



**Disclosure Document**

**Of**

**Portfolio Management Services**

**Offered by**

**Brics Securities Limited**

## Index of contents

<b>Sr. No.</b>	<b><u>Contents</u></b>	<b>Page No.</b>
1	Disclaimer clause	2
2	Definitions	2
3	Description about Portfolio Manager	5
4	Penalties, pending litigations or proceedings, findings of inspections or investigations for which actions may have been taken or initiated by any regulatory authority.	10
5	Services offered	10
6	Risk Factors	11
7	Client Representation	13
8	The financial performance of Portfolio Manager	13
9	Portfolio Management performance of the Portfolio Manager	14
10	Nature of Expenses	16
11	Taxation	21
12	Accounting Policies	21
13	Valuation & Portfolio	23
13	Investor Services	24
14	Annexure I	26
15	Annexure II	30

## **Contents of Disclosure Document**

### **1) Disclaimer clause:**

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations' 1993 and 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:**

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively: -

- (a) **"Act"** means the Securities and Exchange Board of India, Act 1992 (15 of 1992)
- (b) **"Agreement"** means agreement between Portfolio Manager and its Clients in terms of Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993 and SEBI (Portfolio Managers) Amendment Regulation, 2002 issued by Securities and Exchange Board of India and shall include all schedules and Annexure attached thereto:
- (c) **"Application"** means the application made by the Client to the Portfolio Manager to place the monies and/or securities mentioned therein with the Portfolio Manager for Discretionary Portfolio Management Services. Upon execution of the Agreement by the Portfolio Manager, the Application shall be deemed to form an integral part of the Agreement. Provided that in case of any conflict between the contents of the Application and the provisions of the Agreement, the provisions of the Agreement shall prevail.
- (d) **"Assets"** means (i) the Portfolio and/or (ii) the Funds.
- (e) **"Bank Account"** means one or more accounts opened by the client with any of the Scheduled Commercial Banks and maintained and operated by the Portfolio Manager on the basis of Power of Attorney (POA) granted by the client in favour of Portfolio Manager.
- (f) **"Board"** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992.
- (g) **"Client"** means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio / funds.

- (h) **“Custodian”** means any person who carries on or proposes to carry on the business of providing custodial services.
- (i) **“Depository Account”** means one or more Beneficial Owner (BO) account or accounts opened by the client with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations 1996 and maintained and operated by the Portfolio Manager on the basis of Power of Attorney (POA) granted by the client in favour of Portfolio Manager,.
- (j) **“Discretionary Portfolio Management Services”** means the portfolio management services rendered to the client, by the Portfolio Manager on the terms and conditions contained in the Agreement with respect to the Assets (including the Portfolio and Funds) of the Client, where the Portfolio Manager exercises its sole and absolute discretion with respect to investments or management of the Assets of the Client, entirely at the Client’s risk, in such manner as the Portfolio Manager may deem fit
- (k) **“Document”** means Disclosure Document
- (l) **“Financial year”** means the year starting from April 1 and ending on 31<sup>st</sup> March of the following year
- (m) **“Funds”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement between Client and Portfolio Manager and includes the monies mentioned in the Application, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the 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.
- (n) **“High Water Mark”** shall be the highest value that the portfolio/account has reached during the tenure of the agreement based whereon performance based /variable fees has been charged by the Portfolio Manager.. The portfolio manager shall charge performance based fee/variable fee subsequently only in respect of increase in portfolio value in excess of the previously achieved high water mark for which such fees have already been charged.
- (o) **“Index”** means various Indices offered by Exchanges from time to time including sectorial indices
- (p) **“Investment plan”** means any of the current investment plan or such plans that may be introduced at any time in the future by the Portfolio Manager.

- (q) **“Net Asset Value” (NAV):** Net Asset Value is the market value of assets in portfolio consisting of equity, derivative, debt, cash, cash equivalents etc. less payable, if any.
- (r) **“Parties”** means the Portfolio Manager and the Client; and **“Party”** shall be construed accordingly.
- (s) **“Person”** includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
- (t) **“Portfolio”** means the Securities and/or fund 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 the Agreement, Securities acquired by the Portfolio Manager through investment of Funds and bonus and rights shares in respect of Securities forming part of the Portfolio, so long as the same is managed by the Portfolio Manager.
- (u) **“Portfolio manager”** means any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as discretionary portfolio manager or otherwise) the management or administration of portfolio of securities or the funds of the client, as the case may be, entirely at the Client’s risk. For the purpose of this Document, Portfolio Manager is Brics Securities Limited.
- (v) **“Portfolio Management Fees”** shall have the meaning attributed thereto in Clause [11] of this Document.
- (w) **“Principal Officer”** means an employee and/or Director of the Portfolio Manager, who is designated as Principal Officer and is responsible for the activities of portfolio management and has been designated as principal officer by the portfolio manager.
- (x) **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended from time to time;
- (y) **“Scheduled Commercial Bank”** means any bank included in the second Schedule to the Reserve Bank of India Act, 1934(2 of 1934).
- (z) **“Securities”** means “Securities” as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956 and includes; (i) Shares, scrip’s, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate (ii) derivative (iii) units or any other instrument issued by any collective

investment scheme to the investor in such schemes (iv) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial assets and Enforcement of Security Interest Act, 2002 (v) units or any other instrument issued to the investors under any mutual fund scheme. (vi) any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possess any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be (vii) Government Securities (viii) such other instruments as may be declared by the Central Government to be securities (ix) rights or interest in securities.

(aa) “SEBI” means the Securities and Exchange Board of India established under sub section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992 as amended 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:**

a) **History of the Portfolio Manager:**

Brics Securities Limited, formerly known as Birla Sun Life Securities Ltd, was a joint venture of Aditya Birla Group and Sun Life Financial of Canada. In the month of April 2004, there was a change in management of the Company. J.V.Gokal group has acquired entire shareholding of both Birlas and Sun Life.

At present Brics Securities Limited (BSL), is acting as intermediary in following capacities:

Membership with	Segment	SEBI Reg. No.
Bombay Stock Exchange Limited (BSE)	Cash and Debt Segment	INB011205730
	Derivatives Segment	INF011205730
	Currency Derivative Segment	INE011205734
National Stock Exchange of India Limited (NSE)	Cash and Debt Segment	INB231205734
	Derivatives Segment	INF231205734
	Currency Derivative Segment	INE231205734
MCX Stock Exchange Limited (MCX-SX)	Currency Derivative Segment	INE261205734
United Stock Exchange of India Limited (USE)	Currency Derivative Segment	INE271205739
Central Depository Services (India) Limited (CDSL)	Depository Participant	IN-DP-CDSL-76-2000
National Securities Depository Limited (NSDL)	Depository Participant	IN-DP-NSDLL-266-2007
Securities Exchange Board of India	Category I Merchant Banker	INM000010890

Our clients encompass a wide range such as the corporate and high net worth individuals. We offer our clients services across asset classes such as equities, G-sec, T-bills, corporate bonds and derivatives backed by the strength of our research products.

**b) Present Business and Background:**

The Company is one of the leading Broking Houses in the retail segment of stock Market. The company is engaged in proprietary trading & also provides following services to its clients:

- **Equity Trading:** Research Based Premier Institutional and Private Client Group (Retail Broking) Brokerage Services.
- **Derivatives Trading :** Provide window for hedging and trading through various products like Futures/options in Index/Stock
- **Currency Derivative :** Provide window for hedging and trading in currency
- **Research Services:** These are provided by a research team that is clearly committed to delivering clients added value through various products like Market update, Sector report, Company report, Derivatives Weekly etc.
- **Depository Services:** Secure and convenient alternative to holding securities in physical form. Services includes demat, transfer, pledging, freezing of securities and online access through CDSL/NSDL.
- **Fixed Income Market:** Provides broking and advisory services for the Wholesale as well as the Retail Debt Market over a range of debt market instrument like Government securities,

Treasury Bill, Bonds etc. to Banks, Mutual Funds, Insurance Companies, Financial Institutions and Primary Dealers (PDs).

