

PORTFOLIO MANAGEMENT SERVICES DISCLOSURE DOCUMENT

Key information and Disclosure document for Portfolio Management Services by Guinness Portfolio Management Services Pvt. Ltd.

This document has been filed with the Board along with a certificate in the prescribed format in terms of Regulation 14 of SEBI (Portfolio Managers) Regulations 1993.

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

The necessary information about the Portfolio Manager required by an investor before investing is disclosed in the Disclosure document.

Investors should carefully read the entire document before making a decision and should retain it for future reference.

All the intermediaries involved in the services are registered with SEBI as on the date of the document.

The Principal Officer designated by Portfolio Manager is:

Mr. Hemant chhoria

Email id: portfolio@guinnessonline.net

1. Disclaimer

This document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations 1993 and filed with securities and Exchange Board of India (SEBI). This document has neither been approved / disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the document.

2. Definitions

In this Disclosure Document, unless the context otherwise requires:

“**Act**” means the Securities and Exchange Board of India, Act 1992 (15 of 1992)

“**Board**” means the Securities and Exchange Board of India

“**Client**” or “**Investor**” means any person who registers with the portfolio manager for availing services of portfolio management

“**Depository Account**” means any account of the client or for the client with an entity registered as a depository participant as per relevant regulations.

“**Financial year**” means the year starting from 1st April and ending on 31st March of the following year.

“**Funds**” means the monies managed by the portfolio manager on behalf of the client pursuant to this agreement and includes the monies mentioned in the application, any further monies placed by the client with the portfolio manager for being managed pursuant to this agreement, 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.

“**Initial Corpus**” means the value of the funds and the market value of readily realizable investments brought in by the client at the time of registering as a client with the portfolio manager and as accepted by the portfolio manager.

“**Portfolio**” means the securities managed by the portfolio manager on behalf of the client pursuant to this agreement and includes any securities mentioned in the application, any further securities placed by the client with the portfolio manager for being managed pursuant to this 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.

“**Portfolio Manager**” means Guinness Portfolio Management Services Pvt. Ltd., a company incorporated under the Companies Act, 1956 and having its registered office at 10, Canning Street, 3rd Floor, Kolkata-700 001.

“**Regulations**” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993

“**Rules**” means the Securities and Exchange Board of India (Portfolio Managers) Rules 1992.

“**Services**” means any of the current investment services or such services that may be introduced at any time in future by the portfolio manager.

“**Net Asset Value**” (**NAV**) is the market value of the assets in portfolio consisting of equity, debt, cash & cash equivalents.

“**Securities**” includes: “Securities” as defined under the Securities Contracts (Regulation) Act, 1956: shares, 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 (including borrowing or lending of securities) as may be permitted by applicable law from time to time.

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing portfolio management services.

3. Description

(i) History, present business and background of the portfolio manager

The Company was incorporated under the company's act 1956 in March 1993. The objectives of the company include, inter alia activities pertaining to portfolio management.

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

3.2 DIRECTORS

MR KAMAL KUMAR KOTHARI

Mr. Kothari is a member of board of directors since 21st Sept 2004. He is a B.com. and having vast experience in the capital market since 1989. He is the Managing Director of Guinness Securities Ltd. (Member of NSE, BSE, NSDL, CDSL, MCX- SX (Currency derivatives), NSEL) and also the Director of Guinness Commodities Pvt. Ltd. (Member of National Commodity and derivative Exchange Ltd., and Multi Commodities exchange of India Ltd.). He is holding 1,11,500 equity shares in the company representing 8.26% of the total equity share capital. He is also the member of the Board of Directors of the following companies:

