,00,00,000 2% surcharge on tax payable if the total income exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000

An education cess of 3% is levied for all taxpayers, on the sum of tax payable plus surcharge, if applicable.

7. TAX DEDUCTED AT SOURCE (“TDS”)

7.1 On income from Securities

7.1.1 Resident Clients

No tax is required to be deducted from any dividend income/distributions earned by resident Indian Clients on equity shares in a company / units of a registered mutual fund.

The tax will be deducted at source on the interest income from Securities earned by resident Clients under Section 193 of the Act, unless it is specifically excluded, at the rate of 10%

7.1.2 Non-resident Clients

No tax is required to be deducted from any dividend income/distributions earned by non-resident Indian Clients on equity shares in a company / units of a registered mutual fund.

The tax will be deducted at source on the interest income from Securities earned by non-resident Clients under Section 195 of the Act at the normal tax rates applicable to the Client.

However, FIIs/sub-accounts will be subject to tax deduction at source at the rate of 20 per cent (plus applicable surcharge and education cess) under Section 196D(1) of the Act.

7.2 On transfer of Securities

7.2.1 Resident Clients

No tax is required to be deducted at source from capital gains / business profits arising at the time of transfer of the Securities for resident Clients.

7.2.2 Non-resident Clients

Unless tax is exempt or reduced by applicable DTAA, the tax will be deducted at source on the taxable income earned by the non-resident Clients from the transfer of the Securities under Section 195 of the Act, at the rate at which such income is otherwise liable to tax in India (as discussed in section 2 above – i.e., for gains that are tax exempt, no tax will be deducted at source). However, no tax is deductible at source from capital gains realised by FIIs / sub-accounts on transfer of the Securities in accordance with the provisions of Section 196D(2) of the Act.

PLEASE NOTE THE FOLLOWING:

1. The tax incidence to investors could vary materially based on characterization of income (i.e. capital gains versus business profits) accruing to them.
2. In the context of international investors, there can be no assurance that tax treaty provisions, even if more favourable, will apply in determining their liability to tax in India.
3. Tax rates in India may change from time to time. Any such changes may adversely affect the taxation of the Investors.
4. In view of the particularized nature of tax consequences, each investor is advised to consult its own tax advisor with respect to specific tax consequences of investing in the Securities.

12. ACCOUNTING POLICIES FOLLOWED BY THE PORTFOLIO MANAGER WHILE ACCOUNTING FOR THE PORTFOLIO INVESTMENTS OF THE CLIENTS

Accounting under the respective portfolios is being done in accordance with the general accounting principles. The existing policies are as follows:

- a Dividend income earned by the Portfolio shall be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on the stock exchange, dividend income would be recognised on the date of declaration of dividend.
- b In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- c In determining the holding cost of investments and the gains or loss on sale of investments, the "First In First Out" method shall be followed for each security.
- d Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock markets, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the Portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- e Bonus shares to which the Portfolio becomes entitled shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Accordingly, date of

recognition of bonus shares is construed as date of acquisition for the purpose of computing short term / long-term capital gain.

- f Rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-right basis. Date of application of right shares is construed as date of acquisition for the purpose of computing short term / long term capital gain. Application for the additional shares would be recognized as acquisition on the date of allotment.
- g In cases of corporate action like stock split, the new stock received with split face value is recorded in books on ex-date. However, date of acquisition of original shares is construed as date of acquisition of stock received on split for the purpose of computing short term/long term gain
- h In cases of corporate action of demerger, the new shares received on de-merger is recorded in books on ex-date but the date of purchase of original shares is reckoned as date of acquisition for new de-merged stock for the purpose of computing gain/ (loss).
- i The cost of investments acquired or purchased shall include grossed-up brokerage, stamp charges and any charge customarily included in the broker's bought note and transaction based fees, if any, levied by Portfolio Manager except for security transaction tax. In respect of privately placed debt instruments, any front-end discount offered shall be reduced from the cost of the investment.
- j In respect of privately placed debt instruments, any front-end discount offered shall be reduced from the cost of the investment. However, In case where such securities are issued by issuer at discount to the face value and such discount is retained with the Portfolio manager as management fees, then such discount amount is added to the cost of acquisition as transaction based fees.
- k Portfolio Management Fees are recognised / accrued in accordance with the Agreement.
- l Securities Transaction Tax (STT) is recognised on the trade day when the securities are accounted for on which such STT is levied.
- m In case of the investment amount being received in form of Securities, the same will be valued at the closing price of the stock on The National Stock Exchange of India (NSE)

on the previous working day of the date on which stock is in ward as corpus. If security is not listed on NSE but is listed only on The Stock Exchange, Mumbai (BSE), the security shall be valued as aforesaid at the closing price of the stock on BSE. The Portfolio Manager's system provides for capturing the original date and cost of purchase if the Client provides for the same. The computation of capital gains for reporting to the Client will be at the original cost and date of acquisition of the Securities received from the Client. However, for the purpose of computing performance/ returns by the Portfolio Manager, date of credit of the Securities as aforesaid shall be taken to be the date of acquisition and the value of the Securities as stated above will be taken as cost of acquisition.