- **Merchant Banking:** We are also a SEBI registered category I Merchant Banker.

The Company has commenced the Portfolio Management Service from the month of October, 2005. As on **July 31, 2011**, the company is rendering discretionary portfolio management services to 35 residents, 1 non-resident Individual client and 2 Corporate Resident Clients. The total Asset under Management as on July 31, 2011 is Rs 1150.86 lacs under its discretionary investment plans.

ii) **Directors and Promoters of the Portfolio Manager & their Background:**

a) **Mr Vankipuram R. Srinivasan:**

He is a whole time Director & CEO of Brics Securities Ltd. and is a Chartered Accountant. He has more than 29 year of work experience. From last 8 years he is working with Brics Securities Ltd., looking after Research, Marketing , Institutional sales and information technology of the Company. He served for 5 years in the Merchant Banking Division of Standard Chartered Bank. He was also associated with Imperial Corporate Finance Ltd, Category I merchant banker in the capacity of Vice President. He also worked as Independent Investment consultant offering Investment advisory and capital restructuring services for a period of 2 years.

b) **Mr Parag Shah:**

He is whole time Director of Brics Securities Ltd. and is a Chartered Accountant. He has more than 24 year of work experience. From last 14 years he is working with Brics Securities Ltd., looking after finance, accounts, operations and compliance related to capital market activities of the Company. Prior to joining Brics, he was Executive Director of Ventura Securities Ltd. He also worked as Independent consultant in the areas of Taxation, Legal, Company Law etc. areas for a period of approx. 8 years.

c) **Mr. Yogesh Manik**

He is Director of Brics Securities Ltd. and is (B.E.) 1971, MBA (USA) 1973. He has more than 36 year of experience in various types of industries.

d) **Mr. D.J. Kakalia**

He is Director of Brics Securities Ltd. and is B.Com., L.L.B. He is partner of Mulla & Mulla & Craigie Blunt & Caroe – renowned firm of Advocates & Solicitors. He is a practicing Solicitor of Bombay High Court, Supreme Court of England and Supreme Court of Hong Kong. He has extensive knowledge and experience in the areas of Infrastructure projects, Joint Venutre & Collabrations, Global depository receipt issues and Mergers & Amalgamations.

e) **Dr. T.T. Ram Mohan**

He is Director of Brics Securities Ltd. Currently he is professor at IIM, Ahmedabad. He has studied at IIT Bombay, IIM Calcutta and also has a Doctorate from Stern School of Business, New York University. As a consultant, he has advised clients on expansion, diversification, market strategies, etc. He has also been Head of Strategic development in Standard Chartered Bank and Vice President at Bear Stearns Asia Ltd (Hong Kong). As a financial journalist, he has been associated at various times with publications such as The Economic Times and Financial Times of London.

f) **Mr. Nakul Arun Jagjivan:**

He is the promoter of the Company. He is MBA graduate. He has experience in trading, manufacturing and finance related activities for more then 26 years.

iii) **Group company information (i.e. Top 10 Group Companies / firms of the Portfolio Manager on turnover basis):**

**Group Company:**

Yatish Trading Company Pvt. Ltd.

J.V. Gokal Company Pvt. Ltd.

Odyssey Capital Pvt. Ltd.

Chamundi Textile (Silk Mills) Ltd.

Brics Gilt Finance Pvt. Ltd.

Wealth Advisors (India) Pvt. Ltd.

Brics Commodities Pvt. Ltd.

Menaka Mills Ltd.

Envirox Protection Company Pvt. Ltd.

O S S air Management Pvt. Ltd.

The above are the top Group Companies/ entities of the Portfolio Manager are not listed in the order of their turnover

iv) **Details of services offered by the Portfolio Manager:**

**Discretionary Services:**

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

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 Investment plan may differ from Client to Client. The portfolio managers' decision ( taken in good faith ) in deployment of the Clients' 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 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, circulars and notifications in force from time to time.

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

- Neither material penalties have been levied nor any directions have been issued by the SEBI under the securities laws, SEBI Act or Rules or Regulations made there under except once wherein under Rule 5 of the SEBI (Procedure for Holding Enquiry and Imposing Penalty by the Adjudicating Officer) Rules, 1995, a penalty of Rs. 10,00,000/- (Rupees Ten Lakhs only) was imposed upon Company for executing sale trade on behalf of its client Mr. Manoj Seksaria who was debarred from capital market by SEBI. The penalty amount has been paid on 15/11/2007.
- No penalties have been imposed for any economic offence and/or for violation of any securities law.
- No material litigation/legal proceedings/criminal cases are pending against the portfolio manager/key personnel.
- No material deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.
- No enquiry/adjudication proceedings initiated by the Board against 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.

**5) Services offered.**

The details of different Investment plans that are currently offered by the Portfolio Manager are enclosed as **Annexure "I"**

General points applicable to all the above Investment plans:

- The amounts lying idle for short period of time till being invested in the envisaged scrip at envisaged time may be deployed in Liquid fund schemes, debt oriented schemes of Mutual funds, Gilt schemes, Bank deposits, and other short term avenues for Investment or in Bank account.
- The Portfolio Manager, with consent of the Client in writing, may lend the securities through an Approved Intermediary, for interest.

- The Portfolio Manager will not invest in shares, mutual funds, debt, deposits and other financial instruments of group companies.
- Investment in all the Investment plans will be governed by terms and conditions mentioned in the agreement entered into between client and the Portfolio Manager within overall framework and restrictions placed by SEBI Act, Rules and Regulations.

**6) Risk Factors:**

The investments made in the securities are subject to market risk and there is no assurance or guarantee that the value of or return on the investments made will always appreciate, it could depreciate to an unpredictable extent. Following are the risk factors as perceived by management:

- Investments in securities are subject to market risks and there is no assurance or guarantee that the objective of the Investments plans will be achieved.
- The past performance of the Portfolio Manager does not indicate the performance of future. Investors are not being offered any guaranteed returns or assurance of capital protection through these Investment plans.
- As with any investment in securities, the NAV of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- The performance of the Investment plan may be 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 names of the Investment plan do not in any manner indicate their prospects or returns. The performance in the equity Investment plan may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro economic factors.
- Investments in debt instruments are subject to default risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the portfolio may be subject to fluctuation.

- Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest amount or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- Risks of loss of capital may arise out of non diversification of portfolio
- The Investment plan may invest in non-publicly offered debt securities and unlisted equities. This may expose the Investment plan to liquidity risks.
- Engaging in securities lending is subject to risks related to fluctuations in collateral value/settlement/liquidity/ counter party.
- The Investment plan may use derivatives instruments like index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or any other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines.
- Usage of derivatives will expose the Investment plan to certain risks inherent to such derivatives. As and when the Investment plan trade in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- If the portfolio are invested in foreign securities or securities denominated in foreign currency, the value of such investment may also be adversely affected due to fluctuation in foreign currency apart from other factors which can be political restriction, change in regulations etc.
- The NAV may be affected by changes in settlement periods and transfer procedures.