Sr. No.	Name of the Company	Date of appointment as Director	%age
1	Guinness Securities Ltd.	12/01/2000	42.46
2	Guinness Commodities Pvt Ltd.	30/09/2003	32.05
3	Guinness Portfolio Management Services Pvt Ltd.	21/09/2004	8.26
4	Guinness Insurance Broking Services Pvt. Ltd.	30/06/2008	N.A.
5	Anand Joty Builders Pvt. Ltd.	18/02/1986	0.38
6	Awadhoot Marketing Pvt. Ltd.	01/11/2010	N.A.
7	Guinness Merchant Bankers Private Limited	17/03/2009	48.06
8	Obtain Commercial Pvt. Ltd.	30/10/2010	N.A.
9	Tangible Marketing Pvt. Ltd.	28/10/2010	N.A.
10	Circle Vanijya Pvt. Ltd.	01/11/2010	N.A.
11	Dhankuber Vincom Pvt. Ltd.	01/11/2010	N.A.
12	Unnati Dealmark Pvt. Ltd.	01/11/2010	N.A.
13	Guinness Realty Pvt Ltd.	28/11/2011	5.05
14	KKK Marketing Pvt. Ltd.	10/01/2012	N.A.
15	Winsher Tie-up Pvt. Ltd.	30/07/2011	50.00
16	K90 Prop Deal Pvt. Ltd.	16/01/2012	50.00
17	Improvise Commo Trade Pvt. Ltd.	30/01/2012	99.99
18	DP and KKK Tie-up Pvt. Ltd.	09/02/2012	99.99

Mr. Jyoti Prakash

Mr. Jyoti Prakash is a member of the Board of Directors of the company since 21st Sept. 2004. By Qualification he is a Commerce Graduate, PGDRM & CFA & has an experience of more than 20yrs in Senior Management positions in different Companies, covering the areas of control and management of funds. He is holding 4098 shares in the Company that constitutes holding 0.30% of the Total paid up capital of the company. He is not holding any Directorship in any other company.

Mr. Dipankar Ganguly

Mr. Dipankar Ganguly is a member of the Board of Directors of the Company since 21st Sept. 2004. He is B.Sc and an Associate member of The Institute of Company Secretaries of India. He is having an experience in the field of legal and secretarial for more than 8 yrs in different corporate houses. He is not holding any Directorship in any other company & is holding only 1 share of the Company.

Mr. Bodhisatwa Chanda

Mr. Bodhisatwa Chanda is a member of the Board of Directors of the company since 21st Sept. 2004. He is M.Com and has hands on experience in the field of research relating to the activities and development in the capital market. He is not holding any other directorship and is holding 1 shares of the company.

3.3 Details of services being offered by the portfolio manager

(a) Discretionary Services

Under these services, the choice as well as the timings of the investment decisions rest solely with the portfolio manager. In other words the portfolio manager shall have the sole and absolute discretion to invest clients' funds in any type of securities and in any market as he deems fit as per the executed agreement. The securities invested / disinvested by the portfolio manager for clients in the same services may differ from client to client. 'The portfolio managers' decision(taken in good faith) in deployment of the client's account is absolute and final and cannot be called in question or be open to review at any time during the currency of the agreement or at 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, rules and regulations, guidelines and notifications in force from time to time.

Periodical statements in respect to client's portfolio shall be sent to the respective client.

(b) We are currently offering a discretionary service titled Guinness – 123.

(c) Minimum Investment Amount

The client shall pay to the Portfolio Manager, an Initial Corpus amount of an amount not less than Rs. 25 Lakhs or such other minimum amount as specified by SEBI from time to time. The Client may on one or more occasion(s) or on a continual basis, make further placement of funds / securities

under the service.

(d) Portfolio management team

Investor's funds in various services would be managed by a team of skilled professionals and would be led by the Principal Officer.

4. Penalties, pending litigations or proceedings etc.

Particulars	Remarks
(i) All cases of penalties imposed by the Board or the Directions issued by the Board under the Act or Regulations made there under	None
(ii) The nature of penalty / direction	None
(iii) Penalties imposed for any economic offence and/ or for Violation of any securities laws	None
(iv) Any pending material litigation/legal proceedings against the portfolio manager / key personnel with separate disclosure Regarding pending criminal cases, if any.	None
(v) Any deficiency in the systems and operations of the portfolio Manager observed by the Board or any regulatory agency.	None
(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 Rules or Regulations made there under.	None

5. Services Offered

(i) Note on the services being offered.

