Laburnum Capital Advisors Private Limited

Portfolio Management Services
Disclosure document

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1) This Disclosure Document ("the Document") has been filed with Securities and Exchange Board of India ("SEBI" or "the Board") along with the certificate in the prescribed format under Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

2) The purpose of the Document is to provide essential information about the portfolio services rendered by Laburnum Capital Advisors Private Limited ("Laburnum") in a manner to assist and enable investors in making an informed decision in engaging Laburnum as the portfolio manager.

3) The Investors are advised to retain the Document for future reference.

4) This Disclosure Document is dated 01 September 2020.

5) Principal Officer: Mr. Pavan Ahluwalia

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Contents:

I. Disclaimer:

This Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, 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.

The Portfolio Manager permits direct on-boarding of Clients and there is no mandatory requirement to approach through any distributor.

II. Definitions:

1. **"Act"** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).

2. **"Agreement"** means the Portfolio Management Services Agreement and includes any recitals, schedules, annexure or exhibits to the Agreement and any amendments made to the Agreement by the Parties in writing.

3. **"AML Laws"** means Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI thereto, as amended from time to time.

4. **"Applicable Laws"** mean the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and all (other) applicable laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of the Government of India or any State of the Union of India or any department thereof, any semi-governmental or judicial or quasi judicial Person in India or any Person (whether autonomous or not) who is charged with the administration of an Indian law.

5. **"Bank Account"** shall have the meaning assigned to such term in Clause 5.1 of the Portfolio Management Agreement.

6. **"Chartered Accountant"** means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

7. **"Client"** means anybody corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, statutory authority, or any other person who enters into agreement with the Portfolio Manager for the managing of his portfolio.

8. **"Discretionary portfolio manager"** means a portfolio manager who under a contract relating to portfolio management, exercises or may, under a contract relating to portfolio management, exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.

9. **"Non Discretionary portfolio manager"** means a portfolio manager who manages the funds in accordance with the directions of the client.

10. **“Party”** means the Portfolio Manager or the Client and “Parties” mean the Portfolio Manager and the Client collectively.

11. **“Person directly or indirectly connected”** means any person being an associate, subsidiary, inter connected company or a company under the same management within the meaning of section 370(1B) of the Companies Act, 1956 or in the same group.

12. **“Portfolio”** means all Cash, Securities, goods and/or other investments of the Client as permitted under the PM Regulations that are managed by the Portfolio Manager on the Client’s behalf as per the Agreement.

13. **“Portfolio Manager”** means Laburnum Capital Advisors Private Limited (“Laburnum”), which has obtained certificate from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, vide registration no. INP000003526.

14. **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager.

15. **“Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 including any modification or amendment thereof.

16. **“SEBI”** means the Securities and Exchange Board of India

17. **“Securities”** means any instrument(s) included within the definition of “security” under Section 2(h) of the Securities Contracts (Regulation) Act, 1956 and any securities of a private company, but not including any instrument in which the Portfolio Manager cannot invest on behalf of its clients in terms of the PM Regulations.

18. **“Term”** shall have the meaning assigned to such term in Clause 16.1 of the Agreement.

19. **“Effective Date”** shall mean the date of execution of the Agreement.

20. **“Exit Load”** means the exit load as set forth in Annexure B of the Agreement.

21. Any word or phrase used and not defined in this Document and the Agreement, but defined in the SEBI Act or the Regulations shall carry the same meaning assigned to them in the SEBI Act or the Regulations.

III. Description

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

Laburnum Capital Advisors Private Limited ("Laburnum" or "the Company") is a private limited company incorporated under the Companies Act, 1956 on 19 August 2009, with its registered office at D-64, T/F, Defence Colony, Ring Road, Near MCD office, New Delhi - 110024

Laburnum was registered as a Portfolio Manager with SEBI on 31 December 2009 vide registration no. INP000003526. The registration was renewed on 12 December 2018.

The primary business of the Company is to provide advisory services pertaining to investment management to its clients- individual and institutional, domestic and foreign- in equities, both listed and private, debt and real estate including portfolio management services. The company employs an intellectually rigorous, fundamentals-oriented approach to investment management, seeking to uphold and define the highest standards of intellectual, investment, and corporate integrity.