**7) Client Representation:**

**a) Details of client's accounts active as on last date of the financial year:**

SN	Category of clients	No. of clients	Funds managed (amt in Rs. Crores)	Discretionary/ Non Discretionary (if available)
i)	<b>Associates/group companies</b>			
▪	2008-09	-	-	-
▪	2009-10	3	0.75	Discretionary
▪	<b>2010-11</b>	4	1.79	Discretionary
▪	<b>2011-12 (as on 31/07/2011)</b>	4	1.81	Discretionary
ii)	<b><u>Others:</u></b>			
▪	2008-09	4	1.19	Discretionary
▪	2009-10	14	13.10	Discretionary
▪	<b>2010-11</b>	37	10.02	Discretionary
▪	<b>2011-12 (as on 31/07/2011)</b>	34	9.69	Discretionary
	Total ( as on 31/07/2011)	<b>38</b>	<b>11.50</b>	Discretionary

**b) Transactions with related parties for the year-ended 31.3.2010**

Details of transactions with related party as reported in last audited accounts as at 31<sup>st</sup> March, 2011 is annexed as **Annexure "II"**

**8) The financial Performance of Portfolio Manager (Based on audited financial Statements)**

Financial highlights of Brics Securities Ltd. for the last 3 years are given as under:

**Balance Sheet**

	Rs. in Lac		
	31-Mar-11	31-Mar-10	31-Mar-09
<b>Sources of Funds</b>			
Paid Up capital	1250.00	1250	1250.00
Share Application Money	Nil	Nil	Nil
Reserves & Surplus	14290.74	14041.08	13887.55
Secured Loans	325.55	225.69	1681.37
Unsecured loans	Nil	Nil	Nil
Deferred Tax Liability	9.03	80.17	55.44
Total	15875.32	15596.95	16874.36
<b>Application of funds</b>			
Net Fixed Assets	573.68	765.99	857.63
Investments	1445.11	95.11	95.11
Net Current Assets	13856.53	14735.85	15921.62
Total	15875.32	15596.95	16874.36

**Income Statement**

(Rs. In Lac)

Particulars	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
Profit before depreciation & tax	477.01	452.00	5336.48
Less: Depreciation	183.50	183.73	182.96
Less: Provision for tax (including Deferred Tax/Fringe benefit tax)	43.85	114.73	1197.72
Profit/(Loss) for the year after tax	249.66	153.54	3955.80
Add/(Less): Prior period Adjustment	--	--	3.24
Add/(Less): Balance B/f from Previous year	11706.89	11553.35	7594.31
Less: Transfer to reserve and Dividend and Dividend tax	-	--	--
Balance carried to Balance Sheet	11956.54	11706.89	11553.35

**9) Portfolio Management performance of the Portfolio Manager for the last 3 years in  
percentage**

<b><u>Portfolio Performance (%), Net of all fees and charges levied (Investment Plan wise)</u></b>	<b><u>F.Y. 2011-2012 (April 1, 2011 till 31.07.2011)</u></b>	<b><u>F.Y. 2010-2011</u></b>	<b><u>F.Y. 2009-10 (01-10-09 to 31- 03-10)</u></b>
Brics Growth	-0.17	17.59	27.40
Benchmark Performance % (BSE Sensex)	-6.53	8.19	17.81
Benchmark Performance % (S&P CNX Nifty)	-6.15	8.26	19.63

<b><u>Portfolio Performance (%), Net of all fees and charges levied (Investment Plan wise)</u></b>	<b><u>F.Y. 2011-2012 (April 1, 2011 till 31.07.2011)</u></b>	<b><u>F.Y. 2010-2011</u></b>	<b><u>F.Y. 2009-10 (05-10-09 to 31- 03-10)</u></b>
Brics Swift	0.23	1.30	30.88
Benchmark Performance % (BSE Sensex)	-6.36	10.05	13.47
Benchmark Performance % (S&P CNX Nifty)	-5.93	10.19	15.45

<b><u>Portfolio Performance (%), Net of all fees and charges levied (Investment Plan wise)</u></b>	<b><u>F.Y. 2011-2012 (April 1, 2011 till 31.07.2011)</u></b>	<b><u>F.Y. 2010-2011</u></b>	<b><u>F.Y. 2009-10 (16-11-09 to 31-03-10)</u></b>
Brics You*	N.A.	-1.17	25.79
Benchmark Performance % (BSE Sensex)	N.A.	32.06	8.33

<b><u>Portfolio Performance (%), Net of all fees and charges levied (Investment Plan wise)</u></b>	<b><u>F.Y. 2011-2012 (April 1, 2011 till 31.07.2011)</u></b>	<b><u>F.Y. 2010-2011</u></b>	<b><u>F.Y. 2009-10 (01-02-10 to 31-03-10)</u></b>
Brics Advantage	-0.98	-3.75	18.76
Benchmark Performance % (BSE Sensex)	-6.35	10.94	53.12
Benchmark Performance % (S&P CNX Nifty)	-5.93	11.14	54.59

<b><u>Portfolio Performance (%), Net of all fees and charges levied (Investment Plan wise)</u></b>	<b><u>F.Y. 2011-2012 (April 1, 2011 till 31.07.2011)</u></b>	<b><u>F.Y. 2010-2011</u></b>	<b><u>F.Y. 2009-10 (01-04-09 to 31-03-10)</u></b>
Dynamic Opportunity	3.79	-27.86	1.48
Benchmark Performance % (BSE Sensex)	2.89	9.19	12.00
Benchmark Performance % (S&P CNX Nifty)	3.61	9.50	13.26

<b><u>Portfolio Performance (%), Net of all fees and charges levied (Investment Plan wise)</u></b>	<b><u>F.Y. 2011-2012 (April 1, 2011 till 31.07.2011)</u></b>	<b><u>F.Y. 2010-2011 (10.12. 2010 to 31.03.2011)</u></b>
BRICS Select**	3.79	-4.57
Benchmark Performance % (BSE Sensex)	-6.35	-0.33
Benchmark Performance % (S&P CNX Nifty)	-5.93	-0.40

\* Performance details for financial year viz. 2011-2012 is not given as investment plan do not have any clients.

\*\* Performance details for earlier two financial years viz. 2008-2009 and 2009-2010 are not given as investment plans have been launched during financial year 2010-2011.

Note: No clients were registered for the other Investment plans and hence details of such investment plans have not given been accordingly

**10) Nature of expenses:**

**Investment Management & Advisory Fees:**

- (a) A client may choose any of the three options given below for any Investment plan except for “BRICS Secure”, “Dynamic Opportunity”, “BRICS Fix Gain” and “BRICS Chanakya”.

**Option I**

Fixed Fee: Not exceeding 2.5 % per annum of the Daily Average Portfolio Value. This is payable on a quarterly basis at the end of each calendar quarter;

**Option II**

Fixed Fee: Not exceeding 2.00 % per annum of the Daily Average Portfolio Value. This is payable on a quarterly basis at the end of each calendar quarter;

**and**

Variable Fee: Not exceeding 15 % of such excess absolute positive difference between portfolio value as at the end of the calendar year and initial portfolio value at the beginning of the calendar year or at the time of activation of portfolio if client has availed Portfolio Management Services during calendar year. The variable fees is payable at the end of the calendar year. In the next year, performance fees will be charged applying higher water mark. For the purpose of computing returns in the subsequent year, value of the portfolio at the beginning of the year would be value of the portfolio before charging of performance fees previous year.

**Option III**

Fixed Fee: Not exceeding 1.5% per annum of the Daily Average Portfolio Value. This is payable on a quarterly basis at the end of each calendar quarter;

**and**

Variable Fee: Not exceeding 25 % of the such excess positive difference between portfolio value as at the end of the calendar year and initial portfolio value at the beginning of the calendar year or at the time of activation of portfolio if client has availed Portfolio Management Services during calendar year which is over 8 % per annum of the initial

portfolio value or value of Portfolio at the time of activation during the calendar year as the case may be. The variable fees is payable at the end of the calendar year. In the next year, performance fees will be charged applying higher water mark. For the purpose of computing returns in the subsequent year, value of the portfolio at the beginning of the year would be value of the portfolio before charging of performance fees previous year.

**(b) Investment Management & Advisory Fees for “BRICS Secure”:**

Not exceeding 3.00% of the total amount invested – Charged upfront.