Guinness 123

We understand that you can handle your resources better than probably any one else. We only wish to relieve you from stress.

Guinness 123 is an exclusive offering from Guinness Portfolio Management Services Pvt. Limited. You shall appreciate that equity investment today is a much more dynamic and involved process than what it used to be.

We aim at creating sustained long term wealth for our customers in a risk controlled manner.

We shall invest in a well-diversified portfolio of securities to obtain better results.

We understand your status as an achiever. Hence, you are one of our exclusive clients. You have delegated management of your assets to us. This is an article of faith on us, and we will do everything in our control to ensure that we uphold it. You have given us the privilege of having a discretionary control of your portfolio. We promise to handle it with expertise and care.

You may rest assure that, we shall leave no stone unturned to generate absolute returns by pursuing disciplined investment process.

Your idle funds with us (deployed with money market mutual funds) shall be a strategic investment tool to grab attractive opportunities arising in the dynamic market environment.

We have a management system that automates administrative and management functions. This will help us to spend more time developing customer relationship.

We shall take the initiative to interact with you periodically to appraise you about portfolio performance. You can expect complete transparency and openness in managing your portfolio.

You can access your account directly to view your portfolio valuation, transaction history or cash position.

Note: The un invested amounts in all the above services may be deployed in liquid fund services, debt oriented services of mutual funds, gilt services, Bank deposits and other short term avenues for investment.

The portfolio manager, with consent of the client, may lend the securities through an approved intermediary, for interest.

6. Risk Factors

Investments in Securities are subject to market risks, which include price fluctuation risks. There is no guarantee that the objectives of any of the services will be achieved. The investments may not be suited to all categories of investors.

The past performance of the portfolio manager does not indicate the future performance of the same services in future or any other future services of the portfolio manager. Investors are not being offered any guaranteed returns through these services.

The services may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivatives instruments for the purpose of hedging and portfolio balancing, as permitted under the regulations and guidelines. 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 movement correctly. Services using derivative/ futures and options products (if any) are affected by risks different from those associated with stock and bonds. Such products are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives/ futures options. Some of risks relate to mis- pricing or the improper valuation of derivatives/futures and options and the inability to correlate the positions with underlying assets, rates and indices. Also the derivatives/futures and options market is nascent in India.

The names of the services do not in any manner indicate their prospects or returns. The performance of individual companies, changes in the market place and industry specific and macro economic factors may adversely affect the performance in the equity services.

The debt investments and the other fixed income securities may be subject to interest rate risk, liquidity risk, credit risk, and reinvestment risk. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures.

Technology stocks and some of the investments in niche sectors run the risk of volatility, high valuation, obsolescence and low liquidity.

In the case of stock lending, risks relate to the defaults from counter parties with regard to securities lent and corporate benefits accruing thereon, inadequacy of the collateral and settlement risks. The portfolio manager is not responsible or liable for any loss resulting from the operations of the services.

The performance of the services may affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.

The services may invest in non-publicly offered debt securities and unlisted equities. This may expose the services to liquidity risks.

Engaging in securities lending is subject to risks related to fluctuations in collateral value/ settlement/ liquidity/ counter party.

7. Client Representation (Details of Client as on 31th March 2012)

Category of Clients	No. of Clients	Funds Managed (Rs in Crores)	Discretionary / Non Discretionary services
Individual	2	0.12	Discretionary
Corporate	1	0.05	Discretionary
Total	3	0.17	Discretionary