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

NAME	QUALIFICATION	EXPERIENCE & PREVIOUS POSITIIONS	OWNERSHIP DETAILS
PAVAN AHLUWALIA	1. **BACHELOR OF ARTS IN ECONOMICS, *magna cum laude***. Princeton University, Princeton, NJ. 2**. MASTER OF PUBLIC ADMINISTRATION (International Development)**Harvard University Cambridge, M.A. PhD-level coursework in Econometrics, Macroeconomics, and International Finance 3. **MASTER OF BUSINESS ADMINISTRATION (MBA)**from Stanford University, Graduate School Of Business Palo Alto, CA	1. **International Monetary Fund, Research Department, Washington DC** as Consultant from August 1999 to March 2000. 2. **McKinsey & Company, Inc. New York, NY** as Business Analyst from October 2000 to August 2002. 3. **Government Of Delhi, DELHI, INDIA as Advisor to the Chief Minister of Delhi** from September 2002 to September 2003. 4. **Traxis Partners Llc. New York, NY** Summer Intern from June 2005 to August 2005. 5. **Old Lane, LP New York, NY** as Associate- from September 2006 to June 2008. 6. **Soafer Capital, London,** UK as Advisor on India	99.99%

		Strategy from June 2008 to December 2008.	
NAME	**QUALIFICATION**	**EXPERIENCE & PREVIOUS POSITIIONS**	**OWNERSHIP DETAILS**
SHILPA MANKAR AHLUWALIA	**1. BA, L.L.B. (HONS.)** National Law School of India University, Bangalore. **2. LL.M.** Columbia University School Of Law, New York. 3**. CFA Institute, USA-CFA-Level-1.**	**1. P&A Law Offices, Mumbai** from August 2002 To January 2004 **2. Davis Polk and Wardwell, New York** from October 2005 To October 2006 3. **Shardul Amarchand Mangaldas & Co** from February 2007 till present.	0.01%

(iii) Top 10 Group companies/ Companies under same management as per section 370(1B) of Companies Act 1956, of the Portfolio Manager in India:
NIL.

(iv) Details of services being offered:
Discretionary Portfolio Management Services
Non – Discretionary Portfolio Management Services

IV. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority against the Portfolio Manager.
NIL

V. Services offered:

(i) The Company offers advisory services pertaining to investment management to its clients-individual and institutional. Laburnum proposes to invest in companies that run economically attractive businesses, are managed by credible and competent teams and that are mispriced in the equity markets relative to Laburnum's estimate of their intrinsic value. Such mispricing might exist due to industry cycles, irrational panic due to macro-economic uncertainty, or due to the markets not appreciating the fact that the company or industry is at an inflection point. With their extensive academic training in economic, business, and financial analysis, their experience in advising companies in previous jobs in management consulting, and their experience in investment management, the management team has developed the ability to identify, and profitably invest in, the equity shares of companies that are thus mispriced.

(ii) Persons who are associated with or related to the Portfolio Manager, including its promoters and/or any direct or indirect shareholders of the Portfolio Manager may from time to time become clients of the Portfolio Manager. Consequent to the above, the Portfolio Manager may manage funds of these entities, together with the funds of its other clients. While the Portfolio

Manager will endeavour to avoid any situations where a conflict of interest may arise, in the event that the Portfolio Manager faces any such situation of conflict, then the Portfolio Manager shall exercise due care and professional judgment in order to ensure fair treatment to its clients.

(iii) The Portfolio Manager permits direct on-boarding of Clients and there is no mandatory requirement to approach through any distributor.

VI. List of custodians whose services are being utilized for PMS activities.

The services of the following custodians are being utilised for PMS activities:

S.No.	Particulars	Address
1.	Kotak Mahindra Bank Limited	Custody Services Unit, Kotak Infiniti, 6th Floor, Zone IV Building No. 21, Infinity Park, Off Western Express Highway, General A K Vaidya Marg, Malad (E), Mumbai - 400097,India.