**(c) Investment Management & Advisory Fees for “Dynamic Opportunity”:**

Fixed Fee: Not exceeding 3 % per annum of the Daily Average Portfolio Value. This is payable on a quarterly basis at the end of each calendar quarter; and

Variable Fee: Not exceeding 30 % of the positive difference between portfolio value as at the end of the calendar year and initial portfolio value at the beginning of the calendar year. In the next year, performance fees will be charged applying higher water mark. For the purpose of computing returns in the subsequent year, value of the portfolio at the beginning of the year would be value of the portfolio before charging of performance fees previous year.

**(d) Investment Management & Advisory Fees for “BRICS Fix Gain”:**

Fixed Fee: Not exceeding 2.5% per annum of initial/additional corpus amount invested. This is payable on a quarterly basis at the end of each calendar quarter;

**and**

Variable Fee: Not exceeding 60 % of the such excess positive difference between portfolio value as at the end of the calendar year and initial portfolio value at the beginning of the calendar year or at the time of activation of portfolio if client has availed Portfolio Management Services during calendar year which is over 10 % per annum of the initial portfolio value or value of Portfolio at the time of activation during the calendar year as the case may be. The variable fees is payable at the end of the calendar year. Returns shall be computed as per weighted average return method. In the next year, performance fees will be charged applying higher water mark. For the purpose of computing returns in the subsequent year, value of the portfolio at the beginning of the year would be value of the portfolio before charging of performance fees of previous year.

**(e) Investment Management & Advisory Fees for “BRICS Chanakya”:**

Fixed Fee: Not exceeding 2 % per annum of the Daily Average Portfolio Value. This is payable on a quarterly basis at the end of each calendar quarter

**and**

Variable Fee: Not exceeding 20 % of the such excess positive difference between portfolio value as at the end of the calendar year and initial portfolio value at the beginning of the calendar year or at the time of activation of portfolio if client has availed Portfolio Management Services during calendar year which is over 10 % per annum of the initial portfolio value or value of Portfolio at the time of activation during the calendar year as the case may be. The variable fees is payable at the end of the calendar year. Returns shall be computed as per weighted average return method. In the next year, performance fees will be charged applying higher water mark. For the purpose of computing returns in the subsequent year, value of the portfolio at the beginning of the year would be value of the portfolio before charging of performance fees of previous year..

**Note - applicable to all the investment plans**

- The return will be annualized based on calendar year end.
- In case the client invest mid year the return will be annualized for the purpose of arriving at the variable fees. The return in excess of above slab as mention above will be calculated and accordingly fee will be charged to the client.
- For the purpose of arriving at the variable fees in case where the client withdraw portfolio value partially or completely, or terminate the agreement mid year, the return will be annualized.
- The portfolio value for the purpose of computing performance fees at the time of withdrawal shall be taken prior to charging exit load, if applicable.
- In case the client wishes to withdraw the portfolio in the form of securities then the securities would be valued at the closing price on the previous working day of the closure day. The closure day will be a day not exceeding two working days after the date of receipt of notice of closure/withdrawal by the portfolio manger. The return in excess of above slab as mention above will be calculated and accordingly fee will be charged to the client.
- Variable fees/performance based fees will be charged on High Water Mark Principle.

**Other expenses related to the all the Investment plans:**

**i) Custody Fees:**

Custodian fees would be levied by us for assuming responsibility for ensuring all administrative matters such as settlement of transactions, collection of dividend, collection of bonus shares and all other corporate benefits related to the portfolio including depository charges. In case a custody work is outsource to any Custodian then the fees charges by the Custodian would be levied.

**ii) Registrar & Transfer Agent Fees: Not applicable**

**iii) Brokerage & Transaction Cost:**

The investments under the Portfolio Management Investment plan would be usually done through registered members of stock exchange who charge brokerage up to a maximum of 1% of contract value. In addition to the brokerage, service tax, transaction cost, stamp duty, turnover tax, Securities transaction tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments may also be levied by the broker (including Brics Securities Ltd.) Any entry or exit loads (if any) on units of Mutual Funds will also be charged to clients.

**iv) Depository Charges:**

Charges levied by the depository participant (including Brics Securities Ltd) for providing depository services will also be charged to the client.

**v) Service Tax:**

As applicable from time to time on various charges levied by Portfolio Manager.

**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.

**vii) Withdrawal by client**

In case a client desires to withdraw funds and securities from the Investment plan, the same may be subject to the following conditions:

- An exit load of not more than 2 % would be charged on the portfolio value at the time of withdrawal, if withdrawal is made before two years from the date of entry in the Investment plan. Such exit load shall be in addition to the management fees payable as aforesaid by client and portfolio value for the purpose of levying exit load would be portfolio value before charging management fees chargeable at the time of withdrawal.
- Part withdrawal shall not be for the amount less than Rs. 50,000/-
- Minimum balance after part withdrawal shall be at least minimum entry level amount prescribed for the Investment plan as mentioned in Annexure I
- In case portfolio withdrawal is in form of securities, then the closure day will be a day not exceeding two working days after the date of receipt of notice of closure/withdrawal by the portfolio manager.
- In case a client desires to withdraw funds and securities from the “BRICS Arbitrage” Investment plan, the same shall be subject to the following:
  - a) Request for withdrawal can be given on or before 15<sup>th</sup> day of month in which withdrawal is sought.
  - b) On receipt of withdrawal intimation, the arbitrage position will be unwound on or before the immediate expiry day as per Exchange settlement schedule (at present it is last Thursday of every month)
  - c) Redemption of the funds/securities would take place within two working days from the date of pay-out of funds from the exchange on account of unwinding of arbitrage position.

**viii) Incidental expenses:**

Charges in connection with day to day operations like courier expenses, postal, telegraphic, opening and operation of bank account or any other out of pocket expenses as may be incurred by the Portfolio Manager. In case if portfolio manager decides to

outsource function of fund accounting, the fund accounting charges shall also be borne by portfolio client.

**11) Taxation:**

Investment in securities is subject to the provisions of various statutes including the Indian Income Tax Act, 1961, Special reference needs to be made in respect of provisions related to Securities Transaction Tax., capital gains, business income and all other provisions of the Income Tax Act. Provisions related to tax deduction at source should also apply, wherever applicable. Interest and dividends would be subject to tax as per the provisions of the Income Tax Act 1961. In view of the individual nature of the tax consequences, each portfolio client is advised to consult his/her/its own tax consultant with respect to the implication in the portfolio management Investment plan.

**12) Accounting Policies:**

Accounting under the respective portfolios is being done in accordance with general accounting principles as SEBI (Portfolio Managers) Regulations do not explicitly lay down detailed accounting policies, The existing policies are:-

- a) Dividend income earned by the Portfolio shall be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments, which are not quoted on the stock exchange, dividend income would be recognized on the date of declaration of dividend.
- b) In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- c) In determining the holding cost of investments and the gains or loss on sale of investments, the “First in First Out” (FIFO) method shall be followed for each security.

