

28th April 2023

To,
The Manager,
Investment Management Department,
Division of Funds, SEBI Bhavan, 3rd Floor A Wing,
Plot No. C4-A, 'G' Block, Bandra-Kurla Complex,
Bandra (E), Mumbai-400 051.



Dear Sir/Madam,

Ref.: Portfolio Manager Registration No. INP000006378

Sub.: Submission of Disclosure Document dated 28.04.2023 for Portfolio Managers Registered under SEBI (Portfolio Managers) Regulations, 2020.

With reference to above enclosed please find the following documents against Portfolio Manager Registration number **INP000006378** under SEBI (Portfolio Managers) Regulations, 2020.

1. Disclosure Document
2. Form C
3. Disclosure Document Certification from Chartered Accountants.

Kindly find the same in order and let us know if any further documents / information is required and the same shall be promptly provided.

You may contact Mr. Kunal Rakshit on Tel. no: +9122 66886100; Mob: +91 9820889073;

Email: kunal@lapisindiacapital.com for any further requirements.

Kindly acknowledge the receipt of the same.

Thanking you,

Yours truly,

For Lapis India Capital Advisors Private Limited


Kunal Rakshit
Principal Officer



Encl: As above

Lapis India Capital Advisors Private Limited
SEBI Registration Number INP000006378

Disclosure Document
For
Portfolio Management Services



PORTFOLIO MANAGEMENT SERVICES

**DISCLOSURE DOCUMENT
OF
LAPIS INDIA CAPITAL ADVISORS PRIVATE LIMITED
(SEBI Registration No. INP000006378)**

(As per the requirement of the Fifth Schedule under Regulation 22(3) of SEBI (Portfolio Managers) Regulations, 2020)

- | | |
|-------|---|
| (i) | This disclosure document (Document or Disclosure Document) has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended from time to time and filed with SEBI. |
| (ii) | The Document has been filed with the Board (SEBI) along with the certificate in the prescribed format in terms of regulation 22(3) of SEBI (Portfolio Managers) Regulation 2020. |
| (iii) | The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) to assist and enable the investors in making an informed decision for engaging Lapis India Capital Advisors Private Limited (Portfolio Manager) as a portfolio manager. |
| (iv) | The Document contains necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the document for future reference. |
| (v) | This Disclosure Document is dated 28 th April, 2023 (financial data considered up to 31 st March 2022). |

Details of the Portfolio Manager

Name of Portfolio Manager	: Lapis India Capital Advisors Private Limited
SEBI Registration Number	: INP000006378
Registered Office Address	: Unit 301-306, 3 rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050
Corporate Office Address:	: Unit 301-306, 3 rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050
Phone No(s)	: +91 22 6688 6100
E-mail address	: info@lapisindiacapital.com

Details of Principal Officer

Name of Principal Officer	: Kunal Rakshit
Corporate Office Address	: Unit 301-306, 3 rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050
Phone No(s)	: +91 22 6688 6100
E-mail address	: kunal@lapisindiacapital.com



CONTENTS

1. Disclaimer	4
2. Definitions.....	4
3. Description.....	7
i. History, Present Business and Background of the Portfolio Manager	7
ii. Promoters of the Portfolio Manager, Directors, and their Background	8
iii. Group Companies	9
iv. Services being Offered.....	9
4. Penalties, pending litigation or proceedings, findings of inspection, or investigations for which action may have been taken or initiated by any regulatory authority	10
5. Services Offered.....	11
i. Investment Objective	11
ii. Investment Approach	11
iii. Policies for Investments in the securities of Associates/Related Parties of the Portfolio Manager and the maximum percentage of such investment therein subject to the applicable laws/regulations/guidelines, if any	14
6. Risk Factors	14
7. Client Representation	16
i. Portfolio Management business details.....	16
ii. Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India	17
8. Financial Performance of the Portfolio Manager	18
9. Portfolio Management Performance.....	18
10. Audit Observations	19
11. Nature of Expenses	19
12. Taxation	21
13. Accounting Policies	23
14. Investor Services	25
i. Name, address, and telephone number of the investor relation officer who shall attend to the investor queries and complaints.....	25
ii. Grievance redressal and dispute settlement mechanism.....	25
15. DETAILS OF INVESTMENT IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER	26
16. DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER.....	26
17. Anti-Money Laundering Compliances.....	26
18. Disclaimer by Portfolio Manager	27
19. List of Approved Share Brokers involved for Portfolio Management activities	27
20. General.....	27



1. DISCLAIMER

The particulars given in this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and this Document has been filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document. You are requested to retain the document for future reference. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person.

Notwithstanding anything contained in this Disclosure Document, the provisions of SEBI (Portfolio Managers) Regulations, 2020 and as amended from time to time and the circulars/guidelines issued by SEBI from time to time thereunder shall be applicable.

This Disclosure Document along with a certificate in Form C is required to be provided to the Client, prior to entering into an agreement with the Client.

2. DEFINITIONS

In this Disclosure Document, the following words and expressions shall, unless the context requires otherwise, have the following meanings ascribed to them:

- i. **"Act"** means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended from time to time.
- ii. **"Accreditation Agency"** means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by the Board from time to time.
- iii. **"Accredited Investor"** means any person who has been granted a certificate by the accreditation agency who:
 - a) in the case of an individual, HUF, family trust, or sole proprietorship has:
 - i. the annual income of at least two crore rupees; or
 - ii. the net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees are in the form of financial assets or
 - iii. the annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crores fifty lakh rupees are in the form of financial assets.
 - iv. in case of a body corporate, has a net worth of at least fifty crore rupees.
 - v. in case of a trust other than family trust, has a net worth of at least fifty crore rupees.
 - vi. in the case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation.

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State



Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall be deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

- iv. **"Agreement"** means the agreement between Portfolio Manager and its Client in terms of Regulation 22 of the Regulations and shall include all schedules, recitals, exhibits, and annexures attached thereto and any amendments made to the said Agreement by the Parties in writing.
- v. **"Assets"** means (i) the Portfolio and/or (ii) the Funds and includes all 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), in relation to or arising out of Assets.
- vi. **"Board" or "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 and as amended from time to time.
- vii. **"Benchmark"** means the Benchmark selected by the Portfolio Manager pursuant to the SEBI circular dated 16 December 2022, to indicate performance of the portfolio vis a vis markets, which enables investors to evaluate relative performance of portfolio managers.
- viii. **"Client"** means the person who enters into an Agreement with the Portfolio Manager for managing its portfolio and /or funds.
- ix. **"Custodian"** means any person who carries on or proposes to carry on the business of providing custodial services in accordance with the regulations issued by SEBI from time to time.
- x. **"Depository Account"** means one or more accounts or accounts opened, maintained, and operated by the Portfolio Manager in the name of the Client with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996.
- xi. **"Direct on-boarding"** means an option provided to clients to be on-boarded directly with the Portfolio Manager without the intermediation of persons engaged in distribution services.
- xii. **"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, where under the Portfolio Manager exercises any degree of discretion in investments of funds or management of assets of the Client;
- xiii. **"Financial Year"** means the year starting from April 1st and ending on March 31st of the following year.
- xiv. **"Funds"** means the monies placed by the Client with the Portfolio Manager and shall include all accretions thereto.
- xv. **"Goods"** means the goods notified by the Central Government under clause (bc) of section 2 of the Securities Contracts (Regulation) Act, 1956 and forming the underlying of any commodity derivative;
- xvi. **"High Water Mark"** means the value of the highest Closing NAV achieved by the Portfolio in any year during the subsistence of this Agreement (adjusted for any additional funds/withdrawals by the Client in that year) and net of Portfolio Management Fees, for that year.



