

ALMONDZ GLOBAL SECURITIES LIMITED

DISCLOSURE DOCUMENT

FOR

PORTFOLIO MANAGEMENT SERVICES

[As required under Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993]

- i. The Disclosure Document ("**Document**" or "**Disclosure Document**") has been filed with SEBI along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.
- ii. The purpose of this Document is to provide essential information about the portfolio management service in a manner to assist and enable investors in making decisions for engaging a Portfolio Manager.
- iii. The Disclosure Document is dated 15 October 2011. The Document contains necessary information about the Portfolio Manager required by an investor before investing and the investor is advised to retain this Document for future reference.
- iv. Name of the principal officer: Mr. Jagdeep Singh – Wholetime Director
Address: 2nd Floor, 3 Scindia House, Janpath, Delhi 110001
Telephone No: [+91 11 41514666]
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Email: jagdeep.singh@almondz.com

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Almondz Global Securities Ltd.

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

ALMONDZ GLOBAL SECURITIES LIMITED

Regd. Office: 2nd Floor, 3 Scindia House, Janpath
New Delhi – 110001
Tel: 91-11-41514666-669, Fax No. 91-11-41514665

Corporate Office: Grande Palladium, 175 CST Road,
Level 5, Kalina, Santacruz East, Mumbai – 400098
Tel: 91-22-66437600, Fax No. 91-22-66437700
Website: www.almondzglobal.com

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 Almondz Global Securities Ltd/ investment in the Portfolio Management.
- iii) The content of this Disclosure Document has been duly certified by an independent chartered accountant viz. Mr. Kamal Garg (Membership No. FCA-091238) of M/s AVK & Associates, Chartered Accountants, 317, Express Arcade, H-10, Netaji Subhash Place, Pitampura, New Delhi - 110034, on 25 April 2011.
- iv) Principal Officer: Mr. Jagdeep Singh
Designation: Wholetime Director
Address: 2nd Floor 3, Scindia House,
Janpath, New Delhi – 110001
Tel: [+91 11 4151 4666]
Email ID: jagdeep.singh@almondz.com

Date: 15 October 2011

Place: New Delhi

Encl: Certificate from the Chartered accountant dated 15 October 2011

1. Disclaimer

This Disclosure Document ("Document") sets forth concisely the information about the Portfolio Management Services (PMS) offered by Almondz Global Securities Limited that a prospective Client should know before investing. The contents of this document have been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended till date and have been filed with 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

- 2.1 **"Client" / "Investor"** shall mean any body corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, statutory authority or any other person who enters into agreement with the Portfolio Manager for managing his Portfolio. The Portfolio Manager may from time to time permit Non-Resident Indians (NRI's) to invest in the schemes launched by the Portfolio Manager, subject to prevailing regulations, guidelines, notifications, directives, rules or orders issued by Securities Exchange Board of India and the Reserve Bank of India (RBI).
- 2.2 **"Chartered Accountant"** means a chartered accountant as defined 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.
- 2.3 **"Discretionary Portfolio Management Services"** means such portfolio management services rendered by the Portfolio Manager wherein the Portfolio Manager exercises or may, under a contract relating to portfolio management exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be;
- 2.4 **"Funds"** shall mean the funds placed by the Client with the Portfolio Manager and any accretions thereto.
- 2.5 **"Portfolio Manager" or "Company"** shall mean Almondz Global Securities Ltd. incorporated under the Companies Act, 1956 and registered with the Securities and Exchange Board of India as a Portfolio Manager under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
- 2.6 **"Portfolio"** means the total holding of all investments, securities and funds which belong to the Client.
- 2.7 **"Portfolio Company"** means companies, enterprises, entities, special purpose vehicles in the Securities of which the monies of the Portfolio are invested.
- 2.8 **"Principal Officer"** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.
- 2.9 **"Regulations"** shall mean the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
- 2.10 **"SEBI"** means the Securities and Exchange Board of India, constituted under the SEBI Act.
- 2.11 **"SEBI Act"** means the Securities and Exchange Board of India Act, 1992 (Act 15 of 1992).

- 2.12 **“Securities”** mean and include all securities including equity shares, quasi equity shares, preference shares, debentures, convertible securities, depository receipts, bonds, units, derivatives, equity linked products, hybrid products, mortgage-backed securities, all government securities issued by the Government of India, bonds issued by the state government owned public sector organizations, including those guaranteed by the respective state governments; bonds issued by corporate entities in the private sector; bonds issued by commercial banks, debentures, other bonds, convertible securities, depository receipts, secured premium notes, government, pass-through certificates, treasury bills, debt, hybrid debt products, commercial papers, notes, and any other marketable securities/instruments of like nature or any other securities including but not limited to 'securities' as defined under section 2(h) of the Securities Contract (Regulation) Act, 1956.

3. DESCRIPTION

Historical Background/Present Business of the Portfolio Manager

Almondz Global Securities Ltd. (“Portfolio Manager”) was incorporated on 28th June, 1994 in the name and style of Allianz Share and Stock Brokers Ltd. under the Companies Act, 1956 and the Certificate of Commencement of Business was obtained on 29th July, 1994. Subsequently on 17th January, 1995, the name of the Company was changed to Allianz Securities Ltd. Thereafter, the name of the Company was further changed to Almondz Global Securities Ltd. with effect from 9th July 2007.

The Portfolio Manager obtained a certificate from SEBI dated 16 January, 2006 to act as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 bearing registration No.PM/INP INP000001579, which is renewed vide certificate dated 16 January 2009 and is valid till 15 January 2012.

The Portfolio Manager is promoted by Almondz Capital & Management Services Ltd., Mr. Navjeet S. Sobti and others.

The businesses currently carried out by the Portfolio Manager are as follows:

- Corporate Finance – Debt Syndication, Debt Origination, Infrastructure Advisory, Merchant Banking & Private Equity
- Institutional Equity Broking
- Retail Equity Broking
- Third party Financial Product distribution
- Proprietary Debt Portfolio Management
- Depository Participant services
- Portfolio Management
- Commodity Broking, NBFC activities, Insurance and Re-insurance Broking through its subsidiaries.

The Portfolio Manager is one of the leading investment banks in India, providing a wide range of investments, advisory and financial services to a substantial and diversified client base. It is also listed on the Bombay Stock Exchange Ltd. as well as National Stock Exchange of India Ltd. Its client base in the Corporate Finance segment covers all leading Public Sector Undertakings (PSUs), large Corporates and the vast and increasingly important segment of SMEs. In the Debt markets, the company has relationships with over 1000 leading Provident Funds. In Retail Distribution, it has built a large base of retail customers along with an associate / sub-broker network of 1500 across the country.

The company has a strong presence across 15 major cities in India and is manned by teams of qualified & seasoned professionals.

3.1 Promoters/Share holders (as on 30 September 2011):

	Category of the Shareholders	Equity Holding	% to total equity capital
1	Promoters Group / PAC		
	- Navjeet Singh Sobti	50,700	0.20
	- Gurpreet N. S. Sobti	50,000	0.19
	- Almondz Capital & Management Services Ltd.	12,653,314	48.88
	Sub-total	12,754,014	49.27
2	Institutional Investors	304,500	1.18
3	Private Corporate Bodies	1331718	5.14
4	Indian Public	8110122	31.33
5	NRIs/OCBs/Foreign Body Corporate	3,384,613	13.08
	Sub-total	13,130,953	50.73
	TOTAL	25,884,967	100.00

The Portfolio Manager is promoted by Almondz Capital & Management Services Ltd., Mr. Navjeet Singh Sobti and his associates.