- d) Transactions for purchase or sale of investments shall 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. Where investment transactions take place outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the portfolio obtains an enforceable obligation to pay the price or, in the event of a sale, when the portfolio obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- e) Bonus shares to which the portfolio becomes entitled shall be recognized only when the original shares on which the bonus entitlement accrues are traded on the Stock Exchange on an ex-bonus basis. Accordingly, date of recognition of bonus shares is construed as date of acquisition for the purpose of computing short term/ long-term capital gain.
- f) Rights entitlements shall be recognized only when the original shares on which the right entitlement accrues are traded on the Stock Exchange on an ex-right basis. Right entitlement till the time right shares are applied for, shall be valued on the basis of price at which right entitlement are traded on the Stock Exchange. In case the right entitlement are not tradable on Stock Exchange then such right entitlement will be valued at “nil” price. Once right shares are applied, the entitled quantity shall be recognized on the date of application and the cost will be taken at offer price. Accordingly, date of recognition of rights shares is construed as date of acquisition for the purpose of computing short term/ long-term capital gain. In case if any excess shares are applied along with entitled quantity, the same will be recognized as share application and shares, if any, allotted against such additional shares will be recognized on the date of allotment.
- g) The cost of investments acquired or purchased shall include grossed-up brokerage, service tax stamp charges and any other charge customarily included in the broker’s note except for Securities Transaction Tax. In case of derivative transaction, cost of investments acquired or purchased shall include brokerage. Other charges like service tax, stamp charges, Securities Transaction Tax and any other charge customarily included in the broker’s note shall not be considered as part of the cost but will be treated as

expenses. In respect of privately placed debt instruments any front-end discount offered may be reduced from the cost of the investment. The sale consideration shall be calculated after deducting brokerage, service tax stamp charges and any other charge customarily included in the broker's note except for Securities Transaction Tax.

- h) In case of corpus received in form of securities, the same is valued at the closing price of the securities on the previous working day of the date on which securities are in ward as corpus. Accordingly, date of securities inward as aforesaid shall be construed as date of acquisition and value as stated above is considered as cost of acquisition for the purpose of computing gains / returns.
- i) In case of corpus given back in form of securities, the same is valued at the closing price of the securities on the previous working day of the date on which stock is out warded as corpus. Accordingly, date of securities outward as aforesaid shall be construed as date of acquisition and value as stated above is considered as cost of acquisition for the purpose of computing gains / returns
- j) Other expenses shall be recognized on accrual basis.
- k) Gain/ loss on futures trade will be accounted on closing the future position. Till the time, position is open, the initial margin paid for such trade will be accounted as Initial margin on futures contract and daily mark to market margin will be accounted as Daily Mark to Market Margin on Futures contract.
- l) Premium paid on the option contract will be accounted for on trade date.

### **13) Valuation of Portfolio**

Investments are stated at market/fair value on the day they are being valued, in reporting portfolio to the client as well as for portfolio performance measurement. In valuing the client investments:

- Listed equity shares are valued at the last quoted closing price on the National Stock Exchange/Bombay Stock Exchange.
- Units of Mutual fund are valued at the latest available net asset value (NAV) of the particular scheme at the closing time of the valuation date.
- Debentures and Bonds are valued at cost plus interest accrued till the valuation date. However, where the security is listed on a stock exchange and is regularly traded, we

value the security at the last quoted closing price on National Stock Exchange/Bombay Stock Exchange plus accrued interest on it.

- Unlisted securities are valued at book value. Book value computed as under, will be certified by independent practicing Chartered Accountant appointed by Portfolio Manager:  
Book value per share = (Paid up capital+ Free reserve- Misc. expenditure)/ No. of shares

**14) Investor Services:**

- (i) The detail of investor relation officer who shall attend to the investor queries and complaints is mentioned here below:

Name of the person	Rakesh Gupta
Designation	Company Secretary and Compliance Officer
Address	Sadhna House, 1 <sup>st</sup> Floor, 570, P.B. Marg, Behind Mahindra Tower, Worli, Mumbai- 400 018
Email	rakesh.gupta@bricssecurities.com
Telephone	91-22-66360013

**(ii) Grievances redressal and Dispute settlement mechanism.**

Grievances, if any, that may arise pursuant to the Portfolio Management Services Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 1993 and any amendments made thereto from time to time. However, all the legal actions and proceedings are subject to the jurisdiction of court in Mumbai only and are governed by Indian laws.

The Investor Relation Officer as mentioned above will endeavor to address all complaints regarding service deficiencies or causes for grievance, for whatever reason, in a reasonable manner and time. If the issues raised are more in the nature of clarification/request then information/details will be provided to the client on immediate basis. Endeavour shall be made to redress the grievance within 5 to 30 days. In case of long pending complaints, if any, they will be escalated to the management at higher level and necessary steps will be taken to resolve the same. If the investor still 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 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 Mumbai or such other place as the Portfolio Manager thinks fit. Language of the Arbitration Proceedings shall be in English.

Mr Vankipuram R. Srinivasan  
**Whole time Director**

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Mr Parag Shah  
**Whole time Director**

\_\_\_\_\_

Mr Yogesh Manik  
**Director**

\_\_\_\_\_

Dr. T.T. Ram Mohan  
**Director**

\_\_\_\_\_

**Date: 22.08.2011**  
**Place: Mumbai**

Mr. D.J. Kakalia  
**Director**

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Annexure "I"				
Annexure to point 5: Details of the various Investment Plan offered by Brics Securities Ltd. PMS				
Long Only				
Investment Plan	BRICS Select	BRICS Dividend	BRICS Growth	BRICS Swift
<b>Investment Objective</b>	Aims to generate <b>capital appreciation</b> by investing in a <b>concentrated basket</b> of stocks with an endeavour to earn superior returns.	Aims to provide the investor with return through a primary focus of dividend earning combined with capital appreciation,	Aims to develop a <b>diversified portfolio</b> of equities offering sustainable earnings growth over long periods of time.	Aims to develop an equity portfolio of stocks that are likely to witness <b>near term</b> positive price action.
<b>Investment Style</b>	Bottom up identification of undervalued stocks using fundamental analysis. Invest in high growth companies with high incremental return on equity and generating sustained free cash flows over forecast period resulting in value appreciation.	Identifying companies with past history as well as future prospects of frequent and substantial dividends & undervalued blue chip opportunities.	Identify and track broad themes across the economy currently in play as well as in the future. Use a combination of top-down, bottom-up approaches to identify particular sectors and companies that possess strong overall business prospect.	Price momentum investing - the fund manager will focus on near term triggers for price movement and position the portfolio to benefit from these.
<b>Client Profile</b>	Targeted at experienced clients seeking capital appreciation despite the risk of poor diversification. Must be willing and able to assume high volatility in the Portfolio.	Clients looking for returns primarily in form of regular income from dividends.	Clients looking to benefit from the overall economic growth and looking to invest relatively early in high growth businesses with good managements.	Clients looking to take advantage of short term price action and investment opportunities arising from such movements in fundamentally sound stocks.
<b>Investment Portfolio</b>	Limited number of well researched stock positions enhance probability of success. Number of stocks ideally in the range of 12-15. Exposure in single stock < 15% of total portfolio value, exposure in single sector < 30%. Instruments include equity, debt, money market, derivatives, bank deposits and SEBI approved mutual funds.	Stocks selected will have a decent record of high dividends, and with high likelihood of such record being maintained in the future.	Diversified equity portfolio of stocks with high growth potential along with a management track record of successful implementation. The portfolio may be made up of 20-25 stocks, with max position cap of 10% per stock. Debt instruments and debt mutual funds may be used for short time frames for cash management.	Reasonably diversified portfolio of equity with high price momentum. The portfolio may comprise between 10-25 stocks at any point of time. Individual positions may not exceed 15% of the portfolio while sector positions will be restricted to 40%. Debt and money market funds may be used for temporary investment of unutilized cash.
<b>Investor's expected horizon</b>	24 to 36 months	24 months or more	12-36 months	12-24 months
<b>Portfolio Turnover</b>	The Portfolio will be actively managed. Portfolio turnover will therefore depend on the level of volatility of the scrips and current market scenario.	Low turnover is most likely.	Low turnover is most likely, since the portfolio is diversified.	Turnover will be high since the portfolio is constructed either to sell stocks that do not meet near term price objectives or when targets are achieved to book profits.
<b>Client's risk and asset allocation</b>	Since it is concentrated equity portfolio, it is assumed that the <b>client has done his asset allocation</b> . Under this Plan, the Portfolio may not be diversified.	Since the stocks selected will be based on relatively high dividend yield, clients may get sub-market returns in momentum markets.	Client will be exposed to market risk and will likely witness higher volatility than the overall market.	Client's risk will be managed through a actively tracked stop-loss strategy. The portfolio will perform sub-optimally in a sideways markets, where positions may be whip-sawed.
<b>Use of hedging instruments</b>	Portfolio protection may be applied using Index. However, the portfolio is meant to be long term in nature, and hedging will be applied rarely.	Portfolio protection may be applied using Index. However, the portfolio is meant to be long term in nature, and hedging will be applied rarely.	Portfolio protection may be applied using Index. However, the portfolio is meant to be long term in nature, and hedging will be applied rarely.	Portfolio protection may be applied using Index. However, the portfolio is meant to be long term in nature, and hedging will be applied rarely.
<b>Minimum Portfolio Size</b>	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.