- xvii. **"Initial Corpus"** means the value of the Funds and the market value of Securities brought in by the Client and accepted by the Portfolio Manager at the time of entering into an agreement with the Portfolio Manager to avail its portfolio management services.
- xviii. **"Investment Approach"** shall mean a broad outlay of the type of securities and permissible instruments to be invested in by the portfolio manager for the customer, taking into account factors specific to clients and securities.
- xix. **"Large Value Accredited Investor"** means an accredited investor who has entered into an agreement with the portfolio manager for a minimum investment amount of ten crore rupees.
- xx. **"Non-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 shall provide advice in relation to the Assets but does not exercise any discretion with respect to investments or management of the Assets of the Client, and invests and manage the Assets only after seeking and taking approval from the Client, entirely at the Client's risk.
- xxi. **"Parties"** means the Portfolio Manager and the Client, and "Party" shall be construed accordingly.
- xxii. **"Person"** includes any individual, partners in a partnership, limited liability 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.
- xxiii. **"Portfolio"** means the total holdings of Securities and Goods belonging to a Client.
- xxiv. **"Portfolio Manager"** means **"Lapis India Capital Advisors Private Limited"**, a company incorporated under the Companies Act, 2013 and registered with SEBI as a portfolio manager vide **Registration no. INP000006378**.
- xxv. **"Principal Officer"** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:-
- i. the decisions made by the portfolio manager for the management or administration of a portfolio of securities or the funds of the client, as the case may be; and
 - ii. all other operations of the portfolio manager.
- xxvi. **"Related party"** in relation to a portfolio manager, means –
- (a) a director, partner or his relative;
 - (b) key managerial personnel or his relative;
 - (c) a firm, in which a director, partner, manager or his relative is a partner;
 - (d) a private company in which a director, partner or manager or his relative is a member or director;
 - (e) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
 - (f) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;
 - (g) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (h) any body corporate which is—



1. a holding, subsidiary or an associate company of the portfolio manager; or
2. a subsidiary of a holding company to which the portfolio manager is also a subsidiary;
3. an investing company or the venturer of the portfolio manager;

Explanation. —For the purpose of this clause, “investing company or the venturer of a portfolio manager” means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate.

- (i) a related party as defined under the applicable accounting standards;
- (j) such other person as may be specified by the Board.

Provided that,

- a. any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b. any person or any entity, holding equity shares:
 - i. of twenty per cent or more; or
 - ii. of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

xxvii. “Regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as may be amended from time to time.

xxviii. “Securities” has the meaning given to in section 2(h) of the Securities Contracts (Regulations) Act, 1956 and includes shares, scrips, stocks, bonds, warrants, convertible and non- convertible debentures, fixed return investments, equity linked instruments, negotiable instruments, deposits, money market instruments, commercial paper, certificate of deposit, units issued by Unit Trust of India and / or by any mutual funds, units or any other instrument issued by any collective investment scheme to the investors in such schemes, mortgage backed or other asset backed securities, derivative, derivatives instrument, options, futures, foreign currency commitments, hedged, swaps or netting of any other securities issued by any company or other body corporate, any trust, any entity, the Central Government, the State Government or the local or statutory authority and all money rights or property that may at any time be offered or accrue (whether by right, bonus, redemption, preference, option or otherwise) and whether in physical and in dematerialized form in respect of any of the foregoing or evidencing or representing rights or interest therein; any other instrument or investments as may be permitted by applicable law from time to time;

xxix. “Strategy” means an additional layer of broadly defined investment themes adopted by the Portfolio Manager in addition to Investment Approach pursuant to SEBI Circular dated 16 December 2022.

Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their usage in the Regulations and the Act. The definitions are not exhaustive. They shall also carry the meaning assigned to them in the Regulations.

3. DESCRIPTION

i. History, Present Business and Background of the Portfolio Manager

Lapis India Capital Advisors Private Limited (“Lapis” or the “Company”) is a Private Limited Company incorporated on 10th March 2016 under the Companies Act, 2013.



Lapis has its Registered Office and its corporate office at Unit 301-306, 3rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050.

Effective 1st January 2022, Lapis provides non-binding investment advisory services to the SA Real Estate Trust. Prior to that, Lapis provided non-binding investment advisory services to the offshore manager of SUN-Apollo India Real Estate Fund LLC (a USD 630 million India-focused real estate private equity fund based in Mauritius) ("SUN-Apollo Fund") and liquidation advisory services to the SUN-Apollo Fund. Since 9th August 2019, Lapis provides non-binding investment advisory services to the offshore manager of Investor India Realty Fund I LLC (formerly IL&FS India Realty Fund LLC), which raised US\$456 million in 2006. Since 6th January 2020, Lapis provides non-binding investment advisory services to the offshore manager of Investor India Realty Fund II LLC (formerly IL&FS India Realty Fund II LLC) ("IIRF-II"), which raised US\$870 million in 2008. Lapis may provide non-binding investment advisory services to other offshore managers of real estate funds in the future.

Effective from 13th January 2021, Lapis Investment Management LLC ("LIML" or "Subsidiary"), Mauritius is a wholly-owned subsidiary (WOS) of Lapis. LIML is a private limited company incorporated on 31st July 2019 in Mauritius and currently provides investment management services to IIRF-I and IIRF-II. LIML is regulated by the Financial Services Commission, Mauritius. LIML has on 1st August 2019 obtained a CIS manager licence and GBL 1 licence from the Financial Services Commission, Mauritius.

Lapis started its Portfolio Management Services business in March 2019 and for this purpose, it had obtained registration as a portfolio manager from SEBI on 14th February 2019 (SEBI registration number INP000006378).

ii. Promoters of the Portfolio Manager, Directors, and their Background

Lapis is promoted by Prakash Kalothia.

The directors of Lapis are Prakash Kalothia and Kunal Rakshit.

Prakash Kalothia

Prakash has 27 years of finance and business experience. Prakash set up Lapis in 2016, to provide investment advisory and/or management services to clients. Lapis provides non-binding investment advisory services to offshore manager(s) of India focussed real estate private equity funds, as described above. In addition, Lapis is building its portfolio management services business focused on public market investments.

Prakash has been associated with SUN-Apollo since 2006, initially serving on SUN-Apollo Fund's investment committee, and from 2009 as the Managing Director of SUN-Ares India Real Estate Private Limited (the previous investment advisor to the manager of the SUN-Apollo Fund). Prior to this, Prakash has worked with SUN Group, Lendlease, Larsen and Toubro, and Usha Breco.

Prakash has a civil engineering degree from NIT where he was awarded the Gold Medal. He has also completed the Post Graduate Programme in Management (PGP) from ISB. He is a fellow of the Royal Institute of Chartered Surveyors, a member of the Urban Land Institute, and serves on the national real estate committee for FICCI and CII, the two leading business associations in India.