VII. Risk factors

An indicative list of the risks associated with investing through the Services is set out below:

(i) Securities investments are subject to market and other risks and the Portfolio Manager provides no guarantee or assurance that the objectives set out in the Disclosure Document and/or the Agreement shall be accomplished.

(ii) The value of the Portfolio may increase or decrease depending upon various market forces and factors affecting the capital markets such as de-listing of securities, market closure, relatively small number of scrips accounting for large proportion of trading volume. The Portfolio Manager provides no assurance of any guaranteed returns on the Portfolio.

(iii) The Client stands a risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record keeping of Securities. Transfer risk may arise due to the process involved in registering the shares, physical and demat.

(iv) Investment decisions made by the Portfolio Manager may not always be profitable.

(v) Any past performance of the Portfolio Manager does not indicate the future performance of the same scheme or any other future schemes of the Portfolio Manager.

(vi) In addition to the factors that affect the value of individual securities, the value of the Portfolio can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual securities, a specific sector or all sectors.

(vii) Investments made by the Portfolio Manager are subject to risks arising from investment strategy and asset allocation.

(viii) The benchmark index may not be truly representative of the Services offering due to the unique nature of the Services wherein inter alia: (a) the number of Securities may be lower in comparison to the benchmark index; and (b) the weightages of individual stocks may vary from weightages in the benchmark index.

(ix) **Equity and Equity Related Risks**: Equity instruments carry both company specific and market risks and hence no assurance of returns can be made for these investments. While the Portfolio Manager shall take all reasonable steps to invest the Funds in a prudent manner in such instruments, such decisions may not always prove to be profitable or correct. Consequently, the Client shall assume any loss arising from such decisions made by the Portfolio Manager. Further, equity securities and equity related securities are volatile and prone to price fluctuations on a daily basis. Investments in such securities involve a degree of risk and the possibility of loss of the amount invested.

(x) **Macro-Economic risks**: Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to monetary or fiscal policies, changes in government policies and regulations concerning among other things industry, exports and taxation may have direct or indirect impact on the investments, and consequently the growth of the Portfolio.

(xi) **Liquidity Risk**: Liquidity of investments in Securities is often restricted by factors such as trading volumes, settlement periods and transfer procedures. If a particular Security does not have a market at the time of sale, then the Portfolio may have to bear an impact depending on its exposure to that particular Security. While Securities that are listed on a stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by overall trading volume on the stock exchange. Money market Securities, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of such Securities thereby resulting in a loss to the Portfolio until such Securities are finally sold. Even upon termination of the Agreement, the Client may receive illiquid Securities and finding a buyer for such Securities may be difficult. Further, different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the scheme are un-invested and no return is earned thereon. The inability of the Portfolio Manager to make intended Securities purchases, due to settlement problems, could cause the Portfolio to miss certain investment opportunities.

(xii) **Credit Risk**: Debt securities are subject to the risk of the issuer’s inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to such factors as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.

(xiii) **Interest Rate Risk**: This is associated with movements in interest rates, which depend on various factors such as government borrowing, inflation, economic performance etc. The value of investments will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline.

(xiv) The liquidity and valuation of the unlisted securities held in the Portfolio may be affected if they have to be sold prior to their target date of diversification.

(xv) Acts of State, or sovereign action, acts of nature, acts of war, civil disturbance are examples of extraneous factors which can impact the Portfolio.

(xvi) The Client stands the risk of total loss of value of an asset which forms part of the Portfolio or its recovery only through an expensive legal process due to various factors which by way of illustration include default or non performance of a third party, investee company's refusal to register a Security due to legal stay or otherwise, disputes raised by third parties.

(xvii) **Reinvestment Risk:** This risk arises from the uncertainty in the rate at which cash flows from an investment may be reinvested. With respect to bonds, this is because the bond will pay coupons, which will have to be reinvested. The rate at which the coupons will be reinvested will depend upon prevailing market rates at the time the coupons are received.

(xviii) **Non-Diversification Risk**: This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. As mentioned above, the Portfolio Manager will attempt to maintain a diversified Portfolio in order to minimize this risk.