Annexure "I"					
Annexure to point 5: Details of the various Investment Plan offered by Brics Securities Ltd. PMS					
Long Short					
Market neutral		Directional			
BRICS Arbitrage	BRICS Pair	BRICS Swift Long-short	BRICS Opportunity	BRICS M- STRATS	BRICS Advantage
Aims to take advantage of <b>arbitrage</b> opportunities between relative pricing in Cash and Futures market to make a relatively risk less profit.	Uses the properties of <b>co-integrated pairs</b> of stocks to achieve above average returns from statistical arbitrage.	Aims to generate capital appreciation as well as neutralise/minimize <b>market movements</b> by taking <b>both long &amp; short positions</b> in securities.	Aims to take advantage of bi-directional market movements as well as <b>all (short, medium, long) term</b> opportunities.	<b>Multi- strategy</b> computer program designed to earn higher than benchmark returns.	A bi-directional futures trading model looking to earn high returns through <b>technical analysis</b> recommendations. <b>Target based trend following</b> is underlying philosophy.
Arbitrage strategies will include Cash to Futures; Calendar spreads on current and near or far term Index; Index arbitrage between Index futures and its constituents	Co integration is the foundation upon which pair trading is built. The key is to identify and exploit periods when co integrated stocks diverge from the mean of their residuals.	Identify companies with strong earnings potential and also those projected to perform poorly. Adoption of a flexible, yet disciplined approach to investing. Use of fundamental and technical analysis to identify entry & exit points for taking long & short positions.	Identifies stock opportunities where the underlying value is significantly different (either more or less) than the market price.	Will vary according to chosen strategy, such as volatility based range prediction, directional indicator based positional trading, etc.	Based on the time frame, risk appetite and return expectation, two types of trades are initiated in this model- momentum and positional. Approach is reactive and systematic.
Clients with a corpus large enough to execute one basket trade and who are looking for relatively riskless profit.	Clients who fully comprehend the risk involved in the black box of statistical arbitrage.	Clients who wish to take advantage of both long term investments as well as medium/short term market/scrip movements.	Clients who wish to take advantage of both long term investments as well as medium/short term market/scrip movements.	Clients who understand and wish to take advantage of program generated buy/sell recommendations.	Clients willing to take bi-directional bets on markets.
Futures contract in the Derivative market and its corresponding underlying asset in the Cash market.	A selection of co integrated stock pairs chosen from the universe of pairs generated by our in house proprietary computer program.	Instruments include cash equities and both stock and index derivatives. Universe: Large & mid-cap stocks of companies in the F&O segment. Number of stocks not to exceed 20.	Investments will be spread over large and mid cap stocks where underlying value is significantly different from market price. Instruments include equity, debt, money market, derivatives, bank deposits and SEBI approved mutual funds.	Depending on the chosen strategy's recommendation, a long short equity portfolio will be created. M- STRATS can be used across asset classes and across markets. It can do well in most market conditions.	Portfolio of liquid scrips, with shorting universe limited to scrips traded in the futures segment of stock markets. Signals are system generated and self liquidating in nature.
1 year - with redemptions possible only at expiry of futures contracts.	1 year - with redemptions possible only at expiry of futures contracts.	12-18 Months	Buy/ Sell ideas are held with short, medium or long term perspective, depending on the opportunity and market movements.	Atleast 12 Months	1 year - with monthly redemptions
As and when prices in both markets are at par. If desired cost of carry is available, position can be rolled over to the next expiry also.	Actively supervised. Manager has to monitor co integrated stocks and act when they deviate from the mean of their residuals.	Dynamic portfolio management in tandem with the market's current situation.	Overall portfolio turnover will be high due to exploitation of short term market/ scrip movements.	Actively managed.	High turnover, average holding period will be a few weeks.
A prolonged bearish market does not offer many arbitrage opportunities. It is possible that the prices in the spot and futures market may not converge. Execution of trade needs to be particularly well timed.	It is possible that the prices of the co integrated stocks may not diverge from the mean of their residuals. Execution of trade needs to be particularly well timed.	Likely to underperform in a bull market due to short positions present in portfolio. Clients should be aware that comparison of the returns of a long-short fund vs. that of the index may not prove to be a fair measure of the fund's success.	Likely to underperform in a bull market due to short positions present in portfolio. Clients should be aware that comparison of the returns of a long-short fund vs. that of the index may not prove to be a fair measure of the fund's success.	Likely to underperform in a bull market due to short positions present in portfolio. Strategy has inherent risk management – entry and exit points are automatically generated and trailing stop losses are set.	Designed to take advantage of bi-directional market movements. Will underperform in flat and/or very high volatility markets.
Strategy is self hedged.	Strategy is statistically self hedged. No separate hedging is envisaged.	The plan attempts to work in both up and down markets. No further hedging is envisaged but maybe used in rare occasions.	The plan attempts to work in both up and down markets. No further hedging is envisaged but maybe used in rare occasions.	The plan attempts to work in both up, and down markets. No further hedging is envisaged.	The plan attempts to work in both up and down markets. No further hedging is envisaged but may be used in rare occasions.
Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.