Please find below a brief background on the promoter:

Almondz Capital & Management Services Ltd. ("ACMS"), Promoter, was incorporated on 30th September, 1991 under the Companies Act, 1956 as a Private Limited Company under the name & style of "Ashtan Capital & Management Services Pvt. Ltd." Within a year of its inception, it was converted into a Public Limited Company on 15th May, 1992. Thereafter, the name of the company was changed to "Allianz Capital & Management Services Ltd." in the year 1992, and subsequently further changed to its present name Almondz Capital & Management Services Ltd on 22 May 2007. Further, on 10 October 2008, ACMS got registered with Reserve Bank of India as a Non-Banking Finance Company. ACMS is presently, involved in making long term strategic investments, specifically in group companies and sub-broker advisory services.

Mr. Navjeet S. Sobti (FCA), Promoter and Executive Vice Chairman, aged 43 years, is one of the members of the initial teams who promoted the Company and has steered the Company to its present position of strength of being one of the largest mobilizers of funds from the domestic market for all government organizations and the private sector. He currently heads the Almondz team and his main areas of specialization include investment banking, corporate advisory services and infrastructure project financing.

3.2 Board Of Directors of The Portfolio Manager

The Board of Directors of the Portfolio Manager comprise of the following individuals. Provided herein below is a brief background on each of the directors:

Sr. No.	Background of the Directors
1	Atul Kumar Shukla (M.Sc.), Chairman , aged 64 years, was the Former Chairman of Life Insurance Corporation of India and has experience of around 41 years. He

	has held positions of Chairman/Non-Executive Chairman/ Member/ Director of many companies, some of them being LIC Housing Finance Ltd., LIC (International) B.S.C. (C) Bahrain, National Stock Exchange of India Ltd., National Commodities & Derivatives Exchange Limited, General Insurance Corporation of India, IL & FS Limited, Gujarat State Financial Corporation, Larsen & Toubro Ltd., Mittal Corp Ltd., India Infoline Trustee Co. Ltd., Gammon India Ltd., Dev Property Development Plc.
2	Mr. Navjeet S. Sobti (FCA), Promoter and Executive Vice Chairman , aged 43 years, is one of the members of the initial teams who promoted the Company and has steered the Company to its present position of strength of being one of the largest mobilizers of funds from the domestic market for all government organizations and the private sector. He currently heads the Almondz team and his main areas of specialization include investment banking, corporate advisory services and infrastructure project financing.
3	Mr. Vinay Mehta (MBA), Managing Director , aged 56 years, is a seasoned Banker having around 33 years of vast experience in various banks of repute, viz. UCO Bank, Bank of Punjab Ltd. He has acted as the Group Head – Risk with M/s Centurion Bank of Punjab Ltd as his previous appointment.
4	Mr. Jagdeep Singh (FCA), Director , aged 45 years, has more than 20 years experience in the field of marketing of financial products such as mutual funds, equity IPOs, private placement of debt instruments, etc.
5	Mr. S.R. Bansal (LL.B., FCA, MIA (USA), Director , aged 65 years, has over 38 years of professional experience in the areas of law, corporate affairs, consulting and corporate finance advisory. He is a Member of the Institute of Internal Auditors, USA since 1970 and also of the Association of Certified Fraud Examiners, USA. He has expertise in advising on placement of shares with FIs, Indian/overseas mutual funds, planning and documentation for lease financing, enlistment of shares/bonds with stock exchanges, representing Indian companies before RBI for various approvals for NRI/foreign investment in India and valuation of shares and securities, due diligence of large corporations with emphasis on M&A, takeovers and collaborations.
6	Mr. Krishan Lal Khetarpaul (M.A. Economic Statistics), Director , aged 67 years, is a seasoned banker having more than 37 years of experience with the Reserve Bank of India. He joined the Reserve Bank of India in 1965 as a Probationary Officer and retired from the services in the year 2003 as its Executive Director. Thereafter, he worked as the Director and CEO of Punjab National Bank Institute of Information Technology.
7	Mr. Surendar Kumar Sood (Retd. IAS), Director , aged 62 years, is a 1971 batch Indian Administrative Services officer. During his stint as a distinguished Civil Servant, he has vast and varied experience in administration, industrial development & policy, foreign trade, finance management and mobilization, infrastructure development, legislation & social welfare, and management of commercial enterprises at both CEO & Board level. He held the offices of Deputy Commissioner of Kinnaur & Hamirpur districts in HP; Director Industries HP; Joint Chief Controller of Imports & Exports; in-charge of Eight Northern States from UP to J&K for export promotion, administering CCS & I&E licenses; Secretary to Govt. of HP in-charge of PWD, IPH Health & Family Welfare, Science & Technology, Tourism, Transport, Urban Development; Principal Secretary, Finance & Planning, GOHP; Joint Secretary, Deptt. of Chemicals & Petrochemicals, GOI; Director General, DGS&D, GOI; Secretary, National Commission for Scheduled Castes; Secretary to the Governor, HP; Joint Secretary, Ministry of Commerce; Managing Director of State PSUs. He formulated the First Tourism Policy of HP, pioneered installation of hand pumps in hills by using modern scientific advances like Satellite Imagery to locate & harness subterranean water channels in the hills as source of pure drinking water for masses. Mr. Sood served as Director of Indian Petrochemicals Corporation Ltd., Petrofill (Baroda), Hindustan Antibiotics Ltd., Indian Drug & Pharmaceuticals Ltd., Hindustan Chemicals Ltd., HP Financial

	Corporation Ltd., HP Mineral & Industrial Development Corporation, HP Tourism Development Corporation, HP State Road Transport Corporation, besides acted as the Managing Director of HP Handlooms & Handicrafts Corporation, and HP Infrastructure Development Board.
8	Mr. Shiv Karan Singh (MBA, APC), Director , aged 59 years, is having 33 years of experience in consulting, investment banking, telecommunications, insurance, BPO and IT related services. He worked for 16 years in the US with Merrill Lynch and Equitable Life Assurance (now part of AXA). In 1999 he set up the advisory firm, India Contact Center Advisory, which provides consultancy services to major US and UK companies for BPO and IT related services. Besides, he has been (i) Country representative for Global Technology Distributors Council, US; Country representative for Lincoln Financial Group, US, and Canada Life, Canada; and Country representative for Swedish Telecom (Telia) for their joint venture with Bharti Airtel for telecommunications in India, (ii) Managing Director for Trinity Home, UK, in India for management productivity improvement consultancy to BPO, IT and Telecommunication companies, and (iii) Head of Investment Banking with HSBC in New Delhi.
9	Mr. Sanjay Kumar Tiwari (CA), Director , aged 46 years, is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and a graduate in Commerce. He has 25 years of experience in Industries ranging from Textile, Cement, Tyre & Engineering to FMCG. He has in-depth knowledge of Middle East, South East and South Asian Markets. His core expertise has been to monitor and manage the operations of varied industries from financial and commercial view point. He has also been instrumental in turning around loss making companies in countries i.e. Malaysia, Egypt, India and Middle East.
10	Mr. Abdul Redha Mustafa Abdul Redha Sultan (BBA), Director , aged 43 years, is a Bachelor in Business Administration. He has 9 years of experience in developing the business environment for the private sector in the sultanate of oman. He was selected as an honored member of international who's who for the year 1999.