- n In case Assets are redeemed in form of Securities, the same will be valued at the closing price of the stock on The National Stock Exchange of India (NSE) on the previous working day of the date on which stock is recorded as corpus outward. If security is not listed on NSE but is listed only on The Stock Exchange, Mumbai (BSE), the security shall be valued as aforesaid at the closing price of the stock on BSE. The Assets so redeemed in form of Securities will be shown as investment amount returned to the Client for the purpose of reporting to the Client and shall not form part of the report of computation of capital gain. However, for the purpose of computing performance/ returns by the Portfolio Manager, date of debit as aforesaid shall be taken as date of sale and the value as stated above will be taken as the value received on sale.
- o If the corporate action results in fractional entitlements, the same will be accounted for as gain on fractional entitlement upon receipt of money from the company towards fractional entitlements.
- p Tax deducted at source/ advance tax paid in respect of gains on sale of securities in case of NRI Clients shall be construed as corpus returned back to respective NRI Client the extent of tax so deducted.
- q The amount mentioned against the expense head "Other expense" represents Upfront Management Fees
- r In case of an open offer, shares accepted by company under buy back are recognized as sell in books on the date of receipt of money from the company

- s For mutual fund, the scheme's NAV declared by Mutual Funds will be used to value Mutual Fund investments.
- t Valuations for Structured Debentures will be done as per the latest available valuation provided by the Issuer. Whenever valuation is not provided by the Issuer; such structured debentures will be valued at cost / face value. As for valuation of unlisted, de-listed securities prices are not available and hence valuation will be done as per the last available rate that may be provided by the Issuer and if the same is not available, valuation will be done at cost.

13. INVESTORS SERVICES

Investor Relations Officer Details:

Investor Relations Officer	Mr. Navin Jumani
Designation/Department	Manager
Address	City-2, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098.
Tel. no.	Tele No: +91 22 66217300
Fax no.	Fax No: +91 22 66217509
Email address	invgrievances@lccapitalindia.in

Grievance redressal and dispute settlement mechanism:

The Investment Relation Officer(s) will be the interface between the Portfolio Manager and the Client. The Investment Relation Officer(s) shall be responsible for redressing the grievances of the Clients.

All disputes, differences, claims and questions whatsoever arising from (i) the Agreement between the Client and the Portfolio Manager and (ii) the services to be rendered by the Portfolio Manager and/or their respective representatives shall be attempted to be resolved by discussions between the Parties and amicable settlement. In case the disputes remain unsettled, the same shall be referred to a sole arbitrator and such arbitration shall be 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. Such Arbitration proceedings shall be held at Mumbai.

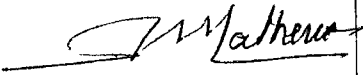
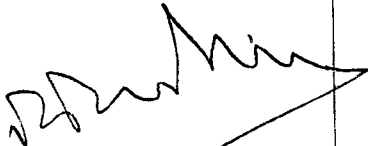
The investor grievances redressal mechanism is given below:

To ensure a timely resolution of the grievance, complaints will be escalated through following channels;

- All complaints pending for > 3 business days – Operations
- All complaints pending for > 5 business days – Report to Investor Relations Officer
- All complaints pending for >10 business days – Report to Head - PMS business / Compliance

Date: June 29, 2016
Place: Mumbai

Name and Signature of at least two Directors of the Portfolio Manager

1.	Thomas Mathew T.	
2.	Dinanath Dubhashi	

FORM C

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

L&T CAPITAL MARKETS LIMITED

Correspondence address: City-2, Plot No. 177, C.S.T Road,
Kalina, Santacruz (East), Mumbai – 400 098.

Registered Office: L&T House, Ballard Estate, P.O. Box No.
278, Mumbai – 400 001.

It is confirmed that:

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

ii) The disclosures made in the Disclosure Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the Portfolio to L&T Capital Markets Limited in its Portfolio Management;

iii) The Disclosure Document has been duly certified by an Independent Chartered Accountant viz. Mr. P. M. Iyengar (Membership no. 044696), of M/s. P. M. Iyengar & Co., Chartered Accountants, S1/107, Jai Krishna Sudama C.H.S. Limited, Bangur Nagar, Goregoan (West), Mumbai - 400090 (Tel: 9821676230) on June 29, 2016.

For L&T Capital Markets Limited

Date: June 29, 2016


Signature:

Name: Praseon Kumar

Designation: Principal Officer

City-2, Plot No. 177, C.S.T Road,
Kalina, Santacruz (East),
Mumbai – 400 098.

Date: June 29, 2016.

To,

The Assistant Manager,
Investment Management Department
Division of Funds – 1

Securities and Exchange Board of India

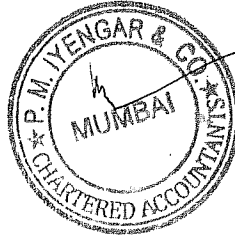
SEBI Bhavan, 3rd Floor, A Wing
Plot No C4-A, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai -400 051

This has reference to the Disclosure Document of the Portfolio Management Services business of L&T Capital Markets Limited.

In this regard, this is to certify that the disclosures made in the said Disclosure Document are true, fair and adequate to enable investors to make a well informed decision.

For **P.M. IYENGAR & CO.**
Chartered Accountants

Iyengar



P. Madhavan Iyengar
Proprietor
Membership No: 044696
Place: Mumbai