<b>Annexure "I"</b>				
<b>Annexure to point 5: Details of the various Investment Plan offered by Brics Securities Ltd. PMS</b>				
Nifty Only				Structured
Investment Plan	BRICS Nifty M-STRATS	BRICS Fund of Funds	BRICS MF Hedging	BRICS Secure
<b>Investment Objective</b>	A multi-strategy <b>bi-directional NIFTY trading system</b> which uses back-tested computer models to initiate trades and aims to earn higher than nifty returns.	Aims to take advantage of returns spread across <b>various MF categories</b> and performance levels OR professionally manage a client's existing portfolio of funds.	Since most Mutual Funds (MFs) are long only this strategy aims to hedge MFs downfall risk using Index futures.	Aims to garner a payout by investing in a <b>secured debt instrument</b> ; wherein returns are linked to the performance of parameter such as equity index, basket of securities, commodity prices or foreign exchange rates.
<b>Investment Style</b>	Trading choices are determined by the state of the market as signaled by indicators. Proprietary directional indicators suggests choice of strategy to be implemented.	Identify MF schemes whose underlying value and potential is greater than current market valuations. MFs where the investment philosophy and style of the fund manager is consistent with our investment objective. OR Manage existing portfolio using in house research and advisory.	Strategy is dormant during bull market and activates only when there is clear short signal on the index. Hence, in bear markets, it outperforms Index while in bull market returns are similar to Index. Strategy gives entry and exit signals for the short positions.	Debt instrument will be rated by a leading rating agency. Attempt will be to deal with listed instruments or those proposed to be listed
<b>Client Profile</b>	This plan is for clients who are willing to take medium risk yet looking for high returns. The strategy takes time to bear fruit, hence the client must have a one year investment horizon atleast. Near term performance may diverge significantly from market index performance.	Targeted at clients looking for optimal returns from a diversified portfolio of MFs, who would like to take advantage of long term investment in capital markets.	Targeted at clients looking to hedge the downside risk of their existing MF portfolios.	Targeted at clients with a relatively low risk appetite, conservative in nature but wishing to participate in the upside of equity market and looking to diversify their portfolio.
<b>Investment Portfolio</b>	Index futures. It can be used across asset classes and across markets. It can do well in most market conditions.	Investment is made in MFs with good one year track record. Investment across at least 5 MF schemes. Normally no close-ended schemes to be included. Investments across Large, mid, small cap schemes; sector schemes; equity arbitrage schemes; Exchange Traded Funds.	Index Futures	Secured debt instrument issued by reputed corporates. Funds may be deployed in liquid fund schemes, debt oriented schemes of MFs, gilt schemes or bank deposits.
<b>Investor's expected horizon</b>	Atleast 12 Months	Atleast 12 months	12-24 months	Debt instrument will have defined tenure.
<b>Portfolio Turnover</b>	Actively managed. On an average 40 trades a year.	Few transactions - mutual fund portfolio will remain largely static with some changes to incorporate near term style and performance changes.	About 3-4 times a year or whenever there is a signal for a bear market.	No turnover once the investment is made for the duration of the product.
<b>Client's risk and asset allocation</b>	Strategy has inherent risk management – entry and exit points are automatically generated and trailing stop losses are set.	Mutual funds are directly exposed to market risk. Portfolio may have variance different from the benchmark depending on its construction.	The strategy is a hedge in a falling market.	The investment is subject to credit risk of the issuer. The value of the portfolio may be affected due to default or their inability to make timely payment of principal or returns. Debt instrument will have defined capital protection level.
<b>Use of hedging instruments</b>	The plan attempts to work in both up, and down markets. No further hedging is envisaged but maybe used in rare occasions.	Portfolio protection may be applied using Index as specified in BRICS Hedging, but only if there is a prospect of bear movement.	Inherent in strategy.	The product targets a specific pre defined pay-off. No further hedging is envisaged but may be used in rare occasions..
<b>Minimum Portfolio Size</b>	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.

Annexure "I"				
Annexure to point 5: Details of the various Investment Plan offered by Brics Securities Ltd. PMS				
	Custom			
Investment Plan	BRICS You	Dynamic Opportunity	BRICS Fix Gain	BRICS Chanakya
<b>Investment Objective</b>	Aims to provide the client with a <b>tailor made portfolio</b> to match specific needs of clients.	Aims to take advantage of bi-directional market movements as well as all ( <b>short, medium, long</b> ) <b>term investment and trading</b> opportunities. Conserve capital during bear markets and focus on returns during bull markets.	Aims to garner a payout by investing in a <b>debt instrument</b> ; wherein returns are linked to the performance of parameter such as basket of fixed income securities.	Aims to generate <b>capital appreciation</b> by investing in a <b>concentrated basket</b> of unlisted stocks of early stage growth companies with an endeavor to earn superior returns.
<b>Investment Style</b>	Depending on the client's specifications. A fund manager with matching investment style will be allocated to the client.	Through Macro analysis, a broad view of markets is formed and then sectors and stocks are identified which would perform best in that environment. Final stock selection is based on further company analysis and research. Focus on risk adjusted returns.. Willingness to Invest in other asset classes including cash if the outlook for equities is not encouraging in the shorter term.	Debt instrument will be rated by a leading rating agency or will be guaranteed by Central/State Government. Attempt will be to deal with listed instruments or those proposed to be listed	Bottom up identification of undervalued stocks using fundamental analysis. Invest in high growth companies with high incremental return on equity and generating sustained free cash flows over forecast period resulting in value appreciation.
<b>Client Profile</b>	Clients with significant non-standard requirements and specific investment needs.	Clients who wish to take advantage of both long term investments as well as medium/short term market/stock movements. (removed the word stock)	Targeted at clients with a relatively low risk appetite, conservative in nature but wishing to participate in the upside of debt market.	Targeted at experienced clients seeking capital appreciation despite the risk of poor diversification. Must be willing and able to assume high volatility in the Portfolio.
<b>Investment Portfolio</b>	Those financial instruments that best achieve the client's goals.	Investments will be spread over large, mid and small cap stocks and other instruments where underlying value is significantly different from market price. Instruments include equity, currencies, debt, money market, derivatives, bank deposits, SEBI approved mutual funds and other exchange traded securities.	Investment will be made in debt instrument issued by reputed corporates and/or Government Securities, State Development Loan, Bonds issued by Public Sector Undertaking, State/ Central Government Guaranteed Bonds, Bank Bonds, Treasury Bills, Commercial Papers, Certificate of Deposits and other Corporate Bonds. Funds may also be deployed in liquid fund schemes, debt oriented schemes, gilt schemes of Mutual Fund or bank deposits.	Limited number of well researched stock positions enhance probability of success. Number of stocks ideally in the range of 5 - 10. Instruments include equity, debt, money market, derivatives, bank deposits and equity-linked instruments.
<b>Investor's expected horizon</b>	As outlined by the client.	12-36 months	Atleast 7 months	60 to 120 months
<b>Portfolio Turnover</b>	As per client preference.	Overall portfolio turnover may be higher due to exploitation of short term market/stock movements.	Actively managed. Portfolio turnover will therefore depend on the level of volatility and current market scenario.	The Portfolio turnover will be low.
<b>Client's risk and asset allocation</b>	Market risk as enhanced by the client requirements.	May underperform in a bull market due to short positions present in portfolio and outperform in a bear market for the same reason. Clients should be aware that comparison of the returns of a long-short fund vs. that of the index may not prove to be a fair measure of the fund's success.	The investment is subject to credit risk of the issuer of the debt and other instrument. The value of the portfolio may be affected due to default or their inability to make timely payment of principal or returns. The overall interest rate movement will have large impact on the yield of the portfolio	Since it is concentrated equity portfolio, it is assumed that the <b>client has done his asset allocation</b> . Under this Plan, the Portfolio may not be diversified.
<b>Use of hedging instruments</b>	If requested for.	The plan attempts to work in both up and down markets. No further hedging is envisaged but may be used in rare occasions.	The product targets a specific pre envisaged pay-off. No further hedging is envisaged. Hedging may be done in Interest Rate Future or Currency Future if and when permitted by the regulator	The portfolio is meant to be long term in nature, and hedging will be applied rarely.
<b>Minimum Portfolio Size</b>	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 5 Lakh cash or equivalent value of approved securities per client.	Rs. 30 Lac Cash per client	Rs. 5 Lakh cash or equivalent value of approved securities per client.

**Disclosure Document Dated 22nd August, 2011**

**Annexure to point 7 (b) - Transactions with related parties for the year-ended 31.3.2011**

**Annexure II**

**(This disclosure is extracted from the information provided in the audited accounts of Brics Securities Ltd. for the financial year ended 31.03.2011)**

Disclosure in respect of Related Parties pursuant to Accounting Standard '18':

**A) List of Related Parties :**

A.	Major Shareholder	Nakul Arun Jagjivan
B.	Key Managerial Personnel (KMP)	Parag Shah V R Srinivasan
C.	Subsidiary Company	Brics Stock Brokers Limited
D.	Enterprises over which major shareholder / Key managerial personnel have control	Contrex Private Limited Chamundi Textiles (Silk Mills) Limited J V Gokal Finance & Investments Private Limited J V Roulements International Private Limited Brics Commodities Private Limited Energenics India Private Limited Matrix Metallics Private Limited Valation Finance and Marketing Private Limited Gokal Tea Private Limited Envirox Protection Company Private Limited Equinox Impex Private Limited Esprit Energy Appliances Private Limited SilicaTool Manufacturing & Allied Services Pvt Ltd J V Gokal & Company Private Limited Globex Energia Private Limited Vital Vegetable oils And Proteins Limited Spank Hotels Private Limited O S S Air Management Private Limited Tangerine Hotels Private Limited Zeus Environment Protection Company Private Limited