3.3 Key Personnel of the Portfolio Manager:

Name	Age(years)	Qualifications	Functions & Experience (past)
Aravinda Konar	42	MBA	16 years experience in debt market dealing and debt portfolio management
Rajni Dasgupta	36	B.A.	17 years experience in fixed income institutional sales & debt portfolio management
Jagdeep Singh	46	FCA	22 years experience in the field of marketing of financial products such as mutual funds, equity IPOs, private placement of debt instruments, etc.

3.4 Top 10 Group companies / firms of the Portfolio Manager on turnover basis as on March 31, 2011 (the last audited balance sheet) -

The top Group companies/Companies under same management - 370(1B) of the Companies Act 1956, of the Portfolio Manager in India:

Sr. No.	Name of the Company	Main activity	Other particulars
1.	Almondz Insurance Brokers Pvt. Ltd. (AIBPL)	Insurance Broking	<ul style="list-style-type: none"> ◆ Incorporated on 27.03.2003 ◆ Authorised capital of the AIBPL is Rs. 2.5 Crores and paid up capital is Rs. 1.80 Crores ◆ Licensed by Insurance Regulatory

			<p>Development Authority and operates in both categories of products – life and general insurance. It offers the following services:</p> <ul style="list-style-type: none"> - Risk management - Insurance broking ◆ Human capital solutions management ◆ Income of Rs. 12.63 Crore and Net Profit After Tax of Rs. 1.66 Crores for the financial year ended March 31, 2011 ◆ Portfolio Manager has a stake of 51%
2.	Almondz Finanz Ltd (AFL)	NBFC	<ul style="list-style-type: none"> ◆ Incorporated on 12.05.2006 ◆ Authorised and paid up capital of AFL is Rs. 20 Crore ◆ Registered as a Non-Banking Finance Company with Reserve Bank of India ◆ AFL is engaged in NBF activities specifically trading in securities. ◆ Income of Rs. 8.71 Crore and Net Profit After Tax of Rs. 1.58 Crore for the financial year ended March 31, 2011 ◆ Portfolio Manager has 100% stake
3.	Almondz Capital & Management Services Ltd. (ACMSL)	Investment	<ul style="list-style-type: none"> ◆ Incorporated on 30.09.1991 ◆ Authorised capital of the ACMSL is Rs. 20 Crore and paid up capital is Rs. 13.77 Crore. ◆ Registered as a Non-Banking Finance Company with Reserve Bank of India. ◆ Income of Rs. 7.71 Crore and Net Profit After Tax of Rs. 2.81 Crores for the financial year ended March 31, 2011 ◆ Portfolio Manager has no stake
4.	Almondz Reinsurance Brokers Pvt. Ltd. (ARBPL)	Reinsurance Broking	<ul style="list-style-type: none"> ◆ Incorporated on 27.12.2006 ◆ Authorised capital of the ARBPL is Rs. 3 Crores and paid up capital is Rs. 2 Crores ◆ Licensed by Insurance Regulatory & Development Authority (IRDA) as Reinsurance Broker ◆ Income of Rs. 2.60 Crores and Net Profit After Tax of Rs. 0.38 Crores for the financial year ended March 31, 2011 ◆ Portfolio Manager has no direct stake
5.	Almondz Commodities Pvt. Ltd. (ACPL)	Commodity Broking	<ul style="list-style-type: none"> ◆ Incorporated on 17.08.2005 ◆ Authorised and paid-up capital of the ACPL is Rs. 1.75 Crore. ◆ Registered as a Commodity Broker with Multi Commodity Exchange of India Ltd. (MCX) and National Commodity & Derivatives Exchange Ltd. (NCDEX). ◆ Income of Rs. 2.17 Crore and Net Profit After Tax of Rs. 0.13 Crore for the financial year ended March 31, 2011 ◆ Portfolio Manager has 85.14% stake

3.5 Details of services being offered: Discretionary/Non Discretionary/Advisory

Under the Portfolio Management Services, the Portfolio Manager proposes to offer the following services:

- ✘ Investment Advisory Services
- ✘ Discretionary Portfolio Management Services
- ✘ Non-discretionary Portfolio Management Services

These services are offered to each Client under a specific agreement entered into between the Portfolio Manager and the Client on an exclusive basis.

- *Investment Advisory Services.* Under these services, the Client is advised on buy/sell decision within the overall profile without any back office responsibility for trade execution, custody of funds, securities or accounting functions. For such services, the Portfolio Manager charges the Client a fee for services rendered as spelt out in the agreement.
- *Discretionary Portfolio Management Services.* Under this service, all an investor has to do is to give the Portfolio Manager his Portfolio in any form i.e. in securities or cash or a combination of both. The minimum size of the Portfolio under the Discretionary Portfolio Management Services should be Rs. 5 lakhs as per the current Regulations. However, the portfolio manager reserves the right to prescribe a higher threshold product-wise or in any other manner at its sole discretion. The portfolio manager has the absolute discretion as to the investments and / or management of the portfolio of securities or the funds of the Client. An agreement outlining the details of services including the objectives, rights and responsibilities, fees and expenses, etc. shall be entered into with each client separately. Under the Discretionary Portfolio Management Services offered to the Clients, the Portfolio Manager may, from time to time, launch products that are structured towards meeting specific needs of Clients. These products would be managed in accordance with the product specifications provided by the Portfolio Manager to the Client.
- *Non-Discretionary Portfolio Management Services.* Under this service, the Portfolio Manager provides portfolio management services to the investors on a non-discretionary basis on a variety of asset classes. The investor will decide on the investments (securities quantity and the amount).

4. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTION OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR INITIATED BY ANY REGULATORY AUTHORITY AGAINST THE PORTFOLIO MANAGER.

- i. No penalties have been imposed by SEBI under the SEBI Act or any of its rules or regulations against the Portfolio Manager in any capacity including the directors or key personnel of the Portfolio Manager.
- ii. No penalties have been imposed against the Portfolio Manager, by any financial regulatory body, including stock exchanges, for any defaults in respect of shareholders, debenture holders and depositors.
- iii. No penalties have been imposed for any economic offence and violation of any securities laws against the Portfolio Manager or any of its group Companies.
- iv. There are no pending litigations / legal proceedings incidental to the business of the Portfolio Manager or key personnel.
- v. There are no pending criminal cases against the Portfolio Manager, its group companies or key personnel except the following:

The Central Bureau of Investigation (hereinafter "CBI") has filed a case under sections 120B, 420, 468, 471 of Indian Penal Code, and 13(2) read with 13(1) of the Prevention of Corruption Act, 1985 against Sri Ram Krishna Ganguly, an official of Kolkata Port Trust (hereinafter "KPT") and Allianz Securities Ltd. (presently Almondz Global Securities Ltd.), hereinafter "AGSL" and the same is pending in the court of Ld. 3rd Special Judge, CBI Court, Kolkata. The said case is in initial stages. The gist of the said case is as follows:

On 01.06.2004 and 12.10.2004, Kolkata Port Trust (hereinafter "KPT"), one of AGSL's PSU clients, invested amounts of Rs. 10 Crores and Rs. 8 Crores respectively through AGSL in the Fixed Deposit Scheme of HUDCO. AGSL was one of the Managers/Arrangers for mobilizing public deposits in HUDCO's issue and was paid Arranger Fees by HUDCO amounting to Rs. 18 Lacs on the aforesaid investments. It appeared that there existed an internal decision in KPT at the time of the aforesaid investment that KPT would only make "DIRECT" investment applications and would not route such applications through Managers/Arrangers. This fact was neither known to AGSL nor possibly either to other Managers/Arrangers who had been handling their investments. As KPT's application was arranged by AGSL and bore AGSL's rubber stamp, AGSL earned brokerage fees from HUDCO. The application of KPT to HUDCO's Fixed Deposit was accompanied by a covering letter of KPT and this was submitted to HUDCO under AGSL's covering letter. The matter was initially investigated by Vigilance Deptt. of KPT based on an internal complaint, and later the matter was handed over to Central Bureau of Investigation (CBI) for investigations. During the course of investigation, CBI had approached AGSL vide its letters dated 07.11.2007 and 16.01.2008 asking for various documents/information and books of accounts of AGSL pertaining to the financial year 2004-05 which were duly replied back by AGSL vide its letters dated 12.12.2007 and 04.02.2008 alongwith the documents/information and books of accounts asked for by CBI. Thereafter, AGSL received summons from Kolkata 3rd Special Court, CBI to appear before the said Court on 20.01.2009 in relation to the titled matter. On that day, AGSL was handed over the aforesaid documents and next date of hearing was fixed as 14.07.2009 for argument on the Charge sheet. Meanwhile, the Presiding Officer of the CBI Court got retired. On 14.07.2009, the new Presiding Officer had not been appointed and accordingly, the matter was adjourned till next date of hearing, i.e. 16.10.09 for argument on charge. On 16.10.09, the matter could not be taken up as the new presiding officer of the Hon'ble Court had not been appointed till date and the remaining documents have also not been supplied to AGSL and accordingly, the matter was adjourned till 06.01.10. On 06.01.10, the Presiding Officer of the Hon'ble Court, though appointed, was on leave and accordingly, the matter was adjourned for further proceedings. On 18.03.10, Hon'ble Court asked AGSL to inspect and accordingly the matter was adjourned till 28.05.10 with the direction to AGSL to see whether the documents filed by the co-accused are in order and to file a report regarding any objection thereto, for providing remaining documents by CBI, and argument on Charge. On 28.05.10, on account of lawyers' strike, the hearing did not take place and matter was adjourned till 22.06.10. On 22.06.10, on account of non-appearance of the co-accused (Ram Krishna Ganguly), the case was adjourned till 13.07.10 for the purpose of filing a report on the documents to be produced by the aforesaid co-accused and argument for framing of charges. On 13.07.10, the documents were filed and the case was adjourned till 16.09.10 for framing of charges. On 16.09.10, the matter was again adjourned till 15.12.10, 22.02.11 and till 05.05.11 for fixation/framing of charge. Meanwhile, AGSL decided to file a discharge application before the Hon'ble Court exonerating AGSL from the case on the next date, i.e. 05.05.11. However, AGSL's lawyer could not be able to give the application a final shape and accordingly it could not be filed. On 05.05.11, AGSL's lawyer sought adjournment which was allowed by the Court till 18.06.11 for framing of charge. On 18.06.11, AGSL filed an application for discharge and the matter was adjourned till 05.09.11 for filing objection by CBI and argument. On 05.09.11, the Public Prosecutor submitted that a

written objection would be filed, and accordingly, the matter was adjourned till 02.11.11 for filing objections and argument.

Presently, AGSL is defending the aforesaid case and it's noteworthy that it had provided services to KPT unaware of KPT's internal guidelines, and was only rendering services as a commercial organization.

- vi. There are no instances of any deficiency in the systems and operations of the Portfolio Manager, which SEBI or any other regulatory agency, which SEBI or any other regulatory agency has specifically observed.
- vii. There are no instances of any inquiries/adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the SEBI Act or rules or regulations made thereunder.

5. INVESTMENT OBJECTIVE OF THE SERVICES OFFERED BY THE PORTFOLIO MANAGER

Present investment objectives: The general objective is to formulate and device the investment philosophy to achieve long-term growth of capital by advising the clients in their investments or making investing in assets, which generates reasonable return and to ensure liquidity. The actual portfolio management style will vary in line with each client profile with regard to his stated risk tolerance levels and specific preferences or concerns (the specific objective will be as mentioned in the agreement with the client).

Types of securities: The Portfolio Manager shall advise the Client with respect to investment in Securities/ invest in all such types of Securities as defined (kindly refer to the definition) and in all such Securities as permissible from time to time.

Policies for investments in Portfolio Manager's associates/group companies and the maximum percentage of such investments therein subject to the applicable laws/regulations/ guidelines

The Portfolio Manager will not invest portfolio funds in the Securities of any associates/group companies.

6. RISK FACTORS

6.1 General Risks associated with portfolio management services

- (i) Investments in Securities are subject to market risks and include price fluctuation risks. There are no assurances or guarantees that the objectives of the investments will be achieved.
- (ii) The investments may not be suited to all categories of Investors.
- (iii) The past performance of the Portfolio Manager is not indicative of the future performance of the Portfolio Manager.
- (iv) The Client undertakes all responsibilities and agrees to bear all risks arising out of refusal by a Portfolio Company for whatever reasons, to register the transfer of any of the Securities in respect of the Client's account.
- (v) The Portfolio may be affected by the changes in the interest rates prevailing for fixed income Securities and volumes of trading.
- (vi) The Portfolio may be affected by settlement periods and transfer procedures.
- (vii) The liquidity of the Portfolio is inherently restricted by trading volumes in the Securities of Portfolio Companies.
- (viii) The portfolio management service is subject to risk arising out of non-diversification. Non-diversified portfolios tend to be more volatile than diversified portfolios.

- (ix) The Portfolio Manager has no previous experience/track record in providing Investment Advisory Services.
- (x) Investors are not being offered any guaranteed or indicative returns through any of the schemes/options.
- (xi) The names of the schemes/options do not in any manner indicate their prospects or returns.
- (xii) The performance of the schemes/options may be adversely affected by the performance of individual companies, changes in the market conditions, macro and micro factors and forces affecting capital markets in particular such as interest rate risk, credit risk, liquidity risk and reinvestment risk.
- (xiii) Derivatives and futures and options products are affected by various risks including but not limited to counter party risk and market risk different from those associated with stocks and bonds.
- (xiv) In the case of stock lending, risks relate to the defaults from counter parties with regard to securities lent and the corporate benefits accruing thereon, inadequacy of the collateral and settlement risks.
- (xv) Each portfolio will be exposed to various risks depending on the investment objective, investment strategy and the asset allocation.
- (xvi) The Portfolio Manager is not responsible or liable for any loss resulting from the operations of the schemes/options.
- (xvii) The investments made by the Portfolio Manager are also subject to limited liquidity in the market, settlement risk, impending readjustment of portfolio composition, highly volatile stock markets in India.

6.2 Market cycles

The investment made during the boom period and looking favourable may become a loss making proposition during the market recession. Hence there will always be a risk associated with the market cycle.