(xix) **Mutual Fund Risk**: This risk arises from investing in units of mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. Further, scheme specific risk factors of each such underlying scheme, including performance of their underlying stocks, derivatives instruments, stock lending, off-shore investments etc., will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over, mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units.

(xx) **Derivatives:** Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that a derivative adds to the portfolio. Besides the price of the underlying asset, the price volatility, option tenor and interest rates affect the pricing of derivatives. Other risks in using other derivatives include but are not limited to: (a) Credit Risk, when a counterparty defaults on a transaction before settlement and the Portfolio Manager is compelled to negotiate with another counter party, at the then prevailing (possibly unfavourable) market price, in order to maintain the validity of the hedge. For exchange traded derivatives, the risk is mitigated as the exchange provides guaranteed settlement but one takes the performance risk on the exchange; (b) Market Liquidity Risk, where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices; (c) Model Risk, the risk of mis-pricing or improper valuation of derivatives; and (d) Basis Risk arises when the instrument used as a hedge does not match the movement in the instrument/underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets.

(xxi) Prospective clients should review / study the Disclosure Document carefully and in its entirety and shall 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 Portfolio and to the treatment of income (if any);
- capitalisation, capital gains, any distribution, and other tax consequences relevant to their Portfolio;
- acquisition, holding, capitalisation, disposal (sale, transfer or conversion into money) of 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, and to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding portfolio of securities before making an investment.

(xxii) The Portfolio Manager is neither responsible nor liable for any losses resulting from the Services.

(xxiii) Clients are not being offered any guaranteed / assured returns.

(xxiv) The Clients may not be able to avail of securities transaction tax credit benefit and/or tax deduction at source (TDS) credit and this may result in an increased incidence of tax on the Clients. The Client may incur a higher rate of TDS/ Dividend Distribution Tax in case the investments are aggregated.

(xxv) In case of investments in Mutual Fund units, the Client shall bear the recurring expenses of the Portfolio Management Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.

(xxvi) After accepting the Corpus for management, the Portfolio Manager may not get an opportunity to deploy such Corpus or there may be delay in deployment. In such a situation the Clients may suffer opportunity loss.

(xxvii) Subsequent to the investment in the portfolio companies, these companies may admit other new investors at a price, which may be at a discount to the prevailing asset value of the Portfolio's investment. This may result in dilution of the value of the holdings of the Clients. The valuation of such investments is subjective in nature in the value arrived at by the Portfolio Manager or an independent auditor may not reflect the actual worth of the investments.

(xxviii) Clients will not be permitted to dispose of, sell, acquire, withdraw the funds / Client Securities from the Portfolio (except to the extent permitted under the Agreement). In addition, they are not allowed to transfer any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

(xxix) In case of termination of the Agreement, where Client Securities are reverted to the Client, additional rights negotiated by the Portfolio Manager with an investee company or its shareholders that were available while the Securities were held as part of the Portfolio may no longer be available to the Client.

(xxx) The Client has perused and understood the disclosures made by the Portfolio Manager in the Disclosure Document and the risks disclosed therein.

(xxxi) Changes in Applicable Law may impact the performance of the Portfolio.

(xxxii) Approvals of the Government or regulatory bodies or local authorities may be required before certain investments can be made. The Portfolio Manager cannot be certain that these approvals will be obtained or be aware of the timeline for such approvals.

(xxxiii) Persons who are associated with or related to the Portfolio Manager, including its promoters and/or any direct or indirect shareholders of the Portfolio Manager may from time to time become clients of the Portfolio Manager. Consequent to the above, the Portfolio Manager may manage funds of these entities, together with the funds of its other clients. While the Portfolio Manager will endeavour to avoid any situations where a conflict of interest may arise, in the event that the Portfolio Manager faces any such situation of conflict, then the Portfolio Manager shall exercise due care and professional judgment in order to ensure fair treatment to its clients.

(xxxiv) There is a possibility of the Client, the Portfolio Manager and/or other clients of the Portfolio Manager being treated as persons acting in concert in terms of the Takeover Regulations and consequently, the securities acquired / held by all such persons may be clubbed to determine the applicability of requirements under the Takeover Regulations, including disclosure requirements and the requirement to make an open offer for acquiring securities from the public. It should be noted that in terms of the Takeover Regulations, a portfolio manager and its clients are deemed to be persons acting in concert unless the contrary is established.