Kunal Rakshit

Kunal has 21 years of industry experience, including 16 years of public markets and private equity advisory experience. Prior to joining Lapis, Kunal worked at First Voyager Advisors from 2010 to 2016, advising the manager of an FII/FPI that was focused on investments in the public equities markets in India. Before that, from 2007 to 2010, Kunal was with BCP Advisors (Baer Capital Partners' private equity advisory business) that advised the manager of a USD 190 million growth capital India fund. From 2003 to 2007 Kunal was an entrepreneur who built and managed a hypermarket in Pune, India. Kunal started his career as a business leadership trainee at Hindustan Unilever in 2002.

Kunal has a B.A. degree in economics from Amherst College, USA, and a Post Graduate Diploma in Management from IIM Bangalore. He is also a CFA Charter holder from CFA Institute USA.

iii. Group Companies**Wholly owned Subsidiary**

1. Lapis Investment Management LLC, Mauritius (effective from 13th January, 2021)

iv. Services being Offered

The Portfolio Manager offers Portfolio Management services under Discretionary, Non-Discretionary, and Advisory categories to its prospective clients.

Discretionary Portfolio Management Services

Under these services, the choice, as well as the timings of the investment decisions, rest solely with the Portfolio Manager, and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested/disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in the deployment of the Client's funds is absolute and final and can never 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 fraud, malafide, or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, Regulations, guidelines, and notifications in force from time to time. Periodical statements in respect to the Client's Portfolio shall be sent to the Client.

In the case of client(s) falling under the category of Large Value Accredited Investors, the portfolio manager may invest up to 100% of the assets under management of the Large Value Accredited Investor in unlisted securities.

Currently, Lapis is offering only one investment approach – the Compounder Strategy to clients. Going forward, Lapis may introduce additional investment approaches to clients.

Non-discretionary Portfolio Management Services

Under the Non-Discretionary Portfolio Management Services, the portfolio of the Client shall be managed in consultation with the Client. Under this service, the Assets will be managed as per express prior instructions issued by the Client from



time to time. The Client will have complete discretion to decide on the investment (Stock Quantity and Price or amount). The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporate benefits, valuation, and reporting aspects on behalf of the Client entirely at the Client's risk.

However, for the client(s) other than those falling under the category of Large Value Accredited Investors, the portfolio manager may advise investing only up to 25% of the assets under management of such clients in unlisted securities in addition to the securities permitted for discretionary portfolio management services. In case of client(s) falling under the category of Large Value Accredited Investors, the portfolio manager may advise investing up to 100% of the assets under management of the Large Value Accredited Investors in unlisted securities.

Lapis is not offering Non-Discretionary Portfolio Management Services as of date of the signing of the Disclosure Document but may do so in the future.

Advisory Services

Under these services, the Portfolio Manager advises the Client on investments in general or any specific advice required by the Clients and agreed upon in the Agreement. The Portfolio Manager will seek to render the best possible advice to the Client having regard to the client's needs and the environment, and its own professional skills. The same can be binding or non-binding in nature or in such terms as mentioned in the Agreement. For such services, the Portfolio Manager would charge the Client a fee for services rendered mentioned in the Agreement. The advice may be either general or specific in nature and may pertain to a specific portfolio. Entry/exit timing, execution, and settlement are solely the Client's responsibility.

However, for Client(s) other than those falling under the category of Large Value Accredited Investors, the portfolio manager may advise investing only up to 25% of the assets under management in unlisted securities in addition to the securities for discretionary portfolio management services. In case of client(s) falling under the category of Large Value Accredited Investors, the portfolio manager may advise investing up to 100% of the assets under management in unlisted securities.

Lapis is not offering Advisory Services as of date of the signing of the Disclosure Document but may do so in the future.

Direct On-boarding:

The Portfolio Manager provides the Direct on-boarding facility to Clients. A person can become a client by directly contacting us or signing up for our services by writing to us at info@lapisindiacapital.com.

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

i. All cases of penalties imposed by the Board or the directions issued by the Board under the Act or Rules or	None
--	------



Regulations made thereunder.	
ii. The nature of the 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 with respect to action taken or initiated by regulatory authorities. For other litigation see "Annexure 1".
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 thereunder.	None

5. SERVICES OFFERED

i. Investment Objective

The investment objective is to seek long-term capital appreciation of the clients' portfolios by investing in the asset class of equities/shares of companies listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

However, investments could be made in liquid mutual funds or liquid ETFs for reasons including, but not limited to, the Portfolio Manager's views on the attractiveness of the equity investment opportunities at the time, during the ramp-up investment phase of a client's portfolio, or for liquidity reasons.

Though reasonable endeavours will be made to achieve the investment objective, there is no guarantee or assurance that the investment objective will be achieved. No guaranteed returns are being offered under these services.

ii. Investment Approach

Currently, Lapis is offering one investment approach to its clients – The Compounder Strategy.

a. Strategy

The Compounder Strategy offered by Lapis is classified as an Equity Strategy.

b. Investment Objective

The investment objective of the Compounder Strategy is to seek long-term capital appreciation.

c. Description of types of securities e.g. equity or debt, listed or unlisted, convertible instruments, etc.

Underlying asset class of equities/shares of companies listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

However, investments could be made in liquid mutual funds or liquid ETFs for reasons including, but not limited to, the Portfolio Manager's views on the attractiveness of the



equity investment opportunities at the time, during the ramp-up investment phase of a client's portfolio, or liquidity reasons.

d. Basis of selection of such types of securities as part of the investment approach

Many of the best compounders in India are listed companies that have been compounding their earnings and cash flows with high returns on capital for long periods of time. The analysis will be done based on available facts and figures, decision-making parameters, and by putting the rich experience and understanding of the Fund Manager and investment team for this work. The rationale will also be prepared for each such investment decision.

e. Investment Strategy

The investment strategy is to invest in 'Compounders' – businesses that compound earnings and cash flows with high returns on capital for long periods of time – or companies that could potentially become 'Compounders' in order to achieve long-term capital appreciation.

f. Allocation of portfolio across types of securities

Allocation of the portfolio will be primarily to equity of listed companies. However, the balance of a Client's portfolio would be allocated to liquid funds / liquid ETFs instruments.

However, note that the allocation to liquid mutual funds or liquid ETFs could be higher for certain time periods for reasons including, but not limited to, the Portfolio Manager's views on the attractiveness of the equity investment opportunities at the time, during the ramp-up investment phase of a client's portfolio, or liquidity reasons.

g. Benchmark

With effect from April 1, 2023, the benchmark of the investment approach is changed to S&P BSE 500 - TRI from the earlier S&P BSE 500.

h. Justification for benchmark

The Clients' portfolios will be invested in listed equities. The portfolio created could be formed from investments in companies with any market capitalization and so could include large-cap and/or mid-cap, and/or small-cap stocks. The proportion of large, mid, or small-cap stocks could vary significantly from time to time.

Therefore, the appropriate benchmark chosen to compare the performance of the portfolio manager is the S&P BSE500 – TRI.

i. Indicative tenure or investment horizon

The Portfolio Manager will be making investments with a 1-3-year, investment horizon, and can be reviewed/amended based on economic/market scenarios.