6.3 Management and Operational risks

(i) Reliance on the Portfolio Manager

The success of the portfolio / scheme will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Companies and the structuring of investments.

(ii) Failure to meet drawdowns by Clients

Default of any of the clients in making drawdown may restrict the Portfolio from making the planned investments in the Portfolio Companies. Such defaults may also cause the portfolio / scheme to breach the investment and payment obligations towards the Portfolio Company rendering it liable to pay damages, which may result in material adverse effect on the performance of the Portfolio/scheme.

(iii) Identification of Appropriate Investments

The success of the portfolio as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the portfolio may invest, and other factors outside the control of the portfolio/scheme. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio / scheme.

6.4 Risks related to investment in debt securities

- (i) Price-Risk or Interest-Rate Risk: Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- (ii) Credit Risk: In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down.
- (iii) Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.
- (iv) Reinvestment Risk: Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- (v) Different types of debt securities in which the Client invests, may carry different levels and types of risk. Accordingly the risk may increase or decrease depending upon its investment pattern, for instance corporate bonds carries a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AA rated, are comparatively more risky than bonds, which are AAA rated.
- (vi) The value of investment in Portfolio may go up or down depending on the various factors and forces affecting Indian capital markets and money markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in Governmental policies, taxation, political, economic or other developments and increased volatility in the bond markets.
- (vii) Corporate debt securities are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk). Debt securities may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, among others (market risk). The market for these Securities may be less liquid than that for other higher rated or more widely followed Securities.

6.5 Risk arising from the investment objective, investment strategy and asset allocation are mentioned as follows:

- (i) Investments in debt Securities will have all the risks associated with the debt markets including interest rate risk, duration risk, credit risk and reinvestment risk.
- (ii) Liquidity of the investments made in the debt securities by the Client or the Portfolio Manager, as the case may be, may be restricted by the trading volumes, settlement periods and transfer procedures. Different segments of the Indian capital 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 Client or the Portfolio Manager, as the case may be, to make intended securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities. By the same token, the inability to sell securities held by the Client, due to the absence of a well developed and liquid secondary market for debt securities, would result at times, in

potential losses to the Portfolio, should there be a subsequent decline in the value of securities held in the Portfolio.

- (iii) As with any investment in securities, the value of the portfolio can go up or down depending on various factors that may affect the values of the investments. In addition to the factors that affect the value of individual securities, the value of the portfolio can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.

7. CLIENT REPRESENTATION

7.1 Categories of Client

<i>Category of clients</i>	No. of clients	Funds Managed (Rs. in Crores)	Discretionary / Non Discretionary
Associates/ Group companies			
• As at March 31, 2011	Nil	Nil	N. A.
• As at March 31, 2010	Nil	Nil	N. A.
• As at March 31, 2009	Nil	Nil	N. A.
Others (only active clients)			
• As at March 31, 2011	1	6.11	Discretionary
• As at March 31, 2010	Nil	Nil	
• As at March 31, 2009	Nil	Nil	
<i>Total</i>			
• As at March 31, 2011	1	6.11	Discretionary
• As at March 31, 2010	Nil	Nil	
• As at March 31, 2009	Nil	Nil	

7.2 Disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India:

Almondz Global Securities Ltd. is registered with SEBI as a Category – I Merchant Banker, Underwriter and also as a Portfolio Manager (registration number INP000001579) registered under the SEBI (Portfolio Managers) Regulations 1993.

The portfolio management division of Almondz Global Securities Ltd (AGSL) may avail the services of its merchant banking division with/without any consideration for managing client portfolios.

In addition, the portfolio management division of Almondz Global Securities Ltd. may avail of the following services through its broking division and depository participant division:

- (i) Almondz being a member of the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) may offer securities trading services;
- (ii) Almondz being a member of Central Depository Services (India) Ltd. (CDSL) may offer depository participant services to the client.

Primary and secondary market operation including sale and purchase transactions from the Client's funds may be executed by the in-house broking division of the Portfolio Manager itself, or associate brokers of the Portfolio Manager.

In such cases, the Portfolio Manager shall ensure fit treatment as in an arm's length transaction to all its clients and shall also specifically ensure that the interest of its clients is not prejudiced.

Subject to compliance with the transparent disclosure standards and adherence with the valuation norms, the Portfolio Manager may sell the Securities from its own proprietary account to the Client account strictly on an arm's length basis ensuring that the interest of the Client is not prejudiced in making such sale and conflicts if any are managed by complying with the applicable laws and acting in good faith.

7.2.1 Transactions during the period with related parties are as under. The following are details of funds of related parties managed/fee charged during April 2011 – September 2011 **None**

8. FINANCIALS OF THE PORTFOLIO MANAGER

Financial performance of the Portfolio Manager/Audited financial statements of the Portfolio Manager for the preceding 3 financial years are hereunder.

The Summarised financial statements (as per audited annual accounts) are as follows:

Rs. in Lacs

	31-Mar-11	31-Mar-10	31-Mar-09
Sources of funds			
Shareholders' funds	10710.00	10093.63	9055.11
Loan funds	2571.78	2297.39	280.17
Application of funds			
Net fixed assets	4339.91	1138.23	1350.56
Current assets	10059.31	13336.30	8917.62
Less: Current liabilities and provisions	2721.06	2223.67	1640.35
Net current assets	7338.25	11112.63	7277.27
Income Statement			
Total income	7846.78	7932.45	6986.53
Total expenditure	6916.15	6227.20	5794.41
Profit before prior period items and taxes	930.63	1705.25	1192.12
Prior Period items	5.56	12.22	178.26
Profit before tax	925.07	1693.03	1013.86
Provision for tax	268.82	615.46	413.46
Profit after tax	656.25	1077.57	600.40

9. PORTFOLIO MANAGEMENT PERFORMANCE

Performance of the Portfolio Manager for the last three years, and in case of discretionary portfolio manager disclosure of performance indicators calculated using weighted average method in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

Year Ending	Portfolio Performance (%)	Benchmark Performance (%)	Value of Funds Under Management (Rs. crore)
March 31, 2011 *	1.47%	(-) 0.59%	6.11
March 31, 2010 **	N. A.	N. A.	N. A.
March 31, 2009 **	N. A.	N. A.	N. A.

* Under "Almondz Discretionary Debt Scheme" (ADD Scheme)

** Under "Almondz Compounding Growth Portfolio Scheme" (ACGP Scheme)

The ACGP Scheme commenced w.e.f. January 2008 and the last of the initial lot of clients terminated the arrangement on 31 December 2008 and post that no new client was enrolled. The Portfolio Manager has not revived the Scheme since then.

Notes:

- ***All clients have been taken into account to arrive at overall performance.***

10. NATURE OF FEES AND EXPENSES

The information provided under this section seeks to assist the Client in understanding the typical expense structure the Client is likely to incur in consideration of the Portfolio Manager providing the services of portfolio management to the Client. The following are the indicative types of costs and expenses (subject to the actuals contained in the portfolio management services agreement between the Portfolio Manager and the Client) which the Portfolio Manager will charge to the Client's account. For exact details of fees charged, kindly refer to the portfolio management services agreement.