VIII. Client Representation

(i) As on 31 March 2020 (audited):

Category of clients	No. of clients	Funds managed (Rs. Cr.)	Discretionary / Non-discretionary (if available)
Associates / Group companies	Nil	Nil	Not applicable
Others	50	213.68	Discretionary
Others	1	0.62	Non - Discretionary
Total	**51**	**214.30**	

(ii) As on 31 March 2019 (audited):

Category of clients	**No. of clients**	**Funds managed (Rs. Cr.)**	**Discretionary / Non-discretionary (if available)**
Associates / Group companies	Nil	Nil	Not applicable
Others	46	264.52	Discretionary
Others	1	0.63	Non - Discretionary
Total	**47**	**265.15**	

(iii) As on 31 March 2018 (audited):

Category of clients	**No. of clients**	**Funds managed (Rs. Cr.)**	**Discretionary / Non-discretionary (if available)**
Associates / Group companies	Nil	Nil	Not applicable
Others	39	220.75	Discretionary
Others	1	0.62	Non - Discretionary
Total	**40**	**221.37**	

(iv) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.
Please refer to Annexure –I.

IX. The Financial Performance of the portfolio manager (based on audited financial statements

Laburnum's financial performance based on last audited financial statements

Particulars	**2018-19 (Rs. in lakhs)**
Total income	645.1
Gross profit / (loss)	56.03
Non-cash charges	2.01
Operating income before tax	58.04
Provision for taxation	11.39
Operating income after tax	51.42
Paid up capital	200.00
Reserves and surplus	639.56
Net worth	839.56

X. Portfolio Management performance of the Portfolio Manager for the last 3 years and in case of discretionary portfolio manager, disclosure of performance indicators calculated using weighted average method in terms of Regulation 14 of the Regulations:

Average Returns:

Period	**Absolute return for**		**Benchmark Returns**
	Individuals	**Corporates**	**S&P CNX 500**
Year ended 31 March 2020 (audited)	-15.23%	-15.30%	-27.60%
Year ended 31 March 2019 (audited)	7.60%	8.19%	8.43%
Year ended 31 March 2018 (audited)	22.93%	23.46%	11.47%

XI. Fee Structure and charges

1. The actual fees and expenses payable by the Client to the Portfolio Manager for the Services will be as mentioned in the Agreement with the client.
2. Various types of fees / expenses chargeable to the Client are as under:

(a) Management Fees

Fundamental-Based / Value-Oriented Approach:

From the date of the agreement, the Client shall pay an Ongoing Management Fee equal to 0.375% of the previous quarter's closing assets under management under the Portfolio ("**AUM**"). The Ongoing Management shall be payable quarterly in advance.

Relative Value Approach:

From the date of the agreement, the Client shall pay an Ongoing Management Fee equal to 0.38955% of the previous quarter's closing assets under management under the Portfolio ("**AUM**"). The Ongoing Management shall be payable quarterly in advance.

(b) Performance Linked Fee

Fundamental-Based / Value-Oriented Approach:

The Client shall pay a Performance Linked Fee equal to 15% of the Profits where:

Profit = AUM at the end of the relevant financial year - High Water Mark.

High Water Mark = Higher of (i) the AUM at the time when the performance linked fees was last paid by the Client, and (ii) the AUM at the time of entering into this Agreement;

Provided that:

(i) Any Interim Disbursements and/or other withdrawal of funds (in any financial year) shall, irrespective of whether the same formed part of the Portfolio at the relevant time, be treated as having formed part of the Portfolio at all times for calculation of the AUM;
(ii) Any accretions to the AUM by way of placement of additional funds by the Client shall, irrespective of whether the same formed part of the Portfolio at the relevant time, be treated as having formed part of the Portfolio at all times for calculation of the AUM; and
(iii) Fees and expenses paid by the Client to the Portfolio Manager under this Agreement shall be deducted for the purpose of calculation of Profit.