Yatish Trading Company Private Limited  
 Enrika Trades & Services Private Limited  
 Sheridan Environment Protection Private Limited  
 Lemons Tree Hotels Private Limited  
 Brics Online Services Private Limited  
 Brics Gilt Finance Private Limited  
 Financial Advisors (India) Private Limited  
 Menaka Mills Limited  
 Pamban Apanel Limited  
 Paytronic Network Private Limited  
 Purple Infotech Limited  
 Offshore Holdings Private Limited  
 Indiaproperties.com Private Limited  
 Brics Leasing & Finance Pvt. Ltd.  
 Iplus Technologies Private Limited  
 WAI Insurance Broking Services Pvt. Ltd  
 Mercantile Enterprise  
 United Enterprise  
 Universal Corporation  
 Gita Corporation  
 Gita Corporation  
 Clive Corporation  
 J V Gokal & Company  
 R J Gokal & Others  
 Wealth Zone Financial Services (I) Pvt Ltd  
 Brics Leasing & Finance Pvt Ltd  
 Wealth Advisors India Pvt Ltd  
 Sprec India Private Limited  
 Olympus Infotech Private Limited

E. Relative of major shareholder/ Director / KMP who may be expected to influence or be influence by that individual

Mr Nayan Arun Jagjivan  
 Mrs. Latha Srinivasan  
 Parag Shah (Huf)  
 Mrs.Pooja P Shah

F Enterprises over which such relative have significant influence, where transactions have taken place

Odyssey Capital Pvt. Ltd.  
 Fortell Business Solution Pvt. Ltd.  
 Heligo Charter Pvt Ltd  
 Accord Fintech Pvt Ltd

**B) Transaction with related parties**

(Amount in `)

Particulars	Major share holder	Subsidiary	Enterprise as referred in (i) D and F	KMP	Relative as referred in (i) E	Total
<b>EXPENSE</b>						
Remuneration		-	-	10,762,886	-	10,762,886
		-	-	(21,040,022)	-	(21,040,022)
Sub- Brokerage		-	7,300,399			7,300,399
		-	(6,192,430)	-	-	(6,192,430)
Reimbursement of Expenses made		-	24,999	450,837	-	476,836
		-	(2,312,582)	(625,961)	-	(2,938,542)
Membership & Subscription	-	-	930,833	-	-	895,537
	-	-	(2,023,000)	-	-	(2,023,000)
Website/software Expenses		-	325,000	-	-	325,000
		-	(1,229,260)	-	-	(1,229,260)
Purchase of Debt Securities		-	1,747,664,215	-	-	1,747,664,215
		-	(1,656,096,625)	-	-	(1,656,096,625)
<b>INCOME</b>						
Allocation of Expenses Received		-	964,425	-	-	924,836
		-	(1,507,482)	-	-	(1,507,482)
PMS Fees		-	-	131,699	100,955	232,655
		-	-	(32,358)	(7,830)	(40,187)
Brokerage	128,243	-	2,075,421	102,922	40,528	2,347,113
	(144,091)	-	(833,107)	(49,757)	(17,702)	(1,044,656)
Sale of Debt Securities		-	464,105,801	-	-	74,813,552
		-	(74,813,552)	-	-	(74,813,552)
Depository Charges Received	2,000	-	59,371	13,917	6,476	81,763
	(6,843)	-	(46,467)	(6,270)	(1,820)	(61,400)
<b>INVESTMENT</b>			135,000,000			135,000,000
			(-)			(-)
<b>OUTSTANDING</b>						
Amount Payable		-	1,367,543	8,865	256,503	1,632,911
		-	(1,138,916)	(67,714)	-	(1,206,630)
Amount Receivable		-	15,940,290	52	30,130	15,970,471
		-	(2,512,417)	-	-	(2,512,417)
Guarantees Taken	351,000,000	-	-	-	-	351,000,000
	(281,000,000)	-	(200,000,000)	-	-	(481,000,000)
Guarantees Given	-	-	384,500,000	-	-	384,500,000
	-	-	(601,400,000)	-	-	(601,400,000)

(Figures in brackets represent amounts relating to previous year)

**C) Disclosure in respect of transactions which are material or more than 10% of the total transactions of the same type with related parties during the year**

(Amt in `)

Particulars	2010-2011	2009-2010
<b>EXPENSE</b>		
<b>Remuneration</b>		
V R Srinivasan	7,875,408	18,712,422
Parag Shah	2,887,478	2,327,600
<b>Sub Brokerage</b>		
Wealth Advisors (India) Private Limited	7,300,399	6,192,430
<b>Membership and Subscription (including prepaid)</b>		
Fortell Business Solution Pvt. Ltd	-	18,53,000
Accord fintech Pvt Ltd	930,833	170,000
<b>Reimbursement of Expenses made</b>		
V R Srinivasan	450,837	-
Odyssey Capital Private Limited	-	2,312,582
Others	24,999	
<b>Website/Software Expenses</b>		
Foretell Business Solution Private Limited	-	679,260
Accord fintech Pvt Ltd	325,000	550,000
<b>Purchase of Debt Securities</b>		
Odyssey Capital Private Limited	262,328,425	302,754,915
Brics Gilt Finance Pvt Limited	1,485,335,790	1,353,341,711
<b>INCOME</b>		
<b>Allocation of Expenses</b>		
Brics Gilt Finance Pvt Limited	568,536	1,075,531
Brics Commodities Private Limited	395,889	429,652
Others	-	2,299
<b>Brokerage</b>		
Odyssey Capital Private Limited	431,254	67,744
Yatish Trading Company Private Limited	220,777	451,390
BRICS Gilt Finance Pvt Limited	1,423,390	313,943
Nakul Arun Jagjivan	128,243	89,643
Nayan Arun Jagjivan	35,666	54,447
Others	107,784	67,458
<b>Depository Charges Received</b>		
Nakul Arun Jagjivan	2,000	4,472
Brics Gilt Finance Pvt Ltd.	41,188	43,599
Odyssey Capital Private Limited	600	662
Yatish Trading Company Private Limited	15,610	2,206
V R Srinivasan	12,994	-
Others	9,371	10,461
<b>Sale of Debt Securities</b>		
Odyssey Capital Private Limited	-	1,043,024
Brics Gilt Finance Pvt Limited	464,105,801	73,770,528
<b>PMS Fees recd</b>		
V R Srinivasan	131,699	32,358
Latha Stinivasan	100,955	7,830
<b>OUTSTANDING</b>		
<b>Amount Payable</b>		
Wealth Advisors (India) Private Limited	1,367,543	352,477
Odyssey Capital Private Limited	-	41,913
V R Srinivasan	8,588	67,714

Others	256,503	-
<b>Investment</b>		
Accord Fintech Pvt Ltd	135,000,000	-
<b>Amount Receivable</b>		
Brics Commodities Private Limited	357,814	387,439
Fortell Business Solution Pvt Ltd	-	744,525
Accord fintech Pvt Ltd	-	1,041,950
Brics Gilt Finance Pvt Ltd	15,498,997	1,083,028
Others	113,661	-
<b>Guarantees Taken</b>		
BRICS Gilt Finance Pvt Limited	-	200,000,000
Nakul Arun Jagjivan	351,000,000	281,000,000
<b>Guarantees Given</b>		
Odyssey Capital Private Limited	149,100,000	385,900,000
Heligo Charter Pvt. Ltd	225,900,000	111,200,000
Accord fintech Pvt Ltd	9,500,000	104,300,000

Note: i No amounts in respect of related parties have been written off/ written back during the year, nor any provision been made for doubtful debts/ receivables.

ii Related party relationships have been identified by the management and relied upon by the auditors.