However, the Portfolio Manager may at any time buy/sell/rebalance the stocks in the Portfolio before the indicative time horizon of 1-3 years for reasons including, but not limited to, the Portfolio Manager's views on the attractiveness of the investments made at that time.

j. Risks associated with the investment approach



- i. Investments in Securities are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved.
- ii. Past performance of the Portfolio Manager does not indicate in any manner the future performance of the same.
- iii. There is no guarantee that the investment approach/investment strategy will yield the desired results. The names of the investment approaches/investment strategies do not in any manner indicate their prospects or returns. The Portfolio Manager does not assure that the investment objective will be achieved, and Clients are not being offered any guaranteed returns. The investments may not be suitable for all investors.
- iv. When investments are restricted to a particular or few sector(s), there arises a risk called non-diversification or concentration risk. If these sector(s), for any reason, fail to perform, the portfolio value will be adversely affected.
- v. There may be transactions of the Portfolio Manager or its employees directly involved in investment operations that have a conflict of interest with the transactions in any of the Client's Portfolio and/or there may be a conflict of interest related to services offered by group companies of the Portfolio Manager. All such transactions where there exists a conflict of interest would be disclosed by the Portfolio Manager. As of date of the signing of the Disclosure Document, there are no such transactions that are required to be disclosed.
- vi. The Portfolio Manager does not have any conflict of interest in relation to the services offered by LIML.
- vii. The Portfolio Manager and/or its Key Personnel Management may have its own investments in listed/unlisted securities.
- viii. Investments in equity may be adversely affected by the performance of companies, changes in the economy, government policy, the marketplace, credit ratings, and industry-specific factors.
- ix. Debt and other fixed-income investments may be subject to changes in interest rates and/or liquidity, credit, and reinvestment risks.
- x. Liquidity in the investments and performance of portfolio may be affected by trading volumes, settlement periods, and transfer procedures.
- xi. Industry-specific stocks, like technology stocks, may be subject to volatility, high valuations, obsolescence, and low liquidity.
- xii. Appreciation in any portfolio can be limited in the event of a high asset allocation to cash /liquid funds etc. when stock appreciates. The performance of any portfolio may also be affected due to other asset allocation factors.
- xiii. Each portfolio will be exposed to various risks depending on the investment objective, investment approach, and asset allocation. The investment objective, investment approach, and asset allocation may differ from client to client. However, generally, highly concentrated portfolios with a lesser number of stocks are likely to be more volatile than a portfolio with a larger number of stocks.
- xiv. The values of the portfolio may be affected by changes in the general market conditions, factors and forces affecting the capital markets, level of interest rates, various market-related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investment, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- xv. The risk may also arise due to an inherent nature/risk in the stock markets such as volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrips accounting for a large proportion of trading volume among others.



k. Other salient features, if any.

Clients' Portfolios will be constructed using a bottom-up fundamental research approach, with the portfolio investments typically concentrated in 20 stocks. However, this would not limit the Portfolio Manager from increasing or reducing the number of stocks in the Clients' Portfolios, from time to time.

Sector weightage of the Portfolio is likely to be an outcome of fundamental analysis and may not be a specific calculated input into portfolio construction.

The Compounder strategy is suitable for an investor who is aware of the risks associated with investing in equity shares of listed companies and is seeking long-term capital appreciation of the Portfolio.

iii. Policies for Investments in the securities of Associates/Related Parties of the Portfolio Manager and the maximum percentage of such investment therein subject to the applicable laws/regulations/guidelines, if any

The Portfolio Manager has not made nor has any intention of making any investments on behalf of Clients in any of its associates or related parties.

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

6. RISK FACTORS

- Investments in securities are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved.
- Past performance of the Portfolio Manager does not indicate in any manner the future performance of the same.
- There is no guarantee that the investment approach/investment strategy will yield the desired results. The names of the investment approaches/investment strategies do not in any manner indicate their prospects or returns. The Portfolio Manager does not assure that the investment objective will be achieved, and Clients are not being offered any guaranteed returns. The investments may not be suitable for all investors.
- When investments are restricted to a particular/few sector(s), there arises a risk called non-diversification or concentration risk. If these sector(s), for any reason, fail to perform, the portfolio value will be adversely affected.
- There may be transactions of the Portfolio Manager or its employees directly involved in investment operations which have a conflict of interest with the transactions in any of the client's portfolio, and/or there may be a conflict of interest related to services offered by group companies of the Portfolio Manager. All such transactions where there exists a conflict of interest would be disclosed by the Portfolio Manager. As of date of the signing of the Disclosure Document, there are no such transactions that are needed to be disclosed.



- vi. The Portfolio Manager does not have any conflict of interest in relation to any services offered by LIML.
- vii. The Portfolio Manager and/or its Key Personnel Management may have its own investments in listed/unlisted securities.
- viii. Investments in equity may be adversely affected by the performance of companies, changes in the economy, government policy, the marketplace, credit ratings, and industry-specific factors.
- ix. Debt and other fixed-income investments may be subject to changes in interest rates and/or liquidity, credit, and reinvestment risks.
- x. Liquidity in the investments and performance of portfolio may be affected by trading volumes, settlement periods, and transfer procedures.
- xi. Industry-specific stocks, like technology stocks, may be subject to volatility, high valuations, obsolescence, and low liquidity.
- xii. Appreciation in any portfolio can be limited in the event of a high asset allocation to cash/ liquid funds etc. when stock appreciates. The performance of any portfolio may also be affected due to other asset allocation factors.
- xiii. Each portfolio will be exposed to various risks depending on the investment objective, investment approach, and asset allocation. The investment objective, investment approach, and asset allocation may differ from client to client. However, generally, highly concentrated portfolios with a lesser number of stocks are likely to be more volatile than a portfolio with a larger number of stocks.
- xiv. The values of the portfolio may be affected by changes in the general market conditions, factors and forces affecting the capital markets, level of interest rates, various market-related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investment, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- xv. The risk may also arise due to an inherent nature/risk in the stock markets such as volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrips accounting for a large proportion of trading volume among others.



7. CLIENT REPRESENTATION

i. Portfolio Management business details

The tables set out below provide details on the category of clients serviced by the Portfolio Manager as on 31st March 2023, as on 31st March 2022, and as on 31st March 2021.

As on 31st March 2023

Sr. No.	Category of clients	No. of clients	Funds managed (amt in Rs. Lakhs)	Discretionary/ Non-Discretionary(if available)
i)	Associates/group companies			
	- Individual			
	Compounder Strategy	2	1,686	Discretionary
	- Corporate			
	Compounder Strategy	0	0	Discretionary
	Subtotal (i)	2	1,686	Discretionary
ii)	Others:			
	- Individual			
	Compounder Strategy	18	1,622	Discretionary
	- Corporate			
	Compounder Strategy	5	3,245	Discretionary
	Subtotal (ii)	23	4,868	Discretionary
	TOTAL (i) + (ii)	25	6,554	Discretionary

Note:

The Associate Individual Clients referred to above are Mr. Kunal Rakshit and Mr. Prakash Kalothia, who are the Directors of the Portfolio Manager.