10.1 Investment management and advisory fees

These fees are charged to Client for portfolio management services offered by the Portfolio Manager. The fee may be a fixed charge or a percentage of the quantum of funds managed or may be return based or a combination of any of these. The following is an indicative list:

- i. Fixed Fee: A fixed management fee in terms of the portfolio management services agreement.
- ii. Variable Fee: The variable management fees shall be linked to the portfolio performance and shall be charged based on the returns above a certain threshold prescribed in terms of the portfolio management services agreement.
- iii. Entry Fee: In addition to the above, the Client may be charged an entry fee in terms of the portfolio management services agreement.
- iv. Exit Fee or early termination fee: In the event of earlier termination (prior to the expiry of the contract period), an early termination fee may be charged and recovered from the Client as per the terms of portfolio management services agreement.
- v. Any other fee permissible under the Regulations and agreed between the Portfolio Manager and the Client under portfolio management services agreement.

A brief description of the various other charges is as follows:

10.2 Custodian fees

The Portfolio Manager will appoint a suitable custodian for opening and operation of dematerialized accounts, custody and transfer of shares, bonds and units, dematerialization and for operating and managing the depository accounts. The custody charges will be based on the market value of the securities and the said charges shall not exceed 25 basis points per annum of the market value of such securities, without the prior permission of the client.

Out of pocket expenses, applicable taxes and charges on the services rendered by the Custodian and depository charges shall be charged at actuals as applicable.

10.3 Registrar And Transfer Agent Fee

The Portfolio Manager shall appoint a transfer agent and the charges payable to registrars and transfer agents in connection with effecting the transfer of securities

and bonds including stamp charges, cost of affidavits, notary charges, postage stamps and courier charges will be as negotiated.

10.4 Brokerage And Transaction Costs

These will be incurred on purchase and sale of Securities. The brokerage charges and other charges like service charge, stamp duty, transaction cost, turnover tax, service tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments, opening and operation of bank accounts, expenses, counter expenses, etc.

10.5 Bank Charges

As may be applicable at actual

10.6 Stamp Duty

As may be applicable at actual

10.7 Legal Cost And Professional Fees

Costs incurred for instituting or defending legal suits, audit fees and other similar charges.

10.8 Out Of Pocket Expenses

As may be applicable at actual

10.9 Any other taxes, duties and fees, which may be levied from time to time for providing the services.

The above are broad types of costs and expenses for Clients availing the portfolio management services. As suggested above, the exact basis of charges relating to each service shall be provided in the portfolio management services agreement executed between the Portfolio Manager and the Client.

11. TAX IMPLICATIONS

Income to a portfolio client either in the form of gains from investments or interest or dividends shall be subject to tax at the applicable rates under the Income Tax Act, 1961, in force from time to time. The tax rates and other information provided in this section are subject to change from time to time.

11.1. Basic tax rates

For individuals, Hindu undivided family, Association of persons and Body of individuals

Total income	Tax rates
Up to Rs.160,000	NIL
Rs.160,001 to Rs.500,000	10%
Rs.500,001 to Rs.800,000	20%
Rs.800,001 and above	30%

- In case of resident women below the age of sixty five years, the basic exemption limit is Rs.190,000
- In case of resident individual of the age sixty five years or above, the basic exemption limit is Rs.240,000

- Education cess is applicable at 3 per cent on income tax (inclusive of surcharge, if any)

For partnership firms

- Partnership firms are taxable at 30 per cent
- Education cess is applicable at 3 per cent on income tax

For domestic companies

- Domestic companies are taxable at 30 per cent
- Surcharge at 7.5 per cent would be applicable if the total income exceeds Rs.1 crore
- Education cess is applicable at 3 per cent on income tax (inclusive of surcharge, if any)

11.2. Securities Transaction Tax ('STT')

STT is levied on the value of taxable securities transactions as under:

Taxable securities transaction	Rates	Payable by
Purchase / Sale of equity shares, units of equity oriented mutual fund (delivery based)	0.125 per cent	Purchaser/ Seller
Sale of equity shares, units of equity oriented mutual fund (non-delivery based)	0.025 per cent	Seller
Sale of an option in securities	0.017 per cent	Seller
Sale of an option in securities, where option is exercised	0.125 per cent	Purchaser
Sale of a futures in securities	0.017 per cent	Seller
Sale of unit of an equity oriented fund to the Mutual Fund	0.250 per cent	Seller

11.3. Income streams

11.3.1 Dividend income

Currently, dividends from Companies and Mutual Funds are exempt from tax in the hands of the investors. Dividend Distribution tax at 16.609 per cent would be payable by the portfolio companies at the time of declaring the dividend.

11.3.2 Gains on sale of securities / buy back of equity shares or preference shares / redemption of debentures

Traditionally, the issue of characterization of exit gains (whether taxable as Business Income or Capital Gains) has been a subject matter of litigation with the tax authorities. However, in the last few years certain advance rulings in the context of Foreign Institutional Investors¹ and Private Equity Funds² have given rise to additional uncertainty on this aspect.

The CBDT had issued draft instructions³ for characterization of such exit gains and has also issued a circular⁴ in this regard, a supplement to the earlier instruction, which advises tax authorities to consider the total effect of all principles for determination of

¹ General Electric Pension Trust (AAR No. 659 of 2005); Fidelity Advisor Series VIII (271 ITR 01)

² XYZ / ABC Equity Fund (250 ITR 194)

³ F.No.149/287/2005-TPL from CBDT dated 16 May 2006

⁴ Circular No. 4/2007, dated 15 June 2007

the character of such gains. Further, this circular discusses the possibilities of the gains being partially characterized as business income and partially as capital gains.

In view of the above, income arising on sale of securities / buy back of equity shares or preference shares / redemption of debentures could either be characterised as business income or capital gains, depending on the facts of each individual investor. Further the tax rates would depend on characteristics of the securities i.e. whether the same are held as capital assets or stock in trade) and consequently the gains will be chargeable to tax as "capital gains" or "business income".

11.3.3 Business income

If the gains are characterised as business income in the hands of the investors, then the same would be taxable at 33.22 per cent (inclusive of surcharge at 7.5 per cent and education cess at 3 per cent) on net income basis. Securities Transaction Tax ('STT') paid would be allowed as a deduction while computing business income.

Capital gains

The capital gains would be computed as under:

Sale consideration	Rs.XXX
Less: Cost of acquisition (Note 1)	Rs.XXX
Less: Expenses on such transfer	Rs.XXX
Capital gains	Rs.XXX

Note 1: In case of computation of long term capital gains, option indexation of cost is available to resident on all securities (other than bonds and debentures).

Note 2: The cost of acquisition of bonus shares would be deemed to be NIL.

Tax implications in the hands of domestic investors on sale / buy back of equity / preference shares would be as under:

Period of holding	Characterisation	Tax rate (inclusive of surcharge at 10 per cent and education cess at 3 per cent)
12 months or less	Short Term	33.22 per cent, in case of shares not listed on any recognised stock exchange in India 16.995 per cent, in case of shares listed on a recognised stock exchange and the sale / transfer is subject to STT
More than 12 months	Long term	22.66 per cent (after considering indexation) in case of shares not listed on any recognised stock exchange in India 11.33 per cent (without indexation) / 22.66 per cent (after considering indexation), whichever is less, in case of shares listed on recognised stock exchange but not subject to STT Nil, in case of shares listed on a recognised stock exchange and the sale / transfer is subject to STT

Tax implications in the hands of domestic investors on sale / redemption of debentures would be as under:

- Tax implications in the hands of domestic investors on sale / redemption of listed debentures would be as under:

Period of holding	Characterisation	Tax rates (inclusive of surcharge at 10 per cent and education cess at 3 per cent)
12 months or less	Short Term	33.22 per cent, in case of debentures irrespective of whether the same are listed or not on any recognised stock exchange
More than 12 months	Long term	11.33 ⁵ per cent, in case of debentures listed on a recognised stock exchange.