Relative Value Approach:

Client shall pay at end of client's fiscal year an annual Performance Linked Fees ranging from 8.904% to 17.808% of the net increase in the portfolio provided such net increase equals or exceeds the hurdle amount.

The calculation of Performance Linked Fee in case of withdrawal or addition of funds shall be on proportionate basis and based on the actual amount of the assets under management, i.e. the Performance Linked Fees for any given year or part thereof shall be calculated on the basis of the funds actually under management during that period.

If the Agreement is terminated, all fees shall accrue to the Portfolio Manager till the date of termination, provided that the amount of Performance Linked Fees that accrues to the Portfolio Manager shall be determined based on the AUM as on the date of termination.

(c) Exit Load

If the Client redeems in part or full, Exit load charges shall be subject to following restrictions:
(i) If in the first year of investment, maximum of 3 % of the amount redeemed.
(ii) If in the Second year of investment, maximum of 2 % of the amount redeemed.
(iii) If in the third year of investment, maximum of 1% of the amount redeemed
(iv) No exit load is payable after a period of three years from the date of investment.

(d) Custodian/Depository charges

The charges relating to opening and operation of dematerialized accounts, custody and transfer charges for shares, bonds and units, dematerialization and other charges in connection with the operation and management of the depository accounts would be at actuals. Such charges shall be reimbursed on a quarterly basis.

(e) Registrar and transfer agent charges

Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges would be at actuals. Such charges shall be reimbursed on a quarterly basis.

(f) Brokerage and transaction costs

The brokerage charges and other charges like service charge, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments would be at actuals. Such charges shall be reimbursed on a quarterly basis.

(g) Certification and professional charges

Charges payable for outsourced professional services like accounting, audit, taxation and legal services, notarizations etc. for consultancy charges, service charges, retainership fees, valuation expenses, certifications, attestations required by bankers or regulatory authorities, and such other expenses, duties and charges incurred on behalf of the Client, would be at actuals. Such charges shall be reimbursed on a quarterly basis.

(h) Other Expenses

Charges in connection with courier expenses, stamp duty, registration charges, service tax, postal, telegraphic, opening and operation of bank accounts etc.; and all other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above and arising out of or in the course of managing or operating the Portfolio, shall be reimbursed on a quarterly basis.

3. All fees shall be paid in full by the Client without any counter claim, set off or withholding. However, the fees may be subject to tax deducted at source in accordance with the rates under the Income Tax Act, 1961 (as prescribed)

4. The Portfolio Manager shall raise an invoice upon the Client as and when any fees or other charges become due from the Client.

5. **LIEN:** After the Portfolio Manager has raised an invoice, it shall have the right, exercisable at its sole and absolute discretion, to appropriate the amounts payable to it under the provisions of the Agreement from the Portfolio by directly debiting the Client Accounts or otherwise recovering such amounts from the Portfolio, and the Portfolio Manager may for this purpose sell or otherwise liquidate the Portfolio or any part thereof. The Portfolio Manager shall have a first charge, right of lien and/or set-off on the Portfolio for amounts payable to it under any provisions of the Agreement and any right of the Client to dispose of, acquire, withdraw or encumber the Securities or Cash forming part of the Portfolio or any part thereof shall be subject to the Portfolio Manager having first received all such amounts due to it under the provisions of the Agreement.
   The Portfolio Manager may, at its discretion, instead of directly debiting the amounts payable to it under the provisions of the Agreement from the Portfolio, specify in the invoice issued in that regard that the Client should directly pay such amount to the Portfolio Manager, in which case, the amount mentioned in the invoice shall be paid by the Client within fourteen (14) days of receipt of the invoice.

6. The Portfolio Manager shall confirm receipt of fees, expenses, costs and other charges from the Client within thirty (30) days of receipt.