8. Financial performance of the portfolio manager

SUMMARIZED FINANCIAL STATEMENT BALANCE SHEET

	As at 31 st March	As at 31 st March	As at 31 st March
	2011(Rs in lacs)	2010 (Rs in lacs)	2009 (Rs in lacs)
SOURCES OF FUNDS			
Shareholders' Funds	235	235	120
Loan Funds	NIL	NIL	NIL
APPLICATION OF FUNDS			
Net Fixed Assets	1.5	2.26	3.46
Investments	179	179	68.7
Current assets	27.49	30.09	33.31
Less; Current Liabilities and			
Provisions	0.29	1.99	0.28
Net Current Assets	27.64	28.1	33.03
Deffered Tax Liability	1.67	0.34	0.54
SUMMARIZED FINANCIAL STATEMENT- PROFIT & LOSS ACCOUNT			
	For the year ended	For the year ended	For the year ended
	31 st March, 2011	31 st March, 2010	31stMarch, 2009
	(Rs in Lacs)	(Rs in Lacs)	(Rs in Lacs)
Total Income	3.33	14.58	4.62
Total Expenses	6.2	22.54	12.73
Depreciation	0.75	1.2	1.41
Profit before Tax	-2.87	-7.96	-8.11
Provision For Deffered Tax	0.13	0.2	-0.07
Provision for Tax	0	0	0
Profit After Tax	-2.74	-7.77	-8.05

Note: The audited financial statements shall be made available on request.

9. Portfolio Management performance of the portfolio manager

The total asset under management for the period ended 31st March 2012 was INR 0.17 Crores. The Weighted average returns up to 31st March 2012 were -16.7% & -17.4% for the corporate & non corporate clients respectively.

10. Nature of expenses

Basis of charges relating to each of the following services shall also be annexed to the Portfolio Management Agreement and the agreements in respect of each of the services availed at the time of execution of such agreements.

(i) Investment Management and Advisory Fees

Management fees relate to portfolio management services offered by the portfolio manager to clients. The fees may be in the form of a percentage of the quantum of funds managed or linked to portfolio returns achieved or a combination of any of these.

On Portfolio Return

Particulars

- a) 0.5% of the corpus, and
- b) 25% of the net gains (realized plus unrealized) in excess of 15 % per annum of the initial portfolio value at the beginning of the quarter or arrangement.

Mode of Payment

Management Fees (portfolio return)

Will be charged to clients' account at the end of every quarter i.e. on 30th June, 30th Sep., 31st Dec., and 31st Mar

Re- investment of profit would be eligible for management fees.

@ Profit booking / realization would be at the discretion of the portfolio manager.

Premature Exit / Profit Redemption Guidelines

Incase of premature redemption or partial withdrawal, management fees shall be computed on pro-rata basis.

(ii) Custodian / Depository Fees

The charges relate to opening and operation of depository accounts, custody and transfer charges for shares, bonds and units, dematerialization, pledge and other charges in connection with the operation and management of the depository participant.

(iii) Registrar and transfer agent fee

Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges and other related charges would be charged.

(iv) Brokerage and transaction costs

The brokerage charges and other charges like service tax, stamp duty, transaction costs including bank charges, turnover tax, securities transactions tax or any other tax levied by statutory authorities, foreign transaction charges (if any) on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments and entry or exit loads (if any) on units of Mutual Funds. The investments under the portfolio management services would be usually done through registered members of stock exchange. Brokerage would be as per the actual charged by the broker.

All statutory and regulatory charges will be as applicable by respective authorities from time to time.

(v) Securities lending and borrowing charges

The charges pertaining to lending of securities, cost of borrowing including interest, and costs

associated with transfers of securities connected with the lending and borrowing transfer operations would be recovered.

(vi) Certification and professional charges

Charges payable for out sourced professional services like accounting, auditing, taxation and legal services etc. for documentation, notarizations, certifications, attestations required by bankers or regulatory authorities including legal fees etc would be recovered.

(vii) Incidental expenses

Charges in connection with day to day operations like courier expenses, stamp duty, service tax, postal. Telegraphic, opening and operation of bank account or any other out of pocket expenses as may be incurred by the portfolio manager would be recovered.

11 Taxation

(i) Tax Implications for clients.

1. General

In view of the individual nature of tax consequences, each client is advised to consult his/her tax advisor with respect to the specific tax consequences to him/her of participation in the services. The portfolio manager shall not be responsible for assisting in or completing the fulfillment of the client's tax obligation.

2. Tax Deduction at source

If any tax is required to be withheld on account of any future legislation, the portfolio manager shall be obliged to act in accordance with the regulatory requirements in this regard. Interest and dividends would be subject to tax as per the provisions of Income Tax Act, 1961.