- Tax implications in the hands of domestic investors on sale / redemption of unlisted debentures would be as under:

Period of holding	Characterisation	Tax rates (inclusive of surcharge at 10 per cent and education cess at 3 per cent)
36 months or less	Short Term	• 33.22 per cent, in case of debentures irrespective of whether the same are listed or not on any recognised stock exchange
More than 36 months	Long term	• 22.66 per cent in case of debentures not listed on any recognised stock exchange.

Management fees and performance fees paid to the Portfolio Manager and STT paid would not be allowed as deduction for the purpose of capital gains computation.

11.4. Conversion of preference shares into equity shares

Conversion of preference shares into equity shares would be subject to capital gains tax at the time of conversion. The sale consideration would be the fair value of equity shares received.

At the time of sale / buy back of equity shares, capital gains would be computed by considering the cost of acquisition as the fair value of equity shares at the time conversion of preference shares into equity shares. For the purpose of computing capital gains on sale / buy back of equity shares, the period of holding would be computed from the date of conversion of preference shares into equity shares.

11.5. Conversion of debentures into equity shares

In case of convertible debentures, conversion of debentures into equity shares is not regarded as taxable transfer. Hence, there would be no capital gains tax liability on conversion of debentures into equity shares.

At the time of sale / buy back of equity shares, capital gains would be computed by considering cost of the debentures as the cost of acquisition of the equity shares. For the purpose of computing capital gains on sale / buy back of equity shares, the period of holding would be computed from the date of conversion of debentures into equity shares.

11.6. Interest income

Interest income would be characterized as 'business income' or 'income from other sources'. Expenses incurred to earn such interest income would be available as deduction.

⁵ In case of listed debentures, it is possible to take a view that concessional tax rate of 11.33% (without indexation) per proviso to section 112 of the Income tax Act, 1961 ('the Act') should be available [reliance could be placed on the decision of Authority for Advance Rulings in case of McLeod Russel India Ltd (299 ITR 79), Timken France Sas (212 CTR 349) and Compagnie Financiere Hamon (AAR no. 780 of 2008) and Mumbai Tribunal in Alcan Inc. vs DDIT (16 SOT 8)]. However, tax authorities may seek to apply normal tax rate @ 22.66% relying on Mumbai Tribunal's decision in BASF Aktiengesellschaft vs DDIT (293 ITR 1).

Interest income would be taxable at 33.22 per cent in the hands of the investors. Tax would be deducted at source by the portfolio companies at 22.66 (Companies) / 11.33 (other than companies) per cent or at rates applicable during that point of time. Credit for tax deducted at source would be allowed against the tax liability of the investor.

11.7. Income from derivative instruments

Any profits or gains arising from dealing in derivatives may be treated as income from business or profession. Derivative transactions traded on stock exchange are excluded from being treated as speculative transaction subject to fulfillment of specified conditions.

11.8. Other tax consideration

11.8.1 Loss under the head 'Profits and gains from Business or Profession'

- Business loss (other than speculative loss) can be set off against income from any other source under the same head or income under any other head (except salary income) in the same assessment year.
- If such loss cannot be set off against any other head in the same assessment year, then it will be carried forward and set off against future business income (other than speculative gains) within a period of 8 subsequent assessment years.
- Speculative business loss can be set off only against speculative business income. Such loss can be carried forward and set off within a period of 4 subsequent assessment years.

11.8.2 Loss under the head 'capital gains'

- Short term capital loss, if any, can be set off only against any income under the head 'capital gains' during the same assessment year i.e. against both short term capital gains and long term capital gains.
- Long term capital loss can be set off only against long term capital gains during the same assessment year.
- If such capital loss cannot be set off in the same assessment year, then it will be allowed to be carried forward and set off against future capital gains within a period of 8 subsequent assessment years. Short term capital loss can be carried forward and set off against any income under the head 'capital gains'. However, long term capital loss can be carried forward and set off only against long term capital gains.

11.8.3 Special provision relating to avoidance of tax

- As per Section 94(7) of the Act, capital loss, if any, (to the extent of dividend income received or receivable which are exempt from tax) arising from the sale / transfer of securities or units within a period of three months (in case of securities) and within a period of nine months (in case of units) after the record date (which were purchased within a period of three months prior to such record date) shall be ignored for the purpose of computing income chargeable to tax.
- As per Section 94(8) of the Act, in case of units purchased within a period of three months prior to the record date on which additional units are allotted (without any payment), if any or all of the purchased units are transferred within a period of nine months after the record date, while continuing to hold the additional units, the loss arising on transfer of original units shall be ignored for the purpose of computing the

income chargeable to tax. The loss so ignored shall be deemed to be the cost of acquisition of such additional units allotted.

Disclaimer: The tax information provided above is generic in nature and is subject to change from time to time. The actual tax implications for each client could vary substantially from what is mentioned above, depending on the facts and circumstances of each case. The client would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his of income or loss and the expenses incurred by him as a result of his investment in the Portfolio Management Service offered by the Portfolio Manager.

12. ACCOUNTING POLICIES

12.1 The following are the key accounting policies:

- The value of the client's portfolio will be computed on the basis of the prevailing market value of the securities comprising the Portfolio.
- The market value for thinly traded securities shall be computed as per the prevailing SEBI regulations on a case to case basis.
- In case of unlisted equity shares, the fair valuation of the Securities would be done as per the standard guidelines/market practices.
- For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- The interest on debt instruments shall be accounted for on an accrual basis. Dividends on shares and units in mutual funds shall be accounted for on a receipt basis.
- For debt securities, the securities would be marked to market, wherein the underlying quotes/prices are available. The valuation of the debt securities shall be done as per the guidelines provided by the Fixed Income Money Market and Derivatives Association of India ("FIMMDA") using the (i) debt rating approach for Securities issued by public sector undertakings and corporate bonds and (ii) using the spreads on benchmark securities provided in case of Central Government and State Government securities.

12.2 Books of accounts would be separately maintained in the name of the client as are necessary to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided under the Regulations. The principle of going concern is applied while recording transactions and in preparation of financial statements.

12.3 Account Statement

A Statement of Portfolio will be sent by ordinary post / courier / email to each Client stating the details of transaction undertaken on a quarterly basis within 30 days after the end of the quarter or at the requested frequency of the Client as per the portfolio management services agreement.

12.4 Receiving Account Statement / Correspondence By E-Mail

The Portfolio Manager may send Account Statements and any other correspondence using e-mail as the mode for communications as may be decided from time to time.

It is deemed that the Client is aware of all security risks including possible third party interception of Account Statement and content of the Account Statement becoming known to third parties. The Client may at any time request for a physical copy of the Account Statement.

The Portfolio Manager may also undertake to accept non-commercial transactions such as change in address, change in bank details, change in mode of payment etc received through email, provided the request is sent by the Client from the same email address which is registered with the Portfolio Manager.

12.5 Nomination Facility

The Portfolio Manager will provide an option to the Client to nominate a person in whom all the rights and benefits of the Portfolio shall vest in the event of his / her death. Where the Investments are held by more than one person jointly, the joint holders may together nominate a person in whom all the rights shall vest in the event of the death of all the joint holders.

The Nomination facility extended under the Portfolio Management Services is in accordance with SEBI instructions and subject to other applicable laws. The single / joint/ surviving holders can subsequently write requesting for a Nomination Form in order to nominate any person to receive the benefits of the Portfolio upon his / her / their death, subject to completion of necessary formalities. Further, if either the Portfolio Managers incur any loss whatsoever arising out of any litigation or harm that it may suffer in relation to the nomination, they will be entitled to be indemnified absolutely from the deceased holders estate. Upon the demise of the holder, the benefits of the Portfolio would be transmitted in favour of the Nominee subject to the Nominee executing suitable indemnities in favour of the Portfolio Manager and necessary documentation to the satisfaction of the Portfolio Manager.

Clients are advised to read the instructions carefully before nominating.

The Portfolio Manager can call for such documents from the Nominee as deemed necessary.

12.6 Transmission of Portfolio

A person becoming entitled to the investments under the Portfolio in consequence of the death, insolvency or winding up the sole holder or the survivors of joint holders, upon producing evidence and documentation to the satisfaction of the Portfolio Manager and upon executing suitable indemnities in favour of the Portfolio Manager, shall be registered as a Client of the Portfolio Manager.

13. INVESTOR SERVICES

13.1 Contact information

The following are the contact details of the investor relations officer who shall attend to investor queries and complaints:

Name: Jagdeep Singh

Address: Almondz Global Securities Ltd.
Regd. Office: 2nd Floor, 3 Scindia House,
Janpath, New Delhi- 110001
Corp. Office: Grande Palladium, 175 CST Road,
Level 5, Kalina, Santacruz East, Mumbai- 400098
Telephone: 91-22-66437600
Email: jagdeep.singh@almondz.com

The official mentioned above will ensure prompt investor services. The Portfolio Manager will ensure that this official is vested with the necessary authority, independence and infrastructure to handle investor queries.

13.2 Grievances redressal and dispute settlement mechanism

The Portfolio Manager has constituted a Portfolio Management Grievance Redressal Cell (PMGRC) comprising of Mr. G. P. Agrawal. All correspondence to PMGRC shall be addressed to:

Almondz Global Securities Ltd.
Kind Attn: Mr. G. P. Agrawal
Portfolio Management Grievance Redressal Cell (PMGRC)
2nd Floor, 3, Scindia House, Janpath,
New Delhi – 110001
Telephone: [011-41514666]
Email: govind.agrawal@almondz.com

The Portfolio Manager will endeavour to address all complaints regarding service deficiencies or causes for grievances for whatever reason, in a reasonable manner and within a reasonable period of time. If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager, the investor and the portfolio manager shall abide by the following mechanism.

13.3 Dispute Settlement Mechanism

All disputes, differences, claims and questions whatsoever arising between the client and the Portfolio Manager and/or their respective representative shall be settled in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 as specified in the portfolio management services agreement.

The Client shall send a written complaint addressed to the Investor Relation Officer at the address mentioned above. On receipt of the complaint, the PMGRC on a best efforts basis shall resolve the complaint, within 30 days. In the event the complaint is not resolved within 30 days, the Client and the Portfolio Manager or any person designated by the Portfolio Manager shall endeavor to resolve the complaint by mutual dialogue.

14. PREVENTION OF MONEY LAUNDERING

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring inter alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). The PML Act, the Rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'AML Laws'.

The Client(s), including guardian(s) where Client is a minor, should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, AML Laws, Prevention of Corruption Act and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including inter alia identity, residential address(es), occupation and financial information by the Portfolio Manager. If the Client(s), their attorney(ies) or the person making payment on behalf of the Client(s), refuses/fails to provide the required documents/information within the period specified by the Portfolio Manager then the Portfolio Manager shall have absolute discretion to freeze the Account of the Client(s), reject any application(s) and effect mandatory repayment/returning of Assets of the Account of the Client(s) subject to the fees payable to the Portfolio Manager, if any. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the AML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager, and its Directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the Account/rejection of any application or mandatory repayment/returning of funds/Asset of the Account due to non-compliance with the provisions of the AML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the AML Laws and/or for reporting the same to FIU-IND.

15. ACTS DONE IN GOOD FAITH

Any act, thing or deed done in good faith in pursuance of or with reference to the information provided in the application or other communications received from the Client will constitute good and full discharge of the obligation of the Portfolio Manager.

In cases of copies of the documents / other details such as list of authorised signatories, that are submitted by a limited company, body corporate, registered society, trust or partnership, if the same are not specifically authenticated to be certified true copies but are attached to the application form and / or submitted to the Fund, the onus for authentication of the documents so submitted shall be on such investors and the Portfolio Manager will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents /details by such investors shall be full and final proof of the corporate Client's authority to invest and the Portfolio Manager shall not be liable under any circumstances for any defects in the documents so submitted.

In cases where there is a change in the name of such Client, such a change will be effected by the Portfolio Manager only upon receiving the duly certified copy of the revised Certificate of Incorporation issued by the relevant Registrar of Companies / registering authority. In cases where the changed PAN Number reflecting the name change is not submitted, such transactions accompanied by duly certified copy of the revised Certificate of Incorporation with a copy of the Old Pan Card and confirmation of application made for new PAN Card will be required as a documentary proof.

16. CLIENT INFORMATION

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by him is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorized/entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

Notwithstanding anything contained in this Disclosure Document, the provisions of the Regulations and the guidelines there under shall be applicable.

Investors are advised to read the Disclosure Document carefully before entering into an agreement with the Portfolio Manager.

The contents of this disclosure document had been certified by Chartered Accountant.

For and on behalf of Almondz Global Securities Limited

Sd/-

Vinay Mehta
Managing Director

Sd/-

Navjeet S. Sobti
Executive Vice Chairman

Sd/-

Jagdeep Singh
Wholetime Director

Sd/-

Sita Ram Bansal
Director

Sd/-

Krishan L. Khetarpaul
Director

Sd/-

Surendar K. Sood
Director

Sd/-

Atul K. Shukla
Director

Sd/-

Shiv Karan Singh
Director

Sd/-

Sanjay K. Tiwari
Director

Sd/-

Abdul Redha Sultan
Director

AVK & Associates


Chartered Accountants

317, 3rd Floor, Express Arcade,
H-10, Netaji Subhash Place,
Pitampura, Delhi-110034
Tel. : 42471074, 42471075
E-mail : avk.ca.kg@gmail.com

To whom so ever it may concern

We, AVK & Associates, Chartered Accountants, 317, Express Arcade, H-10, Netaji Subhash Place, Pitampura, Delhi – 110034, do hereby certify that the disclosures made under the Disclosure Document of Almondz Global Securities Ltd, dated 30th September, 2011 are true, fair and adequate to enable the investors to make a well informed decision.

For **AVK & Associates**
Chartered Accountants



Kamal Garg
Partner

Membership No. FCA-091238

Certificate No. AVK/25/2011-12/15-10-2011