XII. Taxation

THE INFORMATION PROVIDED BELOW IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS BASED ON THE ADVICE OBTAINED BY LABURNUM. THE DISCLOSURES IN RESPECT OF THE TAX IMPLICATIONS ARE IN ACCORDANCE WITH THE PREVAILING TAX LAWSAND THERE CAN BE NO ASSURANCE OR GUARANTEE THAT THE TAX IMPLICATIONS PREVAILING AT THE TIME OF ENGAGING THE PORTFOLIO MANAGEMENT SERVICES WILL ENDURE INDEFINITELY.FURTHER STATEMENTS WITH REGARD TO TAX IMPLICATIONS MENTIONED HEREIN ARE MERE EXPRESSIONS

OF OPINION AND ARENOT REPRESENTATIONS OF THE PORTFOLIO MANAGER TO INDUCE ANY INVESTOR TO ENGAGE THEIR SERVICES. THE PROSPECTIVE CLIENTS SHOULD NOT TREAT THIS INFORMATION AS ADVICE RELATING TO TAXATIONOR INVESTMENT OR ANY OTHER MATTER. IN VIEW OF THE INDIVIDUAL NATURE OF THE IMPLICATIONS, EACH INVESTOR IS ADVISED TOCONSULT WITH HIS OR HER OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX AND OTHER IMPLICATIONSARISING OUT OF HIS OR HER ENGAGEMENT OF PORTFOLIO MANAGEMENT SERVICES.

Income to a Client could either be in the form of gains from investments or interest or dividends and shall be subject to tax at the applicable rates under the Income Tax Act, 1961, in force from time to time.

1.1. Dividend income

Currently, dividends from Companies and Mutual Funds are taxable in the hands of the investors at their marginal tax rate.

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

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

However, generally, such gains are characterised as capital gains in hands of individuals and business income in hands of corporate investors. Although, it should be noted that such characterisation is completely dependent on the facts of each specific case.

Business income

If the gains are characterised as business income in the hands of the investors, then the same would be taxable at 30 per cent (excluding surcharge and cess) on net income basis. Securities Transaction Tax (STT) paid would be allowed as a deduction while computing business income.

Capital gains

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

Period of holding	Characterisation	Tax rate (excluding surcharge and education cess)
12 months or less	Short Term	15 per cent, in case of shares listed on a recognised stock exchange *and* the sale / transfer is subject to STT.
More than 12 months	Long term	10 per cent, in case of shares listed on a recognised stock exchange and the sale / transfer is subject to STT.

1.3. Interest income

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

Interest income would be taxable at 30 per cent in the hands of the investors. Credit for tax deducted at source would be allowed against the tax liability of the investor.

1.4. Income from derivative instruments

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

1.5. Furnishing of Permanent Account Number

Any person entitled to receive any income, on which the tax deductible under the provision of the Act shall be required to furnish the Permanent Account Number (PAN) to the payer of income. In case the person receiving the income fails to provide the PAN details to the payer, the tax shall be deducted at the higher of the following rates:

- prescribed rate; or
- at the rates in force; or
- at the rate of 20 percent.

The fees, which are charged to the client for the portfolio management service, fall in the ambit of "fees for technical services" under Section 194J of the Income Tax Act 1961. Section 194J provides for deduction of tax at source (TDS) on the fees payable by the Client to the Portfolio Manager and payment of the same to the government treasury.

The Client would be required to pay, in accordance with Applicable Laws, all taxes payable in connection with the Portfolio, including income tax, if any, on the income arising from the Portfolio whether by way of interest, dividend, short term and long term capital gains, stamp duty (where applicable) or otherwise and file, within the stipulated time all tax returns, statements, applications and other documents in that behalf. The tax may be deducted at source under applicable provisions of the Indian Income Tax Act, 1961, as amended and shall be charged to the Client and shall be recorded in the Portfolio account.

XIII. Accounting Policies

Following are the key accounting policies

1. Transactions for purchase and sale of investments are recognised on trade date basis. In determining the holding cost of investments and gain or loss on sale of investments, the "First in First Out" (FIFO) Method is followed.
2. Investment in units of mutual funds are stated at cost of acquisition and are valued at the respective scheme's per unit net asset value ('NAV') prevailing as at the valuation date.
3. All investments will be valued at cost.
4. The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note or levied by any Statute.