3. Advance Tax installment obligations

It shall be client's responsibility to meet the advance tax obligation installments payable on the due dates under the Income Tax Act, 1961.

12. Accounting Policies

The following account policy / valuations will be applied for the portfolio investments of the clients:

- a. Investments in Equities will be valued at the closing market prices of the National Stock Exchange of India Limited. If securities are not listed on National Stock Exchange of India Limited then closing market prices of The Stock Exchange, Mumbai or the other exchange where the Securities are listed will be considered for the purpose of valuations. Investments in the units of mutual funds will be valued at latest repurchase Net Asset Value (NAV) declared for the relevant services on the date of valuation of portfolio investments by the respective mutual funds. Investments in debt instrument at the cut off date.
- b. Realized gains / losses will be calculated by applying the First in First Out (FIFO) method. For Example, the earliest purchased quantity will be reckoned for the current / most recent sale at the Respective prices at both points in time.
- c. Transactions for purchase or sale of securities will be recognized 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.
- d. For derivative transactions (if any), unrealized gains and losses on open position will be calculated by mark to market method.
- e. Unrealized gains/ losses are the differences between the current market values or NAV of event date and the historical cost of the Securities.
- f. Dividend on shares and units in mutual funds, interest on debt instruments, stock lending fees earned etc. shall be accounted on accrual basis.

13. Investor Services

(i) Grievance redressal and dispute settlement mechanism

The portfolio manager will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the investor remains dissatisfied with the remedies offered or the stand taken by the Portfolio Manager shall abide by the following mechanisms:-

All disputes, differences, claims and questions whatsoever arising between the client and the portfolio manager and /or their respective representatives shall be settled in accordance with the provision of The Arbitration and Conciliation Act, 1996 or any statutory requirement, modification or re-enactment thereof for the time being in force. Such arbitration proceedings shall be held at Kolkata or such other place as the portfolio manager thinks fit.

14. INVESTOR COMPLAINT REDRESSAL MECHANISM

1. The company has a designated investor grievances email id pmsquery@guinnessonline.net on which the client or investor can make a complaint which will be handled by compliance officer.
2. An Investor / client can make a written complaint through letter also.
3. The Company maintains investor grievance register in which full detail of every written complaint shall entered.
4. Designated person shall login the designated investor grievances email id on daily basis to look after the investor complaint whether new complaint has been lodged or not.
5. The full detail of the written complaint must be passed to the respective department and inform the Compliance officer of the company as soon as it is received.
6. A letter or mail must be written to all the investor who have submitted written complaints by the designated person or Compliance Officer acknowledging receipt of the complaint and informing them it will be dealt with.
7. Compliance Officer will obtain all information available on the complaint which is considered necessary for a proper investigation. Look into all the necessary information and resolve the as soon as possible.
8. There is standing policy of the company to resolve the investor complaint within seven days of the receipt of the same expect the complicated case.
9. A serious complaint (where the written response does not settle the issue) must be referred to the director of the company.
10. The Compliance Officer of the Company shall review the investor complaint register on weekly basis to find out whether complaint has been resolved within time or not.

15 General

The portfolio manager and the client can mutually agree to be bound by specific terms through a written two-way agreement between themselves in addition to the standard agreement.

Name

1. Mr. Bodhisatwa Chanda

1. Mr. Jyoti Prakash

3. Mr. Dipankar Ganguly

Date: 31st March 2012
Place: Kolkata

Form C

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

(Regulation 14)

GUINNESS PORTFOLIO MANAGEMENT SERVICES PVT. LTD.

10, Canning Street, 3rd Floor Kolkata-700 001

We confirm 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 disclosure made in the documents are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management Services;
- iii) the Disclosure Document has duly certified by an independent chartered accountant viz. D C. Bhandari & associates.

For Guinness Portfolio Management Services Pvt. Ltd.

1. Mr. Bodhisatwa Chanda
2. Mr. Jyoti Prakash
3. Mr. Dipankar Ganguly