As on 31st March 2022

Sr. No.	Category of clients	No. of clients	Funds managed (amt in Rs. Lakhs)	Discretionary/ Non-Discretionary(if available)
i)	Associates/group companies			
	- Individual			
	Compounder Strategy	2	2,024	Discretionary
	- Corporate			
	Compounder Strategy	0	0	Discretionary
	Subtotal (i)	2	2,024	Discretionary
ii)	Others:			
	- Individual			
	Compounder Strategy	19	1,877	Discretionary
	- Corporate			
	Compounder Strategy	4	2,930	Discretionary
	Subtotal (ii)	23	4,806	Discretionary
	TOTAL (i) + (ii)	25	6,830	Discretionary

Note:

The Associate Individual Clients referred to above are Mr. Kunal Rakshit and Mr. Prakash Kalothia, who are the Directors of the Portfolio Manager.



As on 31st March 2021

Sr. No.	Category of clients	No. of clients	Funds managed (amt in Rs. Lakhs)	Discretionary/ Non-Discretionary(if available)
i)	Associates/group companies			
	- Individual			
	Compounder Strategy	2	1,728	Discretionary
	- Corporate			
	Compounder Strategy	0	0	Discretionary
	Subtotal (i)	2	1,728	Discretionary
ii)	Others:			
	- Individual			
	Compounder Strategy	19	1,955	Discretionary
	- Corporate			
	Compounder Strategy	3	1,655	Discretionary
	Subtotal (ii)	22	3,610	Discretionary
	TOTAL (i) + (ii)	24	5,338	Discretionary

Note:

The Associate Individual Clients referred to above are Mr. Kunal Rakshit and Mr. Prakash Kalothia, who are the Directors of the Portfolio Manager.

ii. Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India

Related Parties and their relationships:

- a. **Key Management Personnel**
 - i. Mr. Prakash Kalothia (Managing Director)
 - ii. Mr. Kunal Rakshit (Director)
- b. **Funds to whom Subsidiary Company acts as Investment Manager**
 - i. Investor India Realty Fund I LLC
 - ii. Investor India Realty Fund II LLC
- c. **Administrator of Subsidiary Company**
 - i. IQ EQ Fund Services (Mauritius) Ltd
- d. **Relatives of Key Management Personnel**
 - i. Anisha Kunal Rakshit (Wife of Director Mr. Kunal Rakshit)
 - ii. Vidita Goutam Rakshit (Mother of Director Mr. Kunal Rakshit)
- e. **Companies with Common Director**
 - i. SUN-Ares India Real Estate Private Limited
 - ii. Ojas Consulting SA



Details of related party transactions during the financial year 2021-22:

(amt in Rs. Lakhs)	Key Management Personnel	Relatives of Key Management Personnel	Companies with Common Director	Entities to which Subsidiary acts as Fund Manager	Administrator of Subsidiary
Remuneration	160.30	-	-	-	-
Portfolio Management Services Fees	9.89	1.72	-	-	-
Advisory Fees income to LML	-	-	-	1,639.35	-
Consultancy Fees	-	-	14.93	-	-
Administration Fees	-	-	-	-	3.73
Trade Receivable from PMS Fees	1.03	0.22	-	-	-
Amount Receivable	-	-	-	-	-
Bonus Payable	35.00	-	-	-	-

8. FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER

The financial performance of the Portfolio Manager for the previous three years (FY2019-20, FY2020-21, and FY2021-22) is presented below and is based on audited financials.

(amt in Rs. Lakhs)	For the Year April 01, 2019 to March 31, 2020 (audited) Standalone	For the Year April 01, 2020 to March 31, 2021 (audited) Consolidated	For the Year April 01, 2021 to March 31, 2022 (audited) Consolidated
Total Income	1,647	2,566	2,398
Total Expenses	826	1,053	1,049
Profit Before Tax	822	1,513	1,349
Total Tax Expenses	216	398	334
Profit for the Year	606	1,114	1,015
Share Capital	1	1	1
Reserves and Surplus	2,019	3,391	4,415
Shareholder Funds	2,020	3,392	4,416

Note:

The above mentioned audited financial figures for the years 1st April 2020 to 31st March 2021 and 1st April 2021 to 31st March 2022 are consolidated figures of the company, Lapis India Capital Advisors Private Limited and its Subsidiary.

9. PORTFOLIO MANAGEMENT PERFORMANCE

In the performance/returns tables below, please note the following:

- Performance/returns are calculated using the 'Time-Weighted Rate of Return' method in terms of Regulation 22 of SEBI (Portfolio Managers) Regulations 2020.
- Returns are net of all fees and expenses.
- Past performance may or may not sustain in future.
- Past performance is not a guarantee of future return.
- Please note that actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual



client mandate, specific portfolio construction characteristics or other structural parameters. These factors may have an impact on client portfolio performance and hence may vary significantly from the performance data depicted below.

The table below outlines the unaudited returns of the 'Compounder Strategy' versus the benchmark S&P BSE 500 (benchmark up to 31st March 2023) and BSE 500 – TRI (benchmark with effect from 1st April 2023) for All Clients (all corporate clients and all individual clients, considered together as a group).

Returns table for <u>All Clients</u> (Individual Clients + Corporate Clients)	20 th Mar 2019 to 31 st Mar 2019	1 st Apr 2019 to 31 st Mar 2020	1 st Apr 2020 to 31 st Mar 2021	1 st Apr 2021 to 31 st Mar 2022	1 st Apr 2022 to 31 st Mar 2023	Cumulative 20 th Mar 2019 to 31 st Mar 2023	Annualized 20 th Mar 2019 to 31 st Mar 2023
Compounder Strategy	1.02%	-9.07%	56.04%	11.66%	-8.16%	46.99%	10.02%
Benchmark upto 31st Mar 2023: BSE 500	0.95%	-27.48%	76.62%	20.88%	-2.26%	52.76%	11.08%
Benchmark from 1st Apr 2023: BSE 500 - TRI	0.98%	-26.46%	78.63%	22.26%	-0.91%	60.71%	12.48%

Disclaimer: Performance data for Portfolio Manager and Investment Approach provided hereunder is not verified by any regulatory authority.

10. AUDIT OBSERVATIONS

There are no observations made by the statutory auditor of the Portfolio Manager for the preceding three financial years FY2019-20, FY2020-21, and FY2021-22.

11. NATURE OF EXPENSES

i. Investment Management & Advisory Fees:

Investment Management and Advisory fees charged may be a fixed fee (range 0% to 2.50%) or a performance/profit sharing fee (0% to 20% of portfolio returns) or a combination of both as detailed in the Schedule to the Agreement. The Fees may be charged periodically at the end of a specified tenure as agreed between the Client and the Portfolio Manager.

The Portfolio Manager shall comply with SEBI Master circular SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38 dated 20th March, 2023 in respect of the matters dealt with by the said circular with respect to fees and charges.

Pursuant to the aforesaid master circular, for charging of performance/profit sharing fee, performance/ profit of the portfolio shall be computed on the basis of high-water mark principle over the life of the investment, as prescribed by the aforesaid circulars.

High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging a performance fee, the frequency shall not be less than quarterly. The Portfolio Manager shall charge a performance-based fee only on an increase in portfolio value in excess of the previously achieved high watermark.

All fees and charges shall be levied on the actual amount of Clients' assets under management.



High Water Mark shall be applicable for discretionary and non-discretionary services and not for advisory services. In case of interim contributions/withdrawals by Clients, performance fees may be charged after appropriately adjusting the high-water mark on a proportionate basis.

ii. **Custody Fees and Fund Accounting Fees**

The Portfolio Manager may engage a third party to provide custody and fund accounting services for its Clients, in which case, the Client shall pay these fees (ranging from 0bps to 15bps of the Client's assets under management per year, payable on a monthly/quarterly/annual basis as determined by the portfolio manager, subject to a minimum monthly charge of Rs 300) due to be paid to the third party engaged to provide such services.

iii. **Registrar & Transfer Agent Fees**

Charges payable to the registrar and transfer agents in connection with effecting transfer of securities, including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges, etc.

iv. **Brokerage & Transaction Cost**

The investments under Portfolio Management would be done through registered members of the Stock Exchange(s) who charge a certain percentage (up to 0.50%) of the contract value as brokerage. Such brokerage amounts in respect of transactions executed will be charged back to the clients on an actual basis. In addition to the brokerage, transaction costs like exchange transaction charges, turnover charges, 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 would also be levied by the broker and charged to the Clients. Exit loads (if any) on units of Mutual Funds will also be charged to the Clients.

v. **Tax**

Goods and Services Tax and any other taxes, as applicable from time to time shall be charged to the Client.

vi. **Depository Charges**

As may be applicable from time to time.

vii. **Exit Load**

Exit load may be charged to the Clients, not exceeding the below-mentioned slabs:

- a. In the first year of investment, a maximum of 3% of the amount redeemed.
- b. In the second year of investment, a maximum of 2% of the amount redeemed.
- c. In the third year of investment, a maximum of 1% of the amount redeemed.

After a period of three years from the date of investment, no exit load will be charged to the Clients.

viii. **Certification and professional charges**



Charges payable for outsourced professional services like accounting, auditing, taxation, legal services, etc. for documentation, notarisations, certifications, attestations required by bankers or regulatory authorities including legal fees, etc.

ix. Incidental expenses

Charges relating to day-to-day operations like courier expenses, stamp duty, service tax, postal, telegraphic, opening and operation of bank account, distribution charges, or any other out-of-pocket expenses as may be incurred by the Portfolio Manager.

- x.** The Portfolio Manager shall not charge any fees to Clients at the time of on-boarding except the specific charges applicable for execution of the agreement and related documents for account opening.

Note: All the Operating expenses excluding brokerage, over and above the fees charged for Portfolio Management Service, shall not exceed 0.50% per annum of the client's average daily Assets under Management (AUM). It shall include charges payable for outsourced professional services like accounting, auditing, taxation, legal services, etc. for documentation, notarizations, certifications, attestations required by Bankers or regulatory authorities including legal fees and day-to-day operations charges, etc.

12. TAXATION

The following information is based on the law in force in India at the date hereof. This information is neither a complete disclosure of every material fact of the Income-tax Act, 1961 nor does constitute tax or legal advice. This information is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. Investors/clients should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of the individual nature of the tax consequences, each investor/client is advised to consult his/ her/its own professional tax advisor. The information/data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy and should not be construed as investment advice.

Income on Investment in Securities is subject to tax in the following manner:

a) Dividend

All Dividends received are taxable in the hands of Investor/Shareholder at a rate applicable to the respective PMS client type.

- b)** Interests on Investment are taxable except in certain cases where it is exempted from tax under Income Tax Act 1961.

- c)** In case the securities are sold within one year (for listed securities except for units other than units of equity-oriented mutual funds) or within two years (for unlisted securities) from the date of purchase, the resultant gains or losses are termed as short term capital gains or losses. Short term gains arising out of transfer of equity shares if the securities are sold on a recognized stock exchange in India and on which securities transaction tax has been paid are



taxed at a concessional rate of 15% (as increased by surcharge plus education cess), in other cases, they would be taxed at the slab rate applicable to the respective PMS client type.

In case the securities are sold after one year (for listed securities) or two years (for unlisted securities) and three years for units other than units of equity-oriented mutual funds from the date of purchase, the resultant gains or losses are termed as long term capital gains or losses and the gain is arising out of transfer of equity shares which are sold on a recognized stock exchange in India and on which securities transaction tax has been paid would be taxed at 10% (as increased by surcharge plus education cess) in case of listed securities and 20% (as increased by surcharge plus education cess) in case of unlisted securities and units other than units of equity-oriented mutual funds. Long Term capital gain (where STT is paid) in excess of Rs. 1 Lakh will be chargeable at the rate of 10% and on the balance amount of the total income, the tax will be computed as if it were the total income of the assesses.

Note: "Listed Securities" as defined under the explanation to section 112(1) of Income Tax Act, means the securities as defined in clause 2(h) of Securities Contract (Regulations) Act, 1956 and listed on any recognized stock exchange in India.

"Unlisted Securities" means securities other than listed securities.

"Units" shall have the meaning assigned to it in clause (b) of Explanation to section 115AB of Income Tax Act, 1961.

The following are the tax provisions presently applicable to clients investing in the Portfolio Management Products under the Income Tax Act, 1961.

Tax on Long Term Capital Gain:

If the capital asset, which is transferred, is equity share or units of equity-oriented mutual funds and transaction is subject to Securities Transaction Tax, the Long Term Capital Gain in excess of Rs. 1 Lakh is chargeable to tax @ 10%. In other cases, the tax will be calculated as follows:

Capital Asset	If it is not subject to Securities Transaction Tax		
	Long Term		Short Term
	Without Indexation	With Indexation	
1. Debenture Listed	10 %	Not Applicable	Normal
2. Debenture Non-Listed	20 %	Not Applicable	Normal
3. Government Securities	10 %	20 %	Normal
4. Bonds Listed	10%	Not Applicable	Normal
5. Bonds Non-Listed	20%	Not Applicable	Normal

TDS

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 would be subject to tax as per prevailing provisions of the Income Tax Act, 1961.

Advance Tax Obligations

It shall be the client's responsibility to meet the advance tax obligations payable on the due dates as per the Income Tax Act, 1961.



Provisions of Income Tax Act 1961, undergoes change frequently and is also based on the status of the client, thus the client is advised to consult his/her tax consultant for appropriate advice on the tax treatment of income indicated herein.

The fees charged to the client for PMS come under the ambit of "fees for technical services" under Section 194J of the Income Tax Act, 1961("the Act"). As the section calls for withholding tax, the client is required to withhold tax @ 10 % excluding Goods & Service Tax, on the fees that the client pays to the Portfolio Manager if he/she falls under the following two categories:

a) An Individual / HUF whose total sales / gross receipt or turnover from business or profession carried on by him exceed the monetary limit specified under clause (a) or clause (b) of Sec. 44AB during the previous year immediately preceding the financial year

In respect to the above TDS provision please note that in Act No 23 of Finance Act, 2019 a new section i.e 194M has been inserted with effect from 01.09.2019 which specifies that:

Any Person being individual or a Hindu undivided family other than those required to deduct income tax as per the provision of section 194J mentioned in (a) above shall at the time of credit of such sum or at the time of payment of such sum in cash or by the issue of cheque or draft or by any other mode whichever is earlier, deduct an amount equal to five percent of such sum as income-tax thereon if the aggregate of sum, credited or paid to a resident during the financial year exceeds fifty lakh rupees

b) Corporate

This implies, the Client (as mentioned in point 'a' and 'b' above) while making payment of the fees would deduct tax at Source. The taxes payable on any transactions entered into or undertaken by the Portfolio Manager on behalf of the client, whether by way of deduction withholding, payment, or other, shall be fully borne by the client. Payment of the tax shall be the personal responsibility and liability of the client. In case the client deducts and pays the withholding tax, the client shall provide a Tax Deduction Certificate in Form No. 16A as prescribed under the Income Tax Rules, 1962 to the Portfolio Manager within 30 days from the date of filing return or due date of filing TDS Return for the quarter whichever is earlier. The Portfolio Manager is not by law, contract, or otherwise required to discharge any obligation on behalf of the client to pay any taxes payable by the clients

13. ACCOUNTING POLICIES

The following accounting policy will be applied for the Portfolio Investments of the Client:

i. Contribution to Portfolio

Contribution to the portfolio by way of cheque/bank transfer is recorded on the day the funds are cleared and management of the portfolio commences on the same day.

Contribution to the portfolio by way of transfer of securities for valuation is recorded at the closing market values of the day prior (i.e of T -1 day) to the date the securities are cleared, and management of the portfolio starts from the day the securities are cleared and the valuation is above the minimum threshold as prescribed by SEBI.

ii. Portfolio Investments



Portfolio investments are stated at market/fair value prevailing as on the end of the period, and the difference as compared to book value is recognized as accrued gain/loss in the statement of affairs for the period.

Market value/fair value of portfolio investments is determined as follows:

Investments in listed equity shares are valued at the closing quoted price on NSE at the end of the period. If the NSE price is unavailable, then the closing quoted price on BSE at the end of the period will be used.

Investments in units of a mutual fund are valued at the Net Asset Value of the relevant scheme at the end of the period.

For the purpose of financial statements, the Portfolio Manager shall mark all the investments on the mark to market. Unlisted Investments will be marked at a cost where the market price is not available (e.g. unlisted Securities received in Corporate Action). However, when unlisted debentures that are scheduled to be listed are received through corporate action, then these debentures will be recorded at face value plus accrued interest until they are listed.

Dividend income shall be tracked from the date of declaration and recognized on the date of the security being quoted on an ex-dividend basis.

The cost of investment acquired or purchased includes brokerage, duties, applicable taxes, and any other applicable charges. Note that securities transaction tax is treated as an expense and not part of the cost of investment.

iii. Revenue

Consideration received against the sale of shares is considered net of brokerage, duties, taxes, and any other applicable charges. Note that securities transaction tax is treated as an expense and not part of the consideration received.

Consideration received against fractional entitlements on account of corporate actions is entirely considered as revenue under other income.

Realized gain/loss on sale of investments is accounted for on a trade date basis by comparing sale consideration with the cost of investment. The cost of investment is identified following First-in-First Out (FIFO) method.

Corporate dividend income is recognized on the ex-dividend date.

iv. Expenses

Portfolio Management fees, custody and fund accounting expenses, and any other expenses are accounted for on an accrual basis at the end of the period (month or quarter or year) in which they were incurred.

Securities transaction tax paid on purchase/sale of securities is treated as expenditure shown under expenses.

The accounting policies and standards as stated above may be modified from time to time by the Portfolio Manager, subject to such modifications being in conformity with the applicable law and accounting standards.



14. INVESTOR SERVICES

Lapis shall ensure timely and prompt redress of any grievances or disputes with the client.

i.Name, address, and telephone number of the investor relation officer who shall attend to the investor queries and complaints.

Name of the person	Mr. Prakash Kalothia
Designation	Compliance Officer
Registered Office Address	Unit 301-306, 3 rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050
Corporate Office Address	Unit 301-306, 3 rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050
Email	prakash@lapisindiacapital.com
Investor Grievance Email	info@lapisindiacapital.com
Telephone	+91 22 6688 6100

ii.Grievance redressal and dispute settlement mechanism.

The Client should promptly notify any grievances to the Compliance Officer in writing, giving sufficient details to enable the Portfolio Manager to take the necessary steps.

The Compliance Officer, on receipt of any such grievances, shall take prompt action to redress the same. If the grievance persists, all claims and disputes arising out of or in connection with the Agreement or its performance shall be settled by arbitration by a sole arbitrator mutually acceptable to the parties. If the parties fail to agree on the appointment of a sole arbitrator within 30 days of the dispute being referred to arbitration, the sole arbitrator shall be appointed in accordance with the Arbitration & Conciliation Act, 1996 (as amended). The arbitration shall be governed by the provisions of the Arbitration & Conciliation Act, 1996 (as amended) and unless otherwise agreed by the parties, arbitration proceedings shall be held in Mumbai.

The Agreement with the Client shall be governed by, construed, and enforced in accordance with the laws of India. Subject to the arbitration clause above, the courts of Mumbai shall have exclusive jurisdiction in respect of any claims or disputes arising out of or in connection with the Agreement.

Alternatively, with effect from September 2011, SEBI has launched a new web-based centralized grievance system called SCORES i.e. SEBI Complaints Redressal System, for online filing, forwarding, and tracking of resolution of investor complaints. The Client may also make use of the SCORES facility for any escalations on redressal of their grievances. Following is the link to visit the website and inform their dispute/complaints against the company.

<https://scores.gov.in/scores/complaintRegister.html>

SEBI vide press release PR No. 80/2012 dated 30th August 2012 has extended its toll-free helpline service for Investors (1800 22 7575 / 1800 266 7575) to Saturday and Sunday from the existing Monday to Friday. The service on Saturday and Sunday would be available initially to investors from all over India in English, Hindi, Marathi, and Gujarati from 9:30 a.m. to 5:30 p.m. For any queries/ feedback or assistance, the Client may also e-mail sebi@sebi.gov.in.



15. DETAILS OF INVESTMENT IN THE SECURITIES OF RELATED PARTIES OF THE PORTFOLIO MANAGER

Investments in the securities of Associate/related parties of the Portfolio Manager:

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

16. DETAILS OF THE DIVERSIFICATION POLICY OF THE PORTFOLIO MANAGER

The Portfolio Manager follows a diversified approach for investing in its Investment Approach as mentioned in Point 4 above. Further, the Portfolio Manager has not made any investments on behalf of Clients in any of its associates or group companies/related parties.

17. ANTI-MONEY LAUNDERING COMPLIANCES

The Government of India has framed a policy framework to combat money laundering through the Prevention of Money Laundering Act, 2002 (PMLA 2002). PMLA 2002 and the Rules notified thereunder (PMLA Rules) came into effect from July 1, 2005. Director, FIU-IND, and Director (Enforcement) have been conferred with exclusive and concurrent powers under relevant sections of the Act to implement the provisions of the Act. Consequently, SEBI has mandated that all registered intermediaries formulate and implement a comprehensive policy framework on anti-money laundering and adopt 'Know Your Customer (KYC) norms.

Further, SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 (which supersedes all the earlier circular) issued a '**Master Circular for Guidelines on Anti Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules frame thereunder**' consolidating all the requirements/ instructions/ obligations of Securities Market Intermediaries.

Accordingly, Client should ensure that the amount invested by them is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of Income Tax Act, Prevention of Money Laundering Act, Anti-Corruption Act and or any other applicable laws in India from time to time. The Portfolio Manager is committed to complying with all applicable anti-money laundering laws and regulations in all of its operations. Accordingly, the Portfolio Manager reserves the right to reject or refund or freeze the account of the Client if the Client fails to comply with the internal policies of the Portfolio Manager or any of the Applicable Laws including the KYC requirements.

The Portfolio Manager shall not be held liable in any manner for any claims arising whatsoever on account of freezing the account/rejection or refund of the application etc. due to non-compliance with the provisions of any of the aforesaid Regulations or Applicable Laws.

Investors are requested to note that KYC is mandatory for all investors. SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011, and CIR/MIRSD/ 11/2012 dated September 5,

2012, has mandated that the uniform KYC form and supporting documents shall be used by all SEBI registered intermediaries in respect of all new clients from January 1, 2012. Further, SEBI vide circular no. MIRSD/Cir-23/2011 dated December 2, 2011, has developed a mechanism for centralization of the KYC records in the securities market to bring about uniformity in securities markets.

Accordingly, KYC registration is being centralized through KYC Registration Agencies (KRA) registered with SEBI. Thus, each investor has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KRA. Applications shall be liable to be rejected if the investors do not comply with the aforesaid KYC requirements.

As per the 2015 amendment to PML (Maintenance of Records) Rules, 2005 (the rules), every reporting entity shall capture the KYC information for sharing with the Central KYC Records Registry in the manner mentioned in the Rules, as per the KYC template for 'Individuals' finalized by CERSAI. Accordingly, the KYC template finalized by CERSAI shall be used by the registered intermediaries as Part I of AOF for individuals.

Further, in terms of Rule 9 (1A) of the PML (Maintenance of Records) Rules, 2005 (the rules) and, as per the circular/guidelines issued by the respective regulator, every reporting entity shall capture the KYC information pertaining to Legal Entities from 1st April 2021.

18. DISCLAIMER BY PORTFOLIO MANAGER

Prospective investors should review/study this Document carefully and in its entirety and must not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of the Portfolio and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their Portfolio, including as to acquisition, holding, capitalization, disposal (sale, transfer or conversion into money) of the Portfolio within their jurisdiction of nationality, residence, incorporation, domicile, etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of securities are subject.

19. LIST OF APPROVED SHARE BROKERS INVOLVED FOR PORTFOLIO MANAGEMENT ACTIVITIES

Sr. No.	Name	SEBI Registration No.
1	Spark Institutional Equities Private Limited	INZ000307037
2	IIFL Securities Limited	INZ000164132

20. 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.

The Portfolio Manager has outsourced Fund accounting and Custodian activity to HDFC Bank Ltd. The necessary agreements with HDFC Bank are in place.

For Lapis India Capital Advisors Private Limited



Kunal Rakshit
Director and Principal Officer



Prakash Kalothia
Director and Compliance Officer

Date: 28th April, 2023
Place: Mumbai



Annexure 1

Until 3rd November 2016, Prakash Kalothia served as a nominee director on the board of Parsvnath Buildwell Private Limited ("PBPL") as the nominee of the foreign investor who had previously invested in a residential project being developed by PBPL in Ghaziabad, Uttar Pradesh. Due to disputes between the landlord and Parsvnath Developers Limited (the promoter of PBPL), some of the directors of PBPL, including Prakash were made parties to a criminal complaint filed by the landlord against PBPL in 2015. Since Prakash was not at any point involved in the day-to-day management of PBPL, based on legal advice Prakash and the foreign investor are of the view that the complaint lacks merit and Prakash has filed a petition before the Allahabad High Court seeking quashing of the complaint. As on date, the Allahabad High Court has stayed the criminal complaint proceedings pending before the trial court and the quashing petition is pending before the Allahabad High court. The foreign investor has since exited from its investment in PBPL and Prakash Kalothia has resigned from the board of PBPL on 3 November 2016.



Form C

Securities & Exchange Board of India (Portfolio Managers) Regulations, 2020
(Regulation 22)

Name of Portfolio Manager:	Lapis India Capital Advisors Private Limited
Registered Office Address:	Unit 301-306, 3 rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050
Corporate Office Address:	Unit 301-306, 3 rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai 400050
Telephone:	+91 22 6688 6100
Fax:	+91 22 6688 6199
Email:	info@lapisindiacapital.com

We confirm that:

- The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
- The disclosures made in the Disclosure Document are true, fair, and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / investment through Lapis India Capital Advisors Private Limited (Portfolio Manager);
- The Disclosure Document has been duly certified by an independent Chartered Accountant M/s. B Y & Associates, Chartered Accountants, 8A-2, Chander Mukhi Building, 8th Floor, Opposite Nirmal Building, Nariman Point, Mumbai 400 021, Phone No. 022- 40172000, firm registration number 123423W on 28th April 2023.

A copy of the certificate is enclosed.

For Lapis India Capital Advisors Private Limited



Kunal Rakshit

Principal Officer

Unit 301-306, 3rd Floor, Makhija Chambers,
196 Turner Road, Bandra (West),
Mumbai 400050



Date: 28th April 2023

Place: Mumbai



CERTIFICATE

We hereby certify that we have reviewed the Disclosure Document dated **28th April 2023**, prepared by **M/s. Lapis India Capital Advisors Private Limited** (SEBI Registered Portfolio Manager – **INP000006378**) having registered and corporate address as Unit 301-306, 3rd Floor, Makhija Chambers, 196 Turner Road, Bandra (West), Mumbai – 400050, Maharashtra in accordance with disclosure document as stated in Schedule V of Regulation 22(3) of Securities and Exchange Board of India (“SEBI”) (Portfolio Managers) Regulations, 2020, (‘the Regulations’).

Management Responsibility:

The Management of the Company is responsible for the preparation of the attached Disclosure Document in accordance with the Regulations.

Our Responsibility:

Our responsibility is to issue the certificate based on our review which is primarily limited to inquiries of the Company’s personnel, tracing the financial information from the audited financial statements for the year ended March 31, 2020, March 31, 2021, and March 31, 2022, and previous disclosure document submitted to SEBI, other relevant records, the information, explanations, and representations furnished by the Management.

We have relied on the representation given by the Management about the penalties or litigations, group companies, performance calculation of the Portfolio Manager and audit observations (if any) against the Portfolio Manager mentioned in the Disclosure Document.

Opinion:

Further to our comments, we certify that the disclosures made in the Disclosure Document dated 28th April 2023 are true, fair, and adequate to enable the investors to make well-informed decisions.

Restrictions on Use:

This Certificate has been issued pursuant to Schedule V of Regulation 22 (3) of Securities and Exchange Board of India ("SEBI") (Portfolio Managers) Regulations, 2020, ('the Regulations') and at the request of M/s. Lapis India Capital Advisors Private Limited for the purpose of submitting the same to SEBI and the Portfolio Management Service Clients. The same should not be used or referred to for any other purpose without our prior written consent.

Place: Mumbai

Date: 28th April 2023

**For B Y & Associates,
Chartered Accountants
Firm Reg. No. 123423W**

KIRIT
RAMCHANDRA
RA JAIN

Digitally signed by
KIRIT RAMCHANDRA
JAIN
Date: 2023.04.28
12:30:07 +05'30'

**CA Kirit Jain
Partner
M. No: 179354
UDIN: 23179354BGXJUK9757**