5. Books of accounts would be separately maintained in the name of the client as are necessary to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided under the Regulations, 2020.
6. The portfolio accounts of the Portfolio Manager shall be audited annually by an independent Chartered Accountant and a copy of the certificate issued by the chartered accountant shall be given to the client.
7. The client may appoint a chartered accountant to audit the books and accounts of the Portfolio Manager relating to his transactions and the Portfolio Manager shall co-operate with such chartered accountant in course of the audit.

XIV. Investor Services

(i) Grievances Redressal

Where the Client has any grievance(s), he should promptly notify the grievance(s) to the Portfolio Manager in writing, giving sufficient details to enable the Portfolio Manager to take necessary steps. For this purpose, Varun Madhok, has been appointed and in case of any complaint(s) and/or grievance(s), the Client should approach:

Name of Investor Relation Officer	: Varun Madhok
Designation	: Chief Compliance Officer
Telephone No	: 011-41015694
Address	: D-64 3rd Floor, Defence Colony, New Delhi 110024
E-Mail Address	: varun.madhok@lab-cap.com

The Portfolio Manager, upon receipt of any such grievance(s), shall take prompt action for redressal of the grievance(s). The Portfolio Manager will notify the Client of any change in the Investor Relation Officer to whom grievance(s) should be addressed.

Clients may lodge their complaints on www.scores.gov.in.

(ii) Dispute Settlement Mechanism

1. If there is any dispute arising out of or in connection with this Agreement, the Parties shall endeavour to settle such dispute through amicable discussions.

2. If the Parties fail to resolve the dispute through amicable discussions within fifteen (15) working days of the date of commencement of such discussions, the dispute shall be referred to arbitration by a sole arbitrator to be appointed by the Parties by mutual consent. If the Parties are unable to agree upon the appointment of the sole arbitrator for a period of fifteen (15) working days from the closure of discussions pursuant to Clause 20.1.1, the sole arbitrator shall be appointed in accordance with the procedures specified in the Arbitration and Conciliation Act, 1996, as amended. The place of Arbitration shall be New Delhi. The arbitration proceedings shall be governed by the Indian Arbitration and Conciliation Act, 1996, as amended, and shall be conducted in English. The courts of New Delhi, India shall have exclusive jurisdiction in respect of the arbitration.

3. Each Party shall pay its own legal fees and expenses. The cost and expenses incurred in conducting the arbitration proceedings, including the cost and expenses of the sole arbitrator shall be borne equally by the Parties.

4. The arbitrator's award shall be in writing. The arbitral award shall be final and binding on the Parties, and any judgment upon such award may be entered and enforced in any court of competent jurisdiction and the Parties agree to be bound thereby and to act accordingly.

Date: 01 September 2020

Place: New Delhi

Date: 01 September 2020

Place: New Delhi

For **Laburnum Capital Advisors Private Limited**

For Laburnum Capital Advisors Private Limited

Managing Director

Pavan Ahluwalia
Managing Director

For Laburnum Capital Advisors Private Limited

Director

Shilpa Mankar Ahluwalia
Director

Annexure – I

Related party Disclosure

(As per last audited financials of 31 March 2019)

(a) Related party and nature of relationship

Key Management Personnel	**Pavan Ahluwalia**
Mother of Key Management Personnel	**Isher Judge Ahluwalia (Joint Account)**
Father of Key Management Personnel	**Montek Singh Ahluwalia (Joint Account)**
Sister in law of Key Management Personnel	**Shilpa Mankar Ahluwalia**

(b) Transactions with related parties

	31 March 2019	**31 March 2018**
Particulars		
Key Management Personnel		
Managerial remuneration	34,800,000	56,900,000
Relatives of Key Management Personnel		
Portfolio Management fees	1,344,715	1,024,341
Profit Linked fees	868,644	2,054,798

(c) Outstanding balances as at year end

Particulars	**31 March 2019**	**31 March 2018**
Key Management Personnel		
Salary Payable	19,117,210	33,468,103
Relatives of Key Management Personnel		
Trade receivables	900,223	2,121,558

(d) Details of related party with whom transactions exceed 10% of the class of transactions

Particulars	**31 March 2019**	**31 March 2018**
Key Management Personnel		
Managerial Remuneration	34,800,000	56